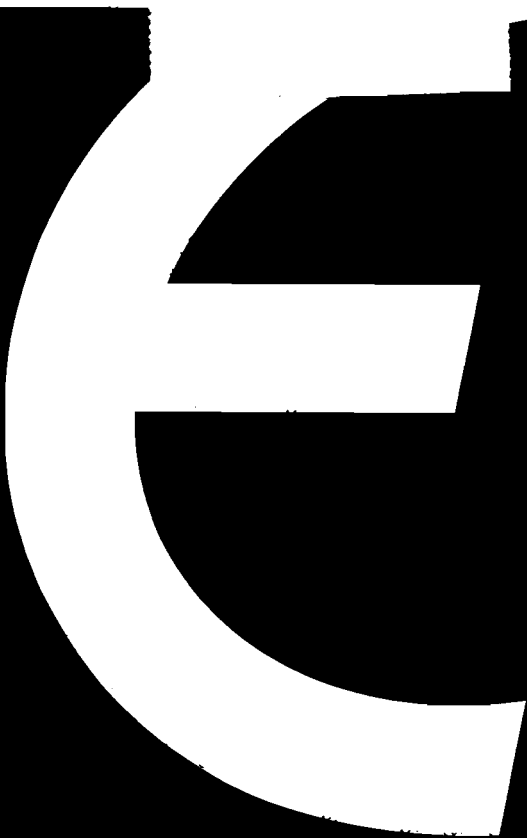


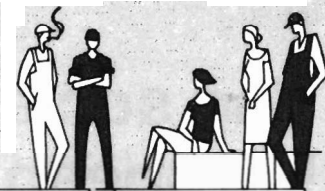
# The social policy of the European Community



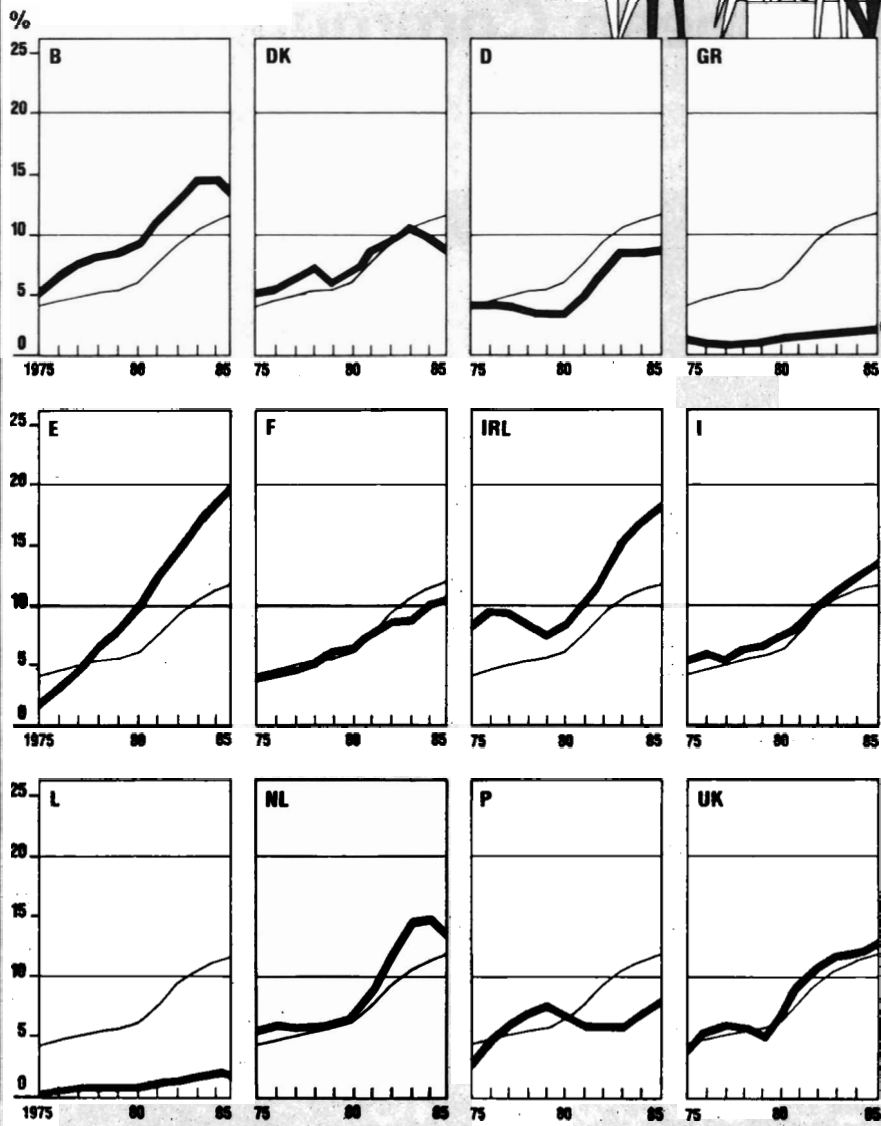
## European File

Years under each are 1975 1980 1985

### Unemployment trends in the countries of the European Community (registered unemployed as % of civilian working population)



— Community average.



\* Real unemployment rate for Greece in 1985 (estimate): 8.3%.

Source: Eurostat.

One of the tasks of the Community, set forth in Article 2 of the Treaty of Rome, is an accelerated raising of the standard of living. The *economic* Community has therefore an important *social* dimension: its objectives are social as well as economic. Under Article 117 of the Treaty, the Member States agree on the need to promote improved living and working conditions, so as to enable conditions to be harmonized while the improvement is being maintained. This is to be achieved not only through the working of the common market, which encourages the harmonization of social systems, but also by means of an active social policy.<sup>1</sup>

The economic progress of the 1950s and 1960s enabled Europe to make many advances in the social field. Then came the oil price shocks of the 1970s; the downturn in the European and world economy, together with the growth of unemployment, engendered a climate of pessimism. Yet Europe must improve the competitiveness of its industry, transform the European common market into a real internal market without frontiers, disseminate new technology and master the changes on which tomorrow's jobs depend. To do all that, the Community must now have a more dynamic social policy, based on social dialogue and the search for consensus.

### **The fight against unemployment**

The employment situation and outlook remain causes for serious concern. The total number of unemployed people registered at employment offices in the Community of Twelve has grown from 2.4 million in 1970 to 5.5 million in 1975 and 8.7 million in 1980, reaching over 16 million at the end of 1985 (12% of the working population).

In close cooperation with both sides of industry, the European Commission is studying the essential elements of a joint strategy to combat unemployment:

- The impact of the restructuring which businesses in economic difficulty are forced to undergo should be eased, and the necessary changes not made to the detriment of the work-force. The Community finances measures, especially in the iron and steel sector and in the coal industry, to spread employment cut-backs over a period of time and facilitate retraining and changes of occupation.
- In addition to the social measures, the strategy must have a forward dimension. In 1980 the Council of Ministers of the Community declared itself in favour of a European labour market policy. This was to be based on a better understanding of employment problems, and on greater cooperation between the national employment services to create better balance between supply and demand for work. Ways are being studied at the moment to implement a concerted and far-sighted policy for managing employment at regional and local level as well as in individual businesses. To the same end, and to help com-

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<sup>1</sup> This file replaces our No 13/82.

bine the objectives of economic efficiency and social protection, the Commission intends to promote the adjustment of the legal and contractual provisions that apply to the labour market.

- Above all, however, it is necessary to stimulate as far as possible an economic growth that is more productive of employment: a growth based on moderate rises in real salaries and on the maintenance of demand. To achieve this requires a strategy of cooperation among all concerned: the Community, governments, employers and trade unions. It also demands a progressive boosting of investment, particularly in the sectors with most potential for creating employment, such as transport and telecommunications infrastructure, new technology, the environment and energy. Other growth areas for employment are to be found in services: tourism, leisure, social assistance, etc. Special attention should be paid to small and medium-sized enterprises, to cooperatives, to local initiatives and to the untraditional forms of business which are often the only source of new employment in sectors or regions where time-honoured economic activities are in decline.
- Finally, special efforts must be made on behalf of those categories of people most affected by unemployment: young people and women (two groups to which we will return in the following pages) as well as the long-term unemployed. This last group is very large: a third of those out of work have been so for the past year, a sixth for the past two years. In 1984 the Council of Ministers prescribed measures to be taken at Community, national and regional levels, in order to reduce the size of the problem. The Commission particularly stresses the need to help people retain their vocational skills, as well as their social aptitude, so that they still have a chance of getting another job.

### **The problems of young people: employment, training, and education**

In 1985, on the occasion of International Youth Year, the European Commission prepared a memorandum reviewing its activities on behalf of young people. The document defines policy guidelines with regard to employment, education, and vocational training. The Commission insists on the development of human resources to supplement economic growth, and on the need to deal more effectively with the problems of youth unemployment (40% of the unemployed are aged under 25). In this context particular attention must be paid to vocational training and to the transition from school to working life. The Community has already adopted a number of significant measures in this regard.

- Since 1977, in the face of rising youth unemployment, the European Commission has recommended that Member States offer vocational preparation to all their young people, at the end of their period of compulsory schooling. This preparation should include career guidance, elementary practical training, and work experience. In 1984 the Ministers undertook to increase job opportunities

for young people. In this context, the Commission has taken initiatives in three areas: examining salary obstacles and other impediments to the recruitment of young people, and disseminating the new employment practices of certain firms; promoting the employment of underprivileged young people, especially by identifying their problems and organizing exchanges among the competent services and organizations; supporting young entrepreneurs, whose initiatives should be both better known and more appreciated.

- Since 1983 the European Social Fund has been oriented more in favour of young people under 25. It is directed especially at those with reduced chances of finding a job, due to lack or inadequacy of vocational training. Three quarters of the Fund's resources are now earmarked for aid towards the recruitment or training of young people; in 1984 more than 1.5 million of them benefited from Community grants totalling nearly 1 500 million ECU.<sup>1</sup>
  
- Community activity in vocational training and its adaptation to economic and social necessities, present and future, has since 1977 had the help of Cedefop, the European Centre for the Development of Vocational Training, based in Berlin. Community policy has been stated in several resolutions of the Council of Ministers:
  - In 1979 the Council recommended the development of schemes combining training with work experience. It adopted guidelines for their content, for the establishment of coordinated programmes, for the occupations to be covered, for the supervision and recognition of training and diplomas, for social protection and for training leave.
  
  - In 1983, in a resolution on vocational training policies for the 1980s, the Council set out a five-year action programme. It was based on three shared priorities: the social and vocational preparation of young people for adult life, the setting-up of training programmes intended to ensure greater equality of opportunity for women, and the planning and organization of training at regional and local level.
  
  - Also in 1983, the Council adopted a set of Community measures to supplement and strengthen national policies for training in new information technology. The Community is thus able to support a limited number of specific initiatives of common interest; they relate in particular to small and medium-sized firms, to large service enterprises that introduce automated management systems, and to the use of new technology for teaching, for training, and for non-occupational information purposes.

Finally, it should not be forgotten that the Commission has for many years supported exchanges of young workers. Long-term attachments abroad, es-

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<sup>1</sup> 1 ECU (European currency unit) = about £0.66, Ir. £0.71 or US \$0.96 (at exchange rates current on 7 March 1986).

entially for vocational training, and shorter study-training visits, enable those taking part to establish close contact with the working and living environment of other countries of the Community.

- The Community's activities in the field of education have been the subject of another issue in this series.<sup>1</sup> It is still appropriate to highlight the concern of the Ministers for Education, expressed in a 1982 resolution, to improve the preparation of young people for work and to ease their transition to working life, particularly by opening up the classroom to the world of the workplace. The new Comett programme is intended to stimulate cooperation on a Community-wide scale, between universities and other third-level educational establishments on the one hand, and industry and trade on the other. The object is to respond more effectively to the challenges of technological change, by both improving the initial education given to students and promoting the continuing education of qualified personnel and managerial staff. More recently, the Commission introduced its draft programme Erasmus which is intended to promote student mobility by increasing exchanges between European universities.

### **Equal opportunities for women**

Like young people, women also account for about 40% of the total number of unemployed; they have a higher unemployment rate than the male population. The Community is endeavouring to eliminate the specific causes of female unemployment, but its activity is much wider in scope, as shown by its 1982-85 programme on equal opportunities for women and by the new 1986-90 draft programme. The purpose is to strengthen the individual rights of women, and at the same time to effect positive measures that can achieve equality of opportunity in practice.

- As far as individual rights are concerned, Article 119 of the Treaty of Rome expressly provides for equal pay for men and women. This principle was given substance by a Community directive in force since 1976. In 1978 a second directive added the right to equal treatment in access to employment, training, and promotion, as well as equality of working conditions. Finally, since 1984 all discrimination in social security legislation has been forbidden. The Commission intends to see that these provisions are better complied with; it has also presented proposals to complete the legal machinery, in particular to cover the self-employed, occupational social security schemes, and parental leave.
- The Commission's efforts to achieve equality in practice led, in 1984, to the Ministers adopting a recommendation on positive measures with a twofold objective: one aim was to change attitudes, behaviour, and structures based on the notion of traditional male and female roles in society. The other objective was to encourage participation by women in various occupations in those areas of work where they are underrepresented, particularly in the sectors of the

<sup>1</sup> *European File*, No 3/85: 'The European Community and education'.

future and at the higher levels of responsibility. In a parallel development, the Ministers for Education in 1985 adopted an action programme on equal opportunities for girls and boys in education.

## **Improving working conditions**

The improvement of working conditions is one of the principal tasks of the Community. As the Commission underlined in its 1976 communication on the humanization of work, the achievement of this prime objective is intended to contribute both to the well-being of workers and to improvements in productivity. The European Foundation for the Improvement of Living and Working Conditions, established in Dublin, has since 1975 been helping the Community to formulate policy in this area.

- The first problem is that of safety and health in the workplace. It is at work that most accidents happen, accidents that kill more than 100 000 people a year in the Community of Twelve and injure millions. From the beginning, the European Treaties gave the Community significant means of financing research into accident prevention and improvement of hygiene in mines and in the iron and steel industry (action against pneumoconiosis, etc.). Community activity was later extended to other sectors of the economy. Two bodies, composed of government representatives, employers, and workers, help the Commission to prepare its proposals: the Mines Safety and Health Commission for coal-mines and other mining industries, and (since 1974) the Advisory Committee on Safety, Hygiene and Health Protection at Work. In its second action programme on worker safety and health, adopted in 1984, the Community is particularly interested in rules for the use of dangerous substances, ergonomic measures and principles for preventing accidents and dangerous situations, and improvements in organization, training, and information. The problems posed by new technology are also taken into account. Among the measures already adopted are several directives on safety signs, on electrical equipment used in mines with firedamp, and on protection against chemical, physical or biological agents such as lead, asbestos, noise and vinyl chloride monomer. It should be noted that under amendments to the Treaty of Rome, subject to ratification by national parliaments, new directives on improving the working environment and harmonizing safety and health conditions in accordance with rising standards, would no longer need to be adopted unanimously: a qualified majority in the Council of Ministers would suffice.
- Since the middle of the 1970s the Community has extended its activities to other areas where workers' interests are involved, beginning with the safeguarding of their rights in companies. Community directives have established minimum requirements with regard to mass redundancies (in force since 1977), the guaranteeing of established rights in the event of transfer (since 1979), and ensuring payment of salary and other claims when an employer ceases to pay (since 1983).

- Finally, since 1977 the European Commission has been pursuing the idea of a better distribution of existing employment among those who are ready to work. In 1979 the Ministers fixed guidelines for Community action on the reorganization of working time: limiting overtime, encouraging flexible voluntary retirement, and organizing part-time and temporary work. In the Commission's view, a reorganization and reduction of working time that has no effect on production costs can help improve the employment situation; a revitalization of dialogue between employers and workers should allow Community policy on this subject to be developed.

## **Families and the elderly**

The European Parliament has recommended Community action to benefit these two groups, because of the central place of the family in our society and the ageing of the population. The Council of Ministers is shortly to examine the details, on the basis of proposals submitted by the Commission.

## **Migrants**

The free movement of labour is one of the fundamental principles of any common market. The right to work and live freely in another member country is now accorded to all employees in the Community, except in certain cases involving public health or security or law and order (notably public service employment). Exception is also made as part of the transition arrangements for Greece until the end of 1987, and for Spain and Portugal until the end of 1992. The Community has established a system called Sedoc, which facilitates the flow of information between member countries about jobs available and jobs required. Many steps have also been taken to improve conditions for migrants:

- National social security systems have been coordinated, to allow aggregation of the periods taken into account for acquiring and retaining benefits and for their calculation. Moreover, certain benefits can be paid to recipients residing in another member country.
- The rights of association of migrants have been guaranteed.
- A directive on schooling provides for the teaching of the mother tongue and the culture of young people's country of origin.
- The Community supports pilot projects which help improve accommodation conditions.

In 1985 the Council of Ministers adopted guidelines for a Community migration policy suited to the present economic and social situation; these guidelines foresee better protection of the rights of migrants, and greater participation by them in various aspects of the life of the host country.



## **The handicapped**

About 10% of the population suffer from a handicap which hinders their social integration. Appropriate aid and institutions would, however, allow most of these people to work and become more involved in society. Among the initiatives taken by the Community are:

- The 1974 Community action programme on the engagement of handicapped people in open employment, which enabled rehabilitation and training methods to be improved. The Commission has just submitted a new proposal on promoting the employment of handicapped people.
- The provisions adopted by the Ministers in 1981, in the context of the International Year of the Handicapped, to alleviate the obstacles to participation by the handicapped in social life, particularly by improving the quality and coordination of specialized services.
- Various projects of the Commission aimed at providing a better environment for handicapped people and promoting their mobility by modifying living accommodation and access to buildings.

## **The poor**

In the mid-1970s, despite highly developed social security systems, an estimated 30 million people were living in poverty in the Community: old people, single-parent families, migrants, long-term unemployed, marginal groups, etc. Since then the economic crisis and persistent unemployment has swollen the ranks of those whose resources amount to less than half the average income in their country. Pilot projects and studies were begun in 1975, in the framework of a first European programme to combat poverty. Action on the ground followed in a second programme approved in 1984.

## **Social security and public health**

- National social security schemes remain very diverse, but all have to deal with an increasing imbalance: economic stagnation and the fall in employment bring down revenue, while improved protection, the ageing of the population, increases in health-care costs and the same fall in employment push up expenditure. In a memorandum published in 1982 the European Commission recommended exchanges of views and a search for common approaches to such subjects as improving the efficiency of social security systems, methods of financing them, and possibilities for limiting expenditure.
- In the field of health, the Commission is endeavouring to improve protection for the public against the dangers of smoking and drugs, and to develop joint

action in areas such as health education, toxicology and the fight against cancer. The Community has also set basic standards for ionizing radiation, and for protection against radiation for those undergoing medical examinations or treatment.

## **The European Social Fund**

The Social Fund is the Community's most concrete instrument of social policy. Allocated about 2 000 million ECU in 1985, it is used especially to co-finance measures for promoting training and occupational rehabilitation as well as employment. Created in 1960, the Fund has several times been revised in keeping with economic and social developments. From now on its aid will be concentrated more on:

- Young people, for whom 75% of the appropriations have been reserved since 1984. Other potential beneficiaries: the unemployed, people who are under-employed or threatened with unemployment, women, the handicapped, migrants, workers in small and medium-sized enterprises, and training personnel.
- The regions most affected by unemployment. Nearly 45% of the appropriations are reserved for priority regions: Greece, 10 Spanish regions, French overseas departments, Ireland, Northern Ireland, southern Italy and Portugal. The remaining appropriations are intended for measures to promote employment in other areas suffering high long-term unemployment or undergoing industrial or sectoral reorganization.

## **Social dialogue and worker participation**

The objectives of a social policy can be achieved only with the involvement of both sides of industry. The European Commission therefore attaches great importance:

- To increased participation by workers in decision-making in their firms. In 1980 the Commission sent to the Ministers a proposal for a directive obliging firms of 'complex' structure – transnational corporations in particular – to keep employees and their representatives regularly informed, and to consult them before any decision is taken which is liable to affect their interests. Amended in 1983 to take account of the opinions delivered by the European Parliament and the Economic and Social Committee, this proposal is still on the Council table. In 1983 the Commission also submitted to the Council an amended version of its proposal on the structure of public limited liability companies; this aims particularly to involve workers more closely in the decisions that concern them.
- To dialogue between management and workers with a view to the creation of a European 'social area', based on the search for agreement at Community level.

Priority in this dialogue should be given on the one hand to employment, the labour market and the organization and distribution of work, and on the other hand to the introduction of new technology. In different areas the Commission has already established regular dialogue with representatives of employers and workers. The Standing Committee on Employment is the forum for discussion on employment problems with the Ministers for Labour and the two sides of industry at European level. Several tripartite advisory bodies allow joint study of certain aspects of social policy, such as freedom of movement, social security for migrants, the Social Fund, vocational training, and industrial safety and health. Joint committees examine the effects of Community policies and other problems specific to certain sectors of the economy. In other sectors, the Commission stimulates institutionalized dialogue and contacts. Finally, after the adoption in 1985 of a joint declaration of intent by European worker and employer organizations, the Commission and the two sides of industry decided to set up tripartite working groups, to examine questions posed by the introduction of new technology, as well as problems connected with the implementation of the Community's cooperation strategy for growth and employment ■

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