

# EUROPEAN COMMUNITY

## BACKGROUND INFORMATION

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BACKGROUND NOTE

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### MIGRANT LABOR AND THE EUROPEAN COMMUNITY

The effective implementation of the free movement of labor has been one of the Community's primary objectives in moving toward economic union. Since its inception in 1957, the Community's efforts to encourage worker mobility have centered on improving the social and economic conditions of intra-Community migrant workers.

The Community's gradual removal of legal obstacles to free movement was accelerated in 1968 when the Community adopted measures granting EC migrants equal rights with nationals in seeking employment, replaced work permits with renewable five year residence permits, abolished the requirement that migrants be hired in advance of moving to another country, and allowed their families to accompany them. The Community also granted migrants equal representation rights with locals on workers' bodies, made them subject to the same local tax and social welfare systems, and granted them equal access rights to housing and property ownership.

The Commission's Tripartite Consultative Committee on Migrant Workers, where member governments, unions, and employers are represented, protects the interest of both migrant and local workers.

By 1969, the Community was able to introduce, and has since been improving, a coherent social security system for migrants which gives them equal rights with locals automatically transfers their social security contribution credits to any EC country where they work, and guarantees family allowance and medical benefits to families, even if they stay in the country of origin.

EC provisions for free movement of labor do not apply to the public services and are gradually being applied to those industries and professions (self-employed craftsmen, wholesalers, retailers, and businessmen) covered by the Treaty of Rome's provisions governing freedom of establishment and freedom of supply services.

Medical benefits have now been extended to migrants by an EC regulation adopted this year which entitles EC citizens traveling in other member countries to medical treatment on the same basis as nationals. Employed persons, their families, widows, or those unemployed seeking work are eligible. Self employed workers are not yet covered.

In 1970 there were about one million EC migrants, two million including dependents. There are over 400,000 workers from the enlarged Community working in the new Member States (England, Ireland, and Denmark), and about one tenth as many from the Three whose jobs are in the original Community countries. The Community's free movement regulations have applied to the new members since January 1, and social security regulations for migrant workers since April 1.

Despite the Community's continuing successes in encouraging intra-Community migration, Europe's booming economy in the last decade has resulted in a heavy influx of third country migrant workers who now outnumber EC migrants by over six to one.

In a recent *Finance and Development* magazine article\* economist I.M. Hume explores the significance and trends of Western Europe's migrant workforce. Hume estimates Western Europe's total migrant labor population at about 8,000,000, 7 per cent of the total workforce. By 1971, there were well over 5,000,000 migrants working in France, Germany, the Benelux countries, and the United Kingdom. Europe's annual migrant influx from 1965 to 1969 grew from 856,000 to 955,300, 85 per cent of which entered France and Germany.

In Germany alone, the number jumped from 20,000 in 1956 to 350,000 in 1969. Hume explains that Europe's rapid industrial growth since World War II, combined with a deceleration of growth in the domestic labor force, required the use of massive migration to fill millions of job openings.

The economic forces underlying the process of migrant labor, says Hume, do not appear to be changing, nor does the heavy influx of migrants seem to be subsiding. Hume cites a UN survey which estimates Europe's overall labor shortage for 1970-80 at about 11,000,000 workers. Furthermore, despite problems of overdepletion in Portugal and Yugoslavia, indications are that the major suppliers will continue to provide a significant workforce. In Turkey for example, over 1,000,000 nationals are waitlisted for employment in Germany.

Third country migration to the Community is on the upswing, but statistics showing a downtrend of intra-Community migration underscore the need for additional EC action to encourage worker mobility.

Though Community unemployment reached 1,400,000 in 1970, only 23,714 EC workers sought jobs outside their own country, a 4 per cent drop from 1969. Thus, when steady economic activity raised the number of job openings to 1,000,000, EC employers resorted to bringing in 741,042 third country workers, a 7.1 per cent increase since 1969. From 1969 to 1970, the number of EC workers in the total migrant labor force dropped from 20 per cent to 15.8 per cent.

In a 1970 report to the Council, the Commission cited the incompatibility between the jobs available in the Community with those desired by EC nationals as a reason for the increased use of third country labor. The Commission also pointed to the Italian preference for certain countries, especially Switzerland, as an inhibiting factor to intra-Community migration. In 1970, Italian workers accounted for 83 per cent of Community migrants, but only 13 per cent of the Community's total migrant workforce. Third country migrants, who make up to 84.2 per cent of the total, are coming in increasing numbers from the Mediterranean countries. The largest suppliers to the Community are Yugoslavia, 25 per cent, and Turkey, 16 per cent. Portugal follows with 13 per cent.

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\* Quarterly publication of the International Monetary Fund and the World Bank Group, Vol. 10/No. 1, March 1973.

Hume's statistics for France are a good example of the increased use of non-EC labor. Italy was the chief supplier to France from 1946 to 1959, but as France's European migrant force swelled from 48,000 in the 1950's to 168,000 in 1969, the heaviest contributor was Spain, and later Portugal, which provided 48 per cent of all migrant labor in 1969. (Additionally, France has over 750,000 immigrant workers from North Africa.)

In an attempt to further induce intra-Community migration, the scope of the European Social Fund, which has been operating to help workers relocate and learn new skills, has been widened to provide temporary income maintenance, job counseling assistance, and various aids to increase employment, and to ensure equal employment opportunity. This year, important first measures are to be taken by the Community for gradually implementing a common vocational training policy throughout the Community.

Though all Member States have their own regional development programs to encourage relocation of workers, regional imbalances persist which point up the need for a joint approach to alleviate the problems of regional planning. Thus, in July, the Commission proposed arriving at a common regional policy through the establishment of a Regional Policy Committee and Regional Development Fund.

Migrant workers, upon arriving in their host countries, face a multiplicity of problems, ranging from adjustment to unfamiliar social and linguistic surroundings, family separation, inferior housing, and treatment by nationals as second class citizens. In 1971, a Commission report noted a widening of the cultural gap between immigrants and the populations of host countries.

In an effort to ameliorate this situation for EC migrants, the Commission's April Social Action Program Guidelines call for adoption, by the end of 1974, of measures assuring migrants an equal degree of social protection with nationals, reception facilities covering training (including linguistic studies), education, welcome services, and housing, as well as increasing participation in the socio-economic and political life of the host country.

While EC migrants have benefitted greatly from Common Market efforts to improve their social and economic conditions, third country migrants, having no official status under Community law, have not been so fortunate.

Third country migrants enter the Community under national regulations and conditions laid out in bi-lateral agreements made between Member States and the countries of origin. There is no coordinated approach by Member States toward the rate of entry or to the conditions accorded to migrants upon arriving in the Community. In a recent communication to Lord Charles O'Hagan, member of the European Parliament, the Commission stated that the coordination of Member States' immigration policies was "indispensable to the realization of a Community employment policy within the framework of economic and monetary union." The April Guidelines recommend that such a system be set up by the end of 1974.

Social rights of non EC migrants have become increasingly important to the Community. At the 1970 Luxembourg Conference, both employers and unions urged that, once admitted to an EC country, third country migrants should be put on the same legal basis as Community workers. Social services for foreign workers are receiving increased attention.

Looking beyond the hardships endured by third country migrants, and the recent problems of overdepletion in the third countries, emigration has certain advantages for the countries of origin. Their economies benefit from a considerable reduction in unemployment and underemployment, in addition to the substantial flow of remittances from migrants to their families at home. According to Hume, the current annual flow of remittances from all migrants in Europe to their home countries exceeds \$2.5 million. Furthermore, the return home of workers with newly acquired skills adds to a trained labor force in countries facing their own problems of industrial development.

Corrigendum: Our Background Note of August 21, 1973, "Simplifying EC Customs Procedures," should have been numbered "22," not "21."