

COMMISSION OF THE EUROPEAN COMMUNITIES

**GREEN PAPER**  
**EUROPEAN SOCIAL POLICY**

**Options for the Union**

Consultative document  
Communication by Mr Flynn  
17 November 1993  
COM(93) 551

Blank pages not reproduced: 2 and 8

DIRECTORATE-GENERAL FOR EMPLOYMENT,  
INDUSTRIAL RELATIONS AND SOCIAL AFFAIRS

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 1993

ISBN 92-826-6897-5

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*Printed in Germany*

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# INTRODUCTION – THE PURPOSE OF THE GREEN PAPER



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European social policy<sup>1</sup> is entering into a critical phase. This is due to three main factors:

- (i) the present Social action programme is reaching its natural end. The Commission has presented all of the 47 proposals involved and, while some of the most important proposals are still pending before the Council, the majority have been adopted;
- (ii) the entry into force of the Treaty on European Union has opened up new possibilities for Community action in the social field, particularly by giving a stronger role to the social partners; and
- (iii) the changing socio-economic situation, reflected notably in the serious

levels of unemployment, is requiring a new look at the link between economic and social policies, both at national and Community level.

The Commission considers that this situation requires the launching of a wide-ranging debate about the future direction of social policy, before it proceeds to put forward specific proposals in the form of a White Paper.

To prepare this Green Paper, the Commission issued a public appeal for contributions and comments; 150 contributions have been received, including official responses from Member States and from a wide range of bodies and individuals. These are listed in Annex I. The contributions have demonstrated a firm interest in clarifying various aspects of EC social policy in the next stage of development of the European Community.

The intention is to stimulate a wide-ranging debate within all Member States about the future lines of social policy in the European Union. It is being issued to coincide with the rati-

fication of the Maastricht Treaty, an opportune time to take stock and consider the different options for the future.

The Green Paper is, therefore, designed to form the basis of such a debate, which, it is hoped, will take place not only at national level within each Member State but also between all interested parties, including, of course, the social partners, as well as specific interest groups. The Commission will follow these discussions carefully and seek to draw from them the major themes of the future White Paper. This Green Paper does not deal with the procedural implications of the new Maastricht provisions as these will be the subject of a separate Communication.

Of course, this process will be taking place at a moment when the attention of the Community is focused on the whole issue of how to reconcile economic and social objectives in the face of rising unemployment and growing concern about Europe's ability to remain competitive into the 21st century.

There is much debate in all Member States about how to

address the problem of unemployment, much of which is now recognized as being structural in character. The issues under discussion include the need for greater labour market adaptability, the suggestion that wage differentials should be widened and that wages should vary more in function of economic conditions, and questions about whether social benefits should be reduced or targeted so as to provide greater incentives to seek work. This is linked to the problems which all Member States are having in funding the growing demand on social protection systems and the search for greater efficiency in the operation of these systems as one means of making savings.

At the same time, there exists a growing degree of public concern that, contrary to the objective of ensuring that economic and social progress should go hand in hand as clearly stated in both the Treaties of Rome and Maastricht, the net impact of the integration process could be a levelling down of social standards. This is reflected in the fear that the creation of a single market could open the way to a form of social dumping, that is the gaining of unfair competitive advantage within the Community through unacceptably low social standards. But there is also a concern that, somehow, the imperative of action at European level can become a pretext for changes in social standards at national level.

In this context, this Green Paper, and the process of debate which it is designed to trigger, will be interactive with the discussions around the forthcoming White Paper on growth, competitiveness and

<sup>1</sup> The term 'social policy' has many different meanings which also vary from Member State to Member State. For the purposes of this document it is taken to mean the full range of policies in the social sphere including labour market policies.

employment, due to be presented to the European Council on 10 December. Since the Green Paper is designed ultimately to channel ideas into the development of the next phase of social policy at European level, it is clear that analysis and proposals for action contained in the White Paper on growth will help also to shape the climate and the substance of the coming debate on how best to combine the objectives of economic success and social progress.

The premise at the heart of this Green Paper is that the next phase in the development of European social policy cannot be based on the idea that social progress must go into retreat in order for economic competitiveness to recover. On the contrary, as has been stated on many occasions by the European Council, the Community is fully committed to ensuring that economic and social progress go hand in hand. Indeed, much of Europe's influence and power has come precisely from its capacity to combine wealth creation with enhanced benefits and freedoms for its people.

In current conditions this will not be easy. But Europe's continuing contribution to the search for a model of sustainable development which combines economic dynamism with social progress can only be made if the issues are openly debated and a consensus arrived at. The rich diversity of the cultures and social systems within the European Union is a competitive advantage in a fast-changing world. All societies are in the same process of learning. But diversity may deteriorate into disorder if the common goals, which embody the distinctive values of European society and are set out in the

Treaty on European Union, are not defended by the efforts of Member States and by people themselves.

Part I sets out what the Community has already achieved in the social sphere. Part II looks at the social challenges now facing us all. It examines the risks of declining social cohesion in Europe and the threats to important common goals such as social protection, solidarity and high levels of employment. A new medium-term strategy is needed which will draw together economic and social policies in partnership rather than in conflict with each other. Only in this way will sustainable growth, social solidarity and public confidence be restored. It is acknowledged that European production systems need to be based on the new technologies. There can be no social progress without wealth creation. But it should also be recognised that the consequent structural changes will have considerable impact on other important areas, such as employment intensity, working and living conditions, the quality of life and the development of industrial relations. Part III discusses the possible responses of the Union to these challenges, both in terms of what Member States want and of what the Community is trying to achieve. Part IV provides a brief conclusion. Part V brings together the questions raised in different parts of the Green Paper. These will be the focus of the debate to follow.

Graphs in the Green Paper are drawn from the Employment in Europe report 1993, except Figure 19 which comes from the Report on social protection 1993.

Europe is at a turning point. Decisions taken in the coming period will set the direction of social policy for many years to come. Now is the time for all sections of opinion to make their views known.

*The Community is fully committed to ensuring that economic and social progress go together*

Photo: © CEC



# I – ACHIEVEMENTS OF THE COMMUNITY

## SOCIAL DIMENSION

Community social policy has covered a wide range of areas. These include equality of opportunity, health and safety matters, employment and labour law matters, issues of social protection and social security, as well as action focused on specific points such as poverty and the role of the disabled. It has been developed both through the evolution of the Treaties and by social and economic change, and has drawn on a variety of instruments, depending on the objective concerned. It has, in this respect, fulfilled three major functions:

- (i) to provide a legal framework in specific given areas of the Treaty designed to connect the dialogue between the social partners, thereby contributing to the definition at various levels of fundamental social rights for workers;
- (ii) to give substantial financial support in particular for training and employment measures, thereby contributing to the redistribution of financial resources;
- (iii) to stimulate and encourage cooperation between various actors of social policy, the setting-up of networks and partnerships, the exchange of information and experience and the promotion of innovation, good practice and policies.

Legislation has, therefore, been only one of a number of tools at the disposal of Community social policy and is too often considered in isolation. Often it has complemented other instruments. Legislation itself can be used in various ways; only rarely has it been used to

prescribe certain specific actions in the social policy sphere.

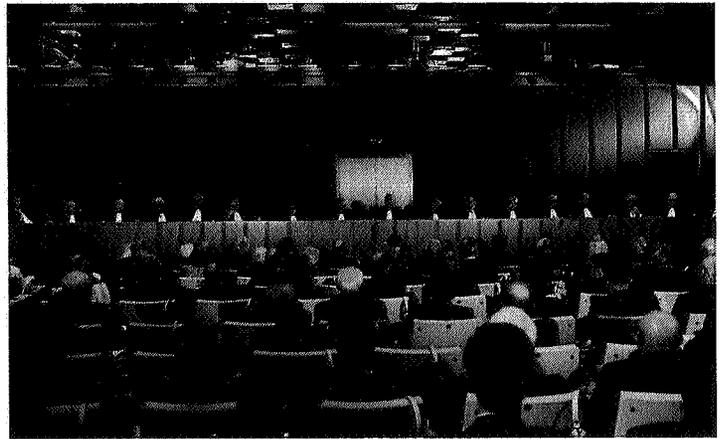


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*Fundamental social rights for workers have been further consolidated in the case-law of the European Court of Justice*

### A. LEGAL ATTAINMENTS OR 'ACQUIS'

Legal provisions have been put in place over a long period. They have furnished a sound basis for the guarantee of fundamental social rights for workers, rights which have been further consolidated in the case-law of the European Court of Justice. The amount of legislation is relatively small in relation to other instruments.

The first regulations adopted in the social field relate to free movement of workers, one of the four freedoms of the Treaty, and specifically concern coordination of social security systems for migrant workers. These regulations provide basic rights for the free movement of workers, which have been widely used by European citizens including through recourse to the European Court.

Another area of Community legislation is equal treatment between men and women. It is worth noting how a Treaty provision (Article 119) based originally on a competition argu-

ment has been able to serve in practice as a basis for a comprehensive policy combining rights and the promotion of equal opportunities for women. It is an example of how on the basis of legal rights complemented by positive actions, the Community has been able to make an active contribution and to stimulate a response to a major issue of a progressive society.

A third area of more recent legal development concerns the protection of workers as regards health and safety at work. On the basis of a framework directive minimum requirements to encourage improvements in the health and safety of workers at work have been adopted at Community level and constitute a major set of rights covering all sectors of activity.

Other legislation concerning the protection of workers and labour law has been significant in particular for preventing risks of social dumping, even if a

number of major pieces of proposed legislation have yet to be finalized. They should, however, be seen as priority items for adoption by the Council.

Details of the scope and content of Community legislation are to be found in Annex II.

## **B. THE COMMUNITY CHARTER OF THE FUNDAMENTAL SOCIAL RIGHTS OF WORKERS AND THE ACTION PROGRAMME**

The instruments used by the Community either singly or in combination culminated in the Community Charter of the Fundamental Social Rights of Workers adopted in 1989 and in the Commission's action programme. The Charter represents a framework of principles, covering many aspects of working and living conditions. The 1990/91 action programme is aimed at giving a tangible expression to these principles.

The Charter as such was a new point of departure for the Community – not only in operational terms but also as a political signal. It expressed the political will that the completion of the internal market should not be achieved without taking the 'social dimension' into account.

All of the 47 initiatives announced in the action programme have been presented by the Commission. Many of these measures did not require legislative action; 29 of the measures required Council approval and of these, 16 have been adopted.

The action programme was based on four fundamental premises:

- (i) subsidiarity, i.e. taking account of the specific nature of social policy and its objectives and ensuring that the type of action (harmonization, coordination, convergence, cooperation, etc.) is matched to the subject matter; also that due consideration is given to known needs and to the

potential added value of Community action;

- (ii) the diversity of national systems, cultures and practices, where this is a positive element in terms of the completion of the internal market;
- (iii) the preservation of the competitiveness of firms, taking into consideration economic and social issues;
- (iv) reducing disparities between Member States without interfering in the comparative advantage of the less-developed regions.

Details of the progress of individual initiatives are set out in Annex III.

In each initiative a balance was sought and achieved. This is the essential background to the Commission's action programme, which seeks to establish a sound base of minimum provisions, with regard given to the need to avoid any distortion of competition, to support moves to strengthen economic and social cohesion and to contribute to the creation of jobs, which is the prime aim of competition in the internal market. The dynamic thus created has had the beneficial effect of enabling many Member States to bring their national legislation up to date as part of the process of transferring Community law.

The wide variety of tools used by the Commission in its action

programme has led to the mobilization of many actors: national authorities, employers, unions, regional and local authorities, non-governmental organizations, social workers, practitioners, experts involved in observatories and specialist groups.

Although proposals for binding legislation have played a part, notably on free movement of workers, working conditions and health and safety issues, specific programmes (for example, Poverty III, Helios II, older people and solidarity between generations), convergence strategies for social protection and cooperation activities have enjoyed a somewhat higher profile in social policy deve-

lopment. In the case of certain areas, such as equal opportunities for women, the balance between legislative and programme-based activity has been much more even.

## **C. FINANCIAL SUPPORT**

The massive financial support of the European Social Fund (ESF) for training and employment measures has contributed greatly to the development of national measures, especially as far as young people and the long-term unemployed are concerned. The role of the ESF has been especially significant in developing training in the least-favoured regions of the Community.

During the period 1989-93 the ESF devoted more than ECU 21 billion to these activities, benefiting around 17 million people in the Community.

The scope of the European Social Fund (ESF) has been widened as a result of the recent revision of the ESF regulation. Its tasks now include broad human resources development

and the improvement of the workings of the labour market. There is an explicit commitment that the principle of equal opportunities for women and men should be respected in the implementation of actions financed by the ESF.

The revision of the ESF regulation has also equipped it with new tools to provide a more effective and flexible response to the changing labour market requirements and specific challenges facing Member States. A new Objective 4 has been created which aims to facilitate the adaptation of workers to industrial change and changes in production systems. This not only adds a preventive dimension to the fight against unemployment but contributes to competitiveness and growth. Moreover, in addition to conti-



Photo: © CEC

*During the period 1989–93 the ESF devoted more than ECU 21 billion to training and employment measures*

ning its focus on young people and the long-term unemployed, ESF support under Objective 3 has been extended to cover those exposed to long-term unemployment and exclusion from the labour market. Particular emphasis is also placed on strengthening employment services, broadening the scope of direct aids to employment, extending the range and quality of initial training and,

in the least favoured regions, reinforcing education, training and research, science and technology systems.

nize exchanges of experience for long-term unemployment, local development, integration of disabled persons, etc. Other programmes have concentrated on research and awareness campaigns (in particular in the health area, e.g. the cancer programme).

On certain issues, more comprehensive programmes combine financial support and exchanges (PETRA, IRIS, LEI, poverty, older people and solidarity between generations) and/or support concrete actions and legislation. These are good examples of the combining of instruments in social policy.

Community added value is clearly identifiable. They encourage innovation, good practice and policies, the exchange of ideas and experience, the transfer of know-how and the development of exchange of practitioners.

In this way, participants have been mobilized; partnerships at various levels have been established and developed; and the search for more coherent and comprehensive approaches on social issues has been stimulated. The setting-up of durable and effective networks and the achieving of Community added value are significant benefits.

#### **D. COOPERATION, MOBILIZATION, EXCHANGES**

In response to social and economic change and to common challenges facing Member States, a number of programmes and exchanges have been developed. These have led to the creation of large and successful networks. In some cases, this has involved promotion of

exchanges of information on national situations and/or policies (e.g. observatories/networks on employment, equal opportunities, family policies, ageing, exclusion). In addition, exchange programmes have tried to identify and evaluate innovative actions and to orga-

Whether the programmes concern categories of people (older people, disabled people) or issues (employment, health, equal opportunities for women and men, local development, training, poverty/exclusion), they are based on the same approach, one in which the



UNICE

*The Single European Act reinforced structures for social dialogue*

*Photo: © CEEC*

## **E. SOCIAL DIALOGUE: A CONSENSUS APPROACH TO SOCIAL POLICY**

A key feature of the Commission's method of work in bringing forward proposals in the social field has been the practice of extensive consultation of the social partners at various stages in both the conception of initiatives and the detailed writing of texts. This has taken place principally via the network of tripartite consultative committees which exist in all the main areas of policy, such as health and safety and equality of opportunities. But it has also involved a more *ad hoc* process of seeking the views of a wide range of representative bodies, including those three organizations, UNICE, ETUC and CEEP, which make up the present social dialogue at European level.

In parallel with legal provisions and complementary to them, the development of social dialogue between employers and unions is a major feature of the evolution of European social policy. This has

already provided a number of joint opinions (see Annex IV) on important issues concerning training and labour market policies, together with a framework agreement between three organizations: ETUC, CEEP and UNICE. Moreover, this consensus approach has been promoted through regular and separate consultation of the social partners for each relevant proposal. This clearly illustrates the method chosen: dialogue and a search for consensus. The Single European Act reinforced structures for social dialogue, which are now a component of the Social Agreement of the Treaty on European Union. The emphasis placed on this in the Agreement, following from a consensus between employers and unions, is an illustration of the ways and means by which the Community intends to promote the development of social policy: concertation, negotiation, consensus.

## **F. CONCLUSION**

This brief and necessarily succinct overview of the achievements of the Community's social policy to date shows clearly its breadth and vitality. The search for agreement has not always been easy and has even, on occasions, been controversial. But the overall thrust remains clear: the social dimension has been an integral and significant element of the process of integration since the inception of the Community.

This is the foundation upon which the next phase of action must be built. The nature and

scale of the challenges which Europe must face in the coming years, as set out in Part II, show clearly that many changes will be necessary both at national and at Community level. But the fundamental objectives will remain constant; the advancement of economic and social progress as two sides of the same coin and the search to ensure that the process of integration is clearly identified in the minds of all the population as bringing in its wake an incremental improvement in social and living standards rather than the reverse.



closer to the living and working needs of the population. In this context social policy is bound to be of growing importance in its own right, as well as providing accompanying policy for other strategic objectives such as the single market and economic and monetary union.

Indeed, the Treaty on European Union (Article 2) clearly establishes that the tasks of the Union will include:

- a high level of employment and social protection,
- the raising of the standard of living and the quality of life;
- economic and social cohesion and solidarity between all its Member States.

The Articles of the EEC Treaty specifically related to social policy spell out the objectives to include the working and living conditions of workers (117), health and safety at work (118a), equal treatment between women and men at work (119) and the development of the social dialogue between the social partners (employers and trade unions) at European level (118b) and the European Social Fund (Article 123). The Treaty on European Union, in its Agreement on Social Policy, recalls and strengthens these objectives with a sharper accent on the dialogue between the social partners and its potential results. At the same time it broadens the scope of the objectives of social policy (human resources, employment, social protection and social exclusion), and defines the areas for decision by qualified-majority.

Thus, the main social objectives of the Union cover issues close to the daily lives of the citizens and workers. These objectives provide the thread running throughout this Green Paper. But since we are now in the phase of constructing a more democratic Europe, let us begin by asking, as a basis for discussion and debate, a fundamental question.

## **B. WHAT SORT OF A SOCIETY DO EUROPEANS WANT?**

Europe's strength lies in its ethnic, linguistic and cultural diversity, not only because of the rich quality of life that this brings, but also because the complex social challenges ahead call for a variety of solutions through which all Member States can learn from one another. But for this strength to be preserved there needs to be a common sense of purpose, cooperation to seek out solutions, and common policies and Community instruments when these prove to be necessary, in accordance with the principle of subsidiarity. Indeed, throughout the history of the Community there have been European values which, though a source of controversy on occasion, nevertheless provide common ground in the long run. Democracy, individual rights and freedoms, equality of opportunities, diversity of culture, respect for human dignity, social security and the rule of law are not as such a matter of controversy. These are shared values which need to be translated into political action by the Member States and the Union together, and to involve the civic society. What is not at issue is that they are fundamental to the future development of European society.

There is no doubt that, in one form or another, all Europeans want a world in which economic and social progress go together – a society in which women and men can participate on an equal footing. But it has to be admitted that the recessions that were ushered in by the oil-price shocks of the 1970s have revealed the new challenges facing employment,

the welfare State and equality of opportunity. Although there was a substantial European recovery in the 1980s, with over 9 million new jobs created, unemployment has continued to rise and the welfare State is confronted by new pressures. Poverty and social exclusion are to be seen on the streets.

It is important to underline that high standards of social protection have been a major contributory factor in Europe's economic success in the past. Many would argue that high social standards should not be seen as an optional extra, or a luxury which can be done without once times get hard, but rather as an integral part of a competitive economic model.

The debate between this view and those who argue that Europe's present level of social standards have become unaffordable goes to the heart of issue.

So what is going wrong? With the great depression of the 1930s behind them, the founders of the modern European socioeconomic system saw the world in terms of boom and depression. The 'full employment' of economic resources could be maintained through government action on the level of economic demand; the welfare State would transfer income to those at risk of poverty through unemployment, ill-health or old age. The active population would thereby finance a guaranteed and/or minimum income for the non-active population. In this sense, social policy was largely based

*So what is going wrong?*



Photo: © J.-J. Patricola

on the transfer of income to the needy through the tax system, and the development of social security systems based in certain countries on contributions by employers and workers so as to maintain incomes in times of need.

There are a number of major reasons for looking afresh at this approach:

First, the citizens of advanced, industrialized democracies such as those in the European Community have difficulty in forging a personal and social identity when they are part of the 'non-active' population. As new jobs are created in Europe, new groups enter the labour market because there is a latent 'social' demand for work, as

well as the economic demand arising from the wish to maintain or expand family income. Many women, for example, seek work for reasons of emancipation, dignity, social identity and the ordering of their lives, as well as for income. Beyond paid work there is a demand for voluntary activity, as witnessed by the rapid and healthy growth of community organizations and associations, and by the active involvement of older people in them. People want to participate and need to have that activity recognized, whatever it is and whether it is carried out inside or outside the home.

Second, we are in a world of continuing structural change rather than one dominated by

boom, depression and world wars. It will soon be 50 years after the end of World War II and the record shows that somehow or other the economic policy-makers have succeeded in evening out some of the worst parts at the top and the bottom (the boom and the recession periods) of the economic cycle. Despite the local and regional conflicts that have followed the collapse of communism, it is probable that we are emerging into a world dominated by peaceful socio-economic competition based on self-generated change, rather than economic and social restructuring forced by boom, depression and war. But economic policy is still dominated by short-term cyclical policies and has not yet succeeded in

wedding cyclical and structural policies. An additional factor is the effect of the 'globalization' process which implies ever greater ability on the part of economic actors to cope with permanent change and a need to adjust more rapidly.

Third, demographic trends include several components which have a significant bearing on the future of social and economic policies:

- the ageing of the population and its effects on social protection, future employment trends, the shifting balance between active and non-active population, the integration and participation of older people in social and economic life;

- population movements, in particular new trends in immigration flows with their social and political consequences, as well as internal movement such as the rural-urban balance and its consequences for rural development and urban policies;
- at the same time, family structures have been changing profoundly, seen in particular in the increasing incidence of family break-up, the changes in traditional family solidarity, the new and emerging relationship between older and younger people, the development of the respective roles of mothers and fathers and the results of these changes on children.

Fourth, the development of new technology has deeply altered the organization and even the concept of work. It has brought new forms of work, the adaptation of skills and new approaches to work. This has also affected relationships in the workplace; it has led to new forms of working time, pay and job specification and to new challenges for methods of negotiation and collective bargaining between firms and their partners. A further complication is the growing number of people excluded from the labour market and the increasing concern among the social partners regarding the external conditions affecting the development of firms.

Fifth, we have to take into account the growth of the black

economy in certain traditional sectors but also in new areas, together with its relationship with traditional and new forms of work (home working, local employment initiatives, etc.). Sixth, the combination of these factors leads to a search for:

- new approaches to responsibility, both at individual level (such as in the active search for employment) as well as at collective level, public and private;
- new roles for various bodies (social partners, voluntary organizations, local authorities);
- new forms of solidarity leading to new partnerships between all the relevant actors in the field of social policy.

One obvious outcome of these various pressures to which our societies are being subjected is the escalating costs of social security budgets particularly in the health field, leading to doubts about Europe's ability to continue to fund these systems into the future.

There is a high risk that the continued pursuit of present policies will lead ultimately to a 'dual' society in which wealth creation is primarily in the hands of a highly qualified labour force, while income is transferred to a growing number of non-active people as a basis for a reasonable level of social justice. Such a society would not only become increasingly less cohesive, it would also run counter to the need for the maximum mobilization of

Europe's human resource wealth in order to remain competitive.

The alternative would be to seek to create an 'active' society where there is a wider distribution of income, achieved by means other than simple social security transfers, and in which each individual feels able to contribute not only to production (as part of the search for full employment) but also via a more active participation in the development of society as a whole. An 'active' society is also one which has the ability to provide an adequate supply of the 'collective goods' – such as education, health and social protection systems – which are required to ensure its innovative capacities and its ability to adjust quickly.

Which way Europe goes will not depend on a single choice, but on the answers given to three inter-related questions linked to the fundamental objectives of the Treaty on European Union and to the social foundations of the future Europe:

- Is there a route back to full employment?
- Should the welfare State be given a new role?
- What is the next stage in equality of opportunity, without which European democracy will falter?

## C. IS THERE A ROUTE BACK TO FULL EMPLOYMENT?

Despite Europe's efforts over the last decade, full employment can no longer be taken for granted as the automatic outcome of growth-creating economic policies. All the evidence points to deep underlying structural problems in Europe which make a return to full employment unlikely in the foreseeable future unless significant changes of policy are introduced. Therefore, it is clear that there is no single road back to a high level of employment. Whilst higher levels of economic growth are indispensable if more jobs are to be created, the foreseeable rates of growth will not solve the problems. The harsh reality is that Europe has been creating fewer jobs than Japan and the United States: only 60% of the working-age population is in work in the Community compared to over 70% or even 75% in comparable economies. This means it has a bigger latent demand for work which eats up the new jobs without bringing down unemployment, and probably more 'mismatch' unemployment, that is to say people without the skills and qualifications to fill the available jobs.

The reasons which lie behind this discrepancy in Europe's performance in job creation have already been the subject of previous Commission texts (see notably the Employment in Europe report 1993) and will not be entered into detail here.

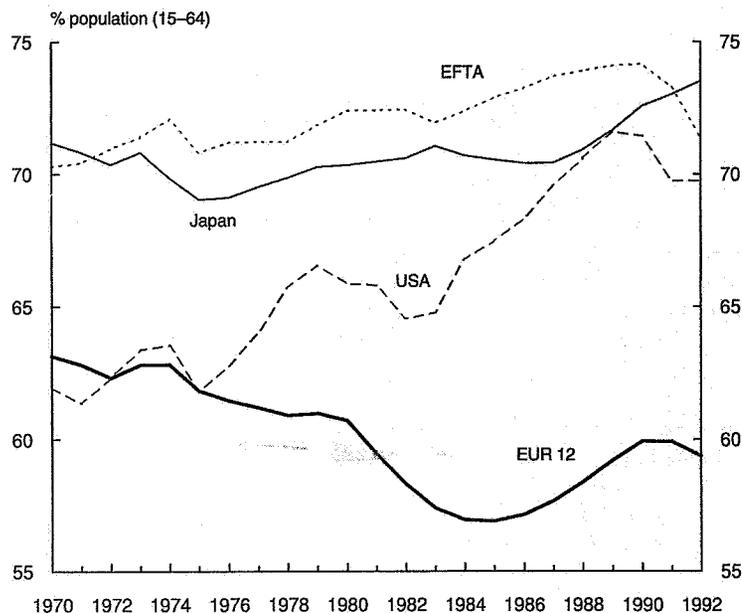
The key point to note is that this relatively low employment rate means that it is necessary to create a large number of new jobs in order to have any real impact on unemployment levels. For example, during the period 1985-91, Europe created over 9 million jobs but unemployment only dropped by 3 million. (See Figure 1.)

### 1. The challenge of technological and structural change

The essential point that has to be grasped is that Europe, like all the major economic areas on the world stage such as North America, Asia, Russia and China is entering a new era of radical technological and structural change. Global international competition is pushing Europe to the frontier of new technologies, to a new balance between manufacturing, services and agriculture, to different combinations of physical and human capital, and to a society in which individuals have to change their skills and qualifications over the course of their lives.

There is no going back on this radical process of change towards the post-industrial society. In such advanced, indu-

1 Employment rates in the Community and elsewhere, 1970-92



The ability of the Community to provide jobs for all those people who might wish to work is far lower than in other comparable economies. This means that it is necessary to create a large number of new jobs in order to have any real impact on unemployment levels.



Photo: © CEC

*Global international competition is pushing Europe to the frontier of new technologies*

strialized societies the job destruction/job creation process is very turbulent; around 10% of jobs are destroyed each year. The outcome in terms of unemployment will depend on how successfully the adaptation of the labour force is managed and the scale on which new jobs are created. That is why we need a dynamic approach by employers, trade unions and governments to new sources of job creation, new forms of employment, work organization and qualifications. Only in this way can we spread jobs and work income across the population.

That a mix of macroeconomic and structural policies is now needed is widely accepted. But the exploration of new structural policies has been largely limited to improving the functioning of markets, including labour markets, whereas a rather more radical approach

aimed at moving towards active labour market and social policy is what is required.

Such a fresh search would include the whole range of relevant policies. This would cover industrial, regional, technological, welfare, education and training policies. It would also include and go beyond macroeconomic and active labour market policies, acting respectively on the demand and supply sides of labour, which have been the traditional basis for employment policy.

## **2. The employment policy tripod**

Three policy approaches are necessary to attack the problem:

- (i) a dynamic and stable macroeconomic environment,

- (ii) fundamental structural changes,

- (iii) a dynamic but equitable process of social adjustment.

The first, the creation of a stable, non inflationary macroeconomic environment. For a long time, employment has not been an economic policy aim as such. This partly changed after the oil-price shock recessions, when a stable, non inflationary macroeconomic policy did become the framework for achieving growth, efficient allocation of resources and full employment. But employment has not always been seen as an objective *per se* of such policies, largely because the 'full employment' of all factors of production, including labour, has been seen as a derivative of perfectly functioning markets, which supposes that prices adjust. This is the key issue: labour markets cannot operate with major upward and downward wage fluctuations, because of the human, political and social issues involved. The conflict between economic and social policies hinges around this issue. It is only recently that employment is becoming an explicit aim of economic policy, leading to a whole range of new medium-term structural policies, and to intense consideration of how short-term economic recovery programmes can lead to the fastest possible increase of employment. The fact is that until now, this approach has not resulted in the improvement aimed at.

The second, structural policies related to employment, needs to be focused on the following central questions, namely (1) the new sources of job creati-

on, (2) the relationship between the investment process and job creation, (3) the impact of taxation and social security funding on the functioning of the labour markets, and (4) the balance between physical and human capital which is necessary to exploit new technological opportunities.

The third, dynamic and equitable social adjustment, is dominated by the issue of whether labour markets should be left to function only through price adjustments, or whether and in what new forms adjustments can be foreseen and prepared. This will require in the first instance active labour market policies designed to increase employment. It will also require, however, active social protection policies targeted less at income maintenance than at helping to integrate vulnerable individuals into the economy and society.

The answers will require new links between macroeconomic, structural and social policies of a kind that have emerged from the debate on the environment. It is strange that whereas the depletion of natural resources has led to the widely accepted goal of sustainable growth, the depletion of human resources through unemployment and social exclusion is only now raising the political temperature to that point. Perhaps the concept of employment-intensive growth will serve that purpose?

But it should be borne in mind that it is not only government policies that will change the situation. Decisions by industry, monetary policies, collective bargaining and the way people make decisions about

consuming, saving and investing will determine the society of the future, and the role of work in it.

### 3. The role of work in society

To grapple with this contemporary issue, we need to understand the origins of the present role of paid work in society. The industrial revolution split the production and welfare functions in society, functions which in the agricultural community were combined in families, villages and small towns. Migration into growing cities and work in factories broke the rural networks and gradually led to welfare functions being focused first on charities, trusts, religious orders and trade unions, and then increasingly on the State. The industrial revolution and the technology of the production line not only separated the work and welfare functions but also rigidified the separation of work from other activities. Yet work has other functions in addition to providing income: purposeful activity and personal fulfilment, dignity, social contacts, recognition and a basis for organizing daily or weekly time. The massive entry of women into the labour market is partly a reflection of this reality. Their role in the economy and in society will have a decisive influence in the future. Demographic trends, notably the ageing of the population, will soon reinforce the need to keep as many people as possible in an active role, and the new technologies may facilitate more dispersed economic activities and more flexible labour markets and working time. These changes could mean that the division between

'working time' and 'other time' will again fade, so that work is reintegrated into a wider pattern of activities. They present the challenge of realigning work and welfare in ways that help as many as possible to participate actively in their societies, while taking advantage of the greater flexibility that new modes of production allow.



Photo: © CEC

*The division between 'working time' and 'other time' will fade, so that work is reintegrated into a wider pattern of activities*

### D. A NEW ROLE FOR THE WELFARE STATE?

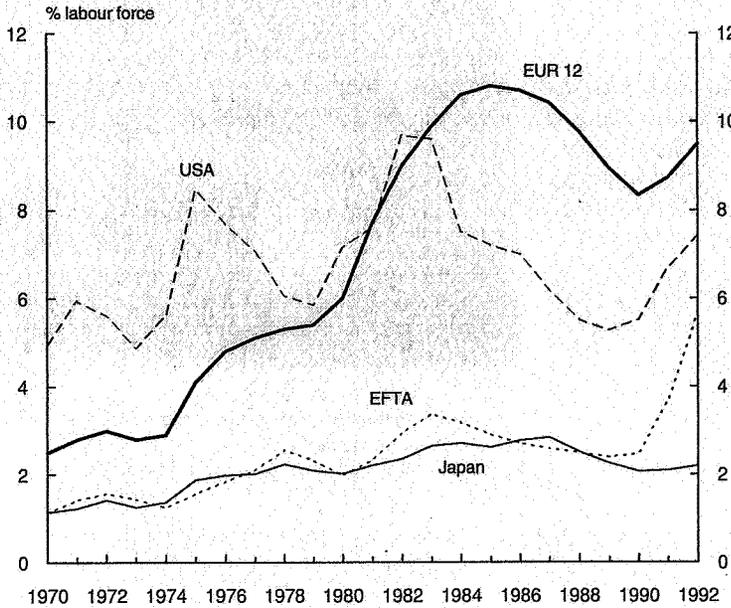
The analysis so far suggests that we are in the middle of a realignment of the functions of the State, the enterprise and the family, such as took place in the course of the industrial revolution. If so, this may imply that the role of the welfare State may have to be reassessed, not only because of the funding pressures but, more fundamentally, because of the need to move towards more active policies aimed at ensuring people's integration into work and society.

Social welfare is a major achievement of modern societies. In this they are usually strongly supported by public opinion, as is shown recently in a Eurobarometer survey that highlighted the almost unanimous support for a high level of social protection. Social welfare is also a major component of social cohesion and solidarity.

However, social welfare and social protection systems are faced with growing pressures owing to five main factors:

- (i) the evolution of the labour market and in particular rising unemployment (see Figure 2);
- (ii) demographic trends and in particular the ageing of the population;
- (iii) changes in family structure;
- (iv) the growing incidence of poverty and social exclusion resulting from these trends;
- (v) a massive increase in demand for a whole range of social services including, in particular, health care.

**2 Unemployment rates in the Community and elsewhere, 1970-92**



Since 1991, unemployment rates in the Community have been persistently higher than in other comparable economies.

At the same time, lower rates of economic activity, budget deficits and competing claims on public expenditure have reduced the capacity to pay. Once policy-makers realized that welfare spending could not go on indefinitely increasing its share of the cake, the emergence of a widespread political debate on the future of the welfare State became inevitable.

Up to now the debate has focused on various issues:

- the importance of controlling the explosive growth in government social spending, in particular on health care;
- the establishing of incentives for people to work;
- a possible new mix of public and private schemes, with

some attempts to focus public expenditure on those most in need (sometimes called 'targeting'), giving the occupational and/or private sector an increased role in particular in pension and in health care;

- a more decentralized approach through, in some cases, the development of the role of local authorities and/or welfare organizations.

It is important to recognize in this respect that in modern societies, where labour markets will be required to be more flexible, individuals need social protection. The debate has also revealed the public's wish to maintain high standards both in terms of the availability and the quality of social services.

The so-called crises of social protection, health and education all have something in common: an explosive demand from individuals and families. At the same time, from the point of view of society, they are perceived as being linked to the public good, to national welfare, and to equality. In democracies, no-one can prevent individuals from spending on health, future pensions and the education of children. And yet a society in which the successful can 'consume' these services in the market to the possible detriment of a public system available to all, does raise difficult questions regarding social equity.

**1. Social exclusion**

Poverty and marginalization are nothing new and have for some time given rise not only to analysis of a scientific and political nature but also to numerous public and private initiatives. But public debate on these matters has greatly changed over the past 15 years. The emphasis is now on the structural nature of a process which excludes part of the population from economic and social opportunities. The problem is not only one of disparities between the top and bottom of the social scale, but also between those who have a place in society and those who are excluded.

Social exclusion does not only mean insufficient income. It

even goes beyond participation in working life; it is manifest in fields such as housing, education, health and access to services. It affects not only individuals who have suffered serious set-backs but social groups, particularly in urban and rural areas, who are subject to discrimination, segregation or the weakening of the traditional forms of social relations. More generally, by highlighting the flaws in the social fabric, it suggests something more than social inequality and, concomitantly, carries with it the risk of a dual or fragmented society. Lone parenthood responsibilities and low income levels leave women in particular in situations of poverty with poor prospects of improving their position.

The causes of exclusion are multiple: persistent unemployment and especially long-term unemployment; the impact of industrial change on poorly skilled workers; the evolution of family structures and the decline of traditional forms of solidarity; the growth of individualism and the decline of traditional representative institutions; and finally new forms of migration, particularly illegal immigration and movements of population. All these phenomena are sometimes coupled with traditional forms of poverty concentrated in declining urban areas or in rural areas lagging behind the general progress in society.

Growing resentment at being excluded from sharing in wealth and opportunities heightens the risk of people being driven to desperation and disruptive behaviour such as violence or drugs. Insecurity generates fear of the future, often leading in turn to introversion

or susceptibility to racist ideologies, xenophobic behaviour and political and social extremism.

It is to be feared that the effects of all these factors will worsen in the next few years. The employment situation is unfavourable, public funds are severely limited, the geographical distribution of social exclusion is fragmented, and family structures provide less of a safety net than in the past. The consequence is clear: if the aim of social policy is to assist individuals to take care of themselves and, as far as possible, to perform a useful role in society, only new and innovative combinations of work and welfare are likely to achieve that goal for vulnerable people at risk.

## 2. Social policies to integrate people into society

The central implication of both the rising demand for social services in the market and of the need to combat the exclusion of weak groups is that income maintenance can no longer be the only objective of social policy. There is a consensus in Europe that all citizens should have a guarantee of resources but social policies now have to take on the more ambitious objective of helping people to find a place in society. The main route, but not the only one, is paid work – and that is why employment policies and social policies should be more closely linked.

There are already many practical experiments in that direction but consideration could be given to more generalized

mainstream policies aimed at integration and to their being spread throughout the Community by cooperation and mutual learning. Examples are:

- the linking of minimum income schemes with services to promote economic and social reinsertion;
- better adaptation of social programmes to avoid poverty and unemployment traps;
- preventive labour market policies on the part of the employment services;
- unemployment compensation linked to training, job creation and incentives to work;
- equal opportunities' measures to take account of women's skills and needs in the labour market and in society;
- more flexible pension arrangements to enable variable retirement age and the combination of retirement and working income;
- preventive health programmes to encourage healthy lifestyles;
- measures to integrate disabled people into the mainstream of society;
- measures to integrate immigrants in social and economic life;
- more generally, combined strategies at various levels including education, training, employment, equal opportunities for women and men, social protection, social services, housing, health, etc.

*Measures to integrate disabled people into the mainstream of society*

Photo: © CEC



### 3. A demographic transformation

The greatest challenge to the welfare State in the short run seems to be the serious financial difficulties it has to face as a result of the recession which is currently hitting most European economies. It can safely be assumed that under normal economic circumstances the financing of the European welfare States would not pose, at present, any major problems. However, it is well-known that over the coming decades there will be a considerable shift in the demographic structure of our populations and an increasing number of older people will have to rely on the support of a shrinking number of people in working age.

By the year 2020, the ratio of people of age 65 or older to those in working age, i.e. between 15 and 64, may have increased by about 50%. This

raises the issue of whether we can afford to redirect an additional 5% of GDP towards the financing of old-age pensions and possibly another few percentage points towards higher health care costs.

There will be no easy options in the face of this fundamental change: available resources will have to be shared between the active and the inactive, between the old and the young. Governments may be tempted to avoid being caught in this distributional conflict between the generations and may therefore wish to promote private social security provision. However, private provision will only develop to the extent that public provision is reduced, which will, of course, be hugely unpopular. It would, furthermore, be necessary to create tax incentives for private provision at high costs to the exchequer in a situation where budgetary discipline is imperative.

The most appropriate answer to this fundamental demographic change would be to extend the length of people's working lives. Over the last decades this has shortened because of longer education and early departure from the labour market. However, raising the retirement age will not be sufficient to increase the rate of employment of older workers. Unless more employment opportunities can be created for them, they will either remain unemployed for longer periods or have to accept reduced pensions. The success of our employment policies will therefore also be the key for the long-term future of the welfare State.

## E. ISSUES OF SOCIAL JUSTICE AND EQUALITY OF OPPORTUNITY

The view that everybody should have a minimum level of resources is an agreed objective but European democracies should also have the ambition to make further progress in equality of opportunity, to some extent enshrined in rights, for all their citizens. Progress in that direction has faltered for profound economic and social reasons which need to be understood if equality of opportunity is to continue to advance as one of the central aims of European social policy. The need for considerations of

social justice and equality of opportunity to be taken into account at all levels of social policy decision-making is, if anything, even greater during the present period of major social change. In particular, these elements should play a larger role in discussions between the social partners.

*By the year 2020 the ratio of people of age 65 or older to those in working age may have increased by about 50%*

Photo: © CEC



## 1. Education cannot do it alone

Education has long been perceived as an essential vehicle of equality of opportunity, and the advent of secondary school for all children, with more democratic access to university, has changed the lives of many individuals as well as leading to a more open society in Europe. Certainly the struggle to make schools and universities the flagships of equality of opportunity should go on but we must recognize that they also serve a process of social selection by integrating people into the economy and society according to their level of educational achievement, the latter depending significantly on family and social class.

'Second chance' opportunities have therefore appeared in concepts such as 'permanent' or 'continuing' education, and these are reinforced by the need of modern production systems for changing skills and qualifications. Increasingly modern business needs an education system which provides, in addition to specific vocational skills, basic knowledge, the capacity to change and innovate, and in consequence the basis for continuing learning. The young person leaving school is not a 'product' to be inserted into a fixed occupational hierarchy, but rather a potential to be developed. Here in lies the possibility of a new partnership between industry and education going far beyond traditional concepts of education and training.

As socioeconomic hierarchies change, equality of opportunity can only be achieved if the social mobility of individuals, young and adult, is viewed as

part of a continuous process of personal development starting with school and continuing into work and further training, rather than being subject to a system which segregates opportunities between generations. That is why the broad framework of 'life long learning' is so important.

## 2. The workplace as the new frontier

For all these reasons the workplace, as well as the school, should contribute to equality of opportunity. Instead of initial qualifications being the only basis for careers, more flexible qualifications and structures are being developed. Enterprises are being compelled to make the best use of their staff through training and human resource development. This is a trend, which even if slowed down by the current recession, should have a positive effect on equality of opportunity in the long run.

The changing nature of production and the impact of technology on employment relationships, notably through increased emphasis on team work, will also mean that the workplace could have an important role in altering stereotypes and in encouraging the integration of disadvantaged groups.

## 3. Intergenerational inequalities

These developments will, to some extent, redress the balance of opportunities between generations by giving a second,



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*The young person leaving school is not a 'product', but rather a potential to be developed*

and even a third, chance to those who do not fully develop their talents in the basic education system. To some extent it will enable a catching-up process by adults who did not profit from the expansion of educational opportunities after World War II. It should also benefit women, who should have more equality in terms of opportunities, careers and decision-making in society commensurate with their achievements in the educational system.

But there is a profound additional question of social justice towards the new cohorts of young people who did not benefit from the higher earnings and higher employment of post-war decades and who now have

to cope with an insecure labour market and a social security system that demographic trends are turning to their disadvantage. Access of young people to the labour market, and youth opportunities more generally, are a major social policy issue.

At the same time the ageing of the population requires new thinking on:

- the possible role of elderly people in social and economic life;
- the promotion of inter-generational solidarity in various areas, such as education, training, employment;
- age discrimination at work;
- social protection.

#### 4. Citizenship and workers' rights

The development of Europe as an area within which people can move to educate themselves, work and bring up families with acceptable standards of security and social protection will itself be an extension of individual rights and opportunities.

Quite apart from developments in legal provision, there are practical ways in which individuals will be helped to exploit these opportunities by European cooperation:

- better information about education, working opportunities and social security arrangements;
- qualification systems which make it possible for educa-

tion and working experience to be credited in another country;

To the extent that such developments will enable individuals to seek their welfare across Europe, they will contribute to equality of opportunity and social justice. One only has to look at the personal destinies of

many former European migrants and their children to see the truth of this.

#### F. WOMEN'S RIGHTS AND OPPORTUNITIES

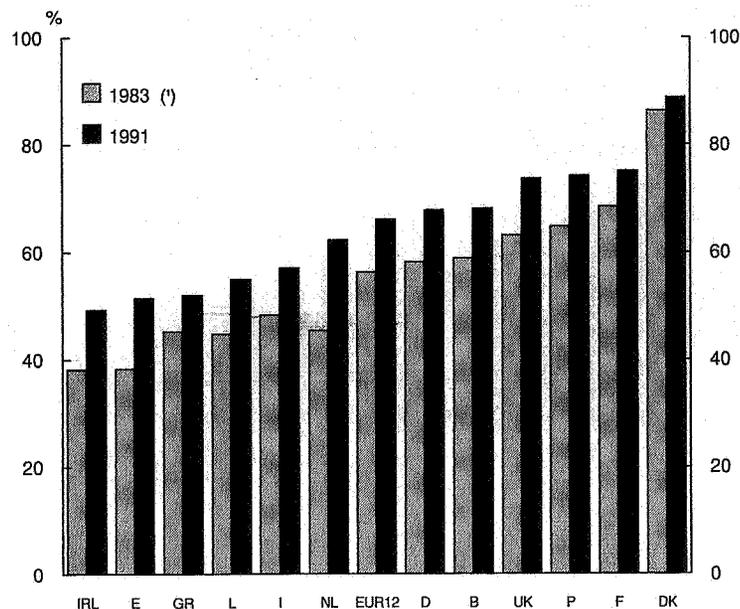
The socioeconomic data on women in the European Community reveal a very different picture of society from that which is commonly presented.

Over a quarter of all women in the Community are heads of households – they live alone, or as single parents – and over

half are in paid work, at least part-time. Women are having fewer children than even a decade ago (1.59 on average) and they are having them later (average age 26).

There is now a broad consensus that, given the aspirations of women themselves, an

3 Activity rates of women aged 25–49 in Member States, 1983 and 1991



Activity rate of women in the prime age group has risen significantly in all Member States. The working careers of increasing numbers of women are coming to resemble those of men, with no interruption as before, to bring up children.

(\*) E and P: 1986–91 data.

ageing workforce and the expansion of the service sector, women will constitute an increasingly crucial component of the workforce at all levels. The question of their rights and opportunities is thus vital for the future of the economy (see Figure 3).

Broadly speaking, women are now on an equal footing in schools and universities. There are, however, numerous barriers to women's participation on equal terms with men in both employment and society. Women continue to hold the largest proportion of low-qualified, low-paid and insecure jobs. Women's unemployment is higher than men's. They constitute the majority of the long-term unemployed as well as of those living in poverty. In these circumstances, women today feel increasingly threatened. In addition to job insecurity resulting from structural changes in the labour market, society has failed to acknowledge, in practical terms, that it is primarily women who are faced with conflicting employment and family responsibilities. This can result in women failing to realize their full potential.

Social and labour market structures continue to operate on the assumption that women are primarily responsible for home and child care while men are responsible for the family's economic and financial well-being. This conflicts with the new reality. Dual income and lone parent families are increasingly common, while the number of sole breadwinner two-adult families has declined dramatically.

The gender-based division of family and employment responsibilities not only constrains

women's lives but also deprives men of the emotional rewards resulting from the care and development of children.

There needs to be a combined labour market and social policy to develop the rights and opportunities of women, one which reflects their role in society and their needs throughout their lives. The strategic objective should be to go from equal rights to equal treatment in the labour market through equality of opportunity in society, thereby making better use of women's experience and skills for the benefit of society as a whole, including increased participation in the decision-making process.

This broad objective is necessary because women represent a reserve of energy and talent which has not so far fully expressed itself because of past discrimination. New technologies and the accompanying changes in work and society are altering traditional roles and releasing new energies. It is not without significance, for example, that the majority of new small enterprises set up in the 1980s were initiated by women. The very nature of the structural changes now under way, implying a shift to 'qualitative' growth reconciling economic performance and human needs, must ensure that full account is taken of women's concerns, requirements and skills.

In view of their first-hand experience of the extent to which labour market structures have failed to keep pace with changing technological, economic, social and political realities, women have a vital interest in participating directly in the process of change. The importance of promoting such participation



Photo: © CEC

*Equal treatment in the labour market through equality of opportunity in society*

in all sectors of society, including key decision-making processes, cannot be underestimated.

## G. THE OPPORTUNITIES AND LIMITATIONS OF INTERNATIONALIZATION AND GLOBALISM

The new strategic balance, progressive disarmament, economic interdependence, improved world-wide communications and the decline of exclusive ideologies are all part of the slow emergence of peaceful socioeconomic competition. Equally, the technological 'frontier' and the outward (space) and inward (oceanic and inner-earth) expansion of world resources provide an opportunity to break out of a finite, zero-sum world game. The Club of Rome was right to point out in the 1970s that finite resources of energy, the environment and raw materials place a limit on growth at any given point. But the last 20 years of world history support the view that science and technology and economic creativity can push the frontier of resources back to a point where it now appears that the limit is human capability and political organization rather than a fi-

nite planet. It is a fair challenge to any social system to seek its success within that framework. But under what conditions, and with what ground rules, can peaceful socioeconomic competition and cooperation between nations and regions gather strength? And where does the future of Europe lie in that respect?

Europe's weakness in the early 1980s was perceived to be its inability to adopt certain inherently cultural features of the North American model, such as flexibility and mobility. A decade later, however, the American model is being differently interpreted, with the accent being put on the need for major institutional changes in

fields such as education and training, research and development, industrial policy and the improvement of infrastructures. The European recovery of the late 1980s exemplified the power of different national and regional cultures to promote economic dynamism. Japan, too, has based its economic success on a culture fundamentally different from Western Europe and North America.

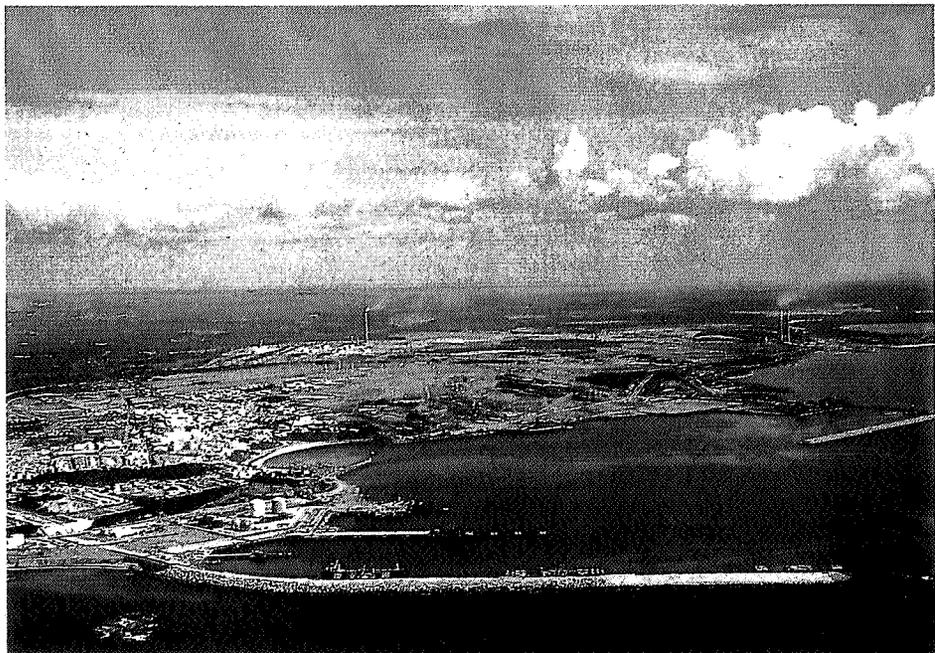
Market principles prevail in all these economies and are gaining ground throughout the world. But that does not mean that Russia, China, Latin America and Asia – not to mention African and Arab countries – will develop according to a Western cultural model any more than Japan has done. How then can the ground rules in a one-world economic system cope with this diversity?

### 1. The need for social ground rules

The greatest threat to peaceful competition is likely to be wide discrepancies in the economic fortunes of the different regions. It is in the enlightened (and even narrow) self-interest of the advanced, industrialized countries to encourage the growth of new markets in other regions. Thus, if a new balance of power has provided the opportunity for peaceful socioeconomic competition, then a new balance of development is probably the condition of its survival. This notion of balance is, for example, central to the discussion about the role of Japan *vis-à-vis* Europe and the United States.

*The greatest threat to peaceful competition is likely to be wide discrepancies in the economic fortunes of the different regions*

Photo: © CEC



Quite clearly, an open world economic system is the only framework within which peaceful competition can gain strength, but that does not mean that existing ground rules favour such a development. Probably the main weakness of the underlying concept of world economic cooperation is the static nature of comparative advantage. 'Human capital', like the land, is seen as part of a fixed endowment of nations. In reality the real capital (human, financial, know-how) tends to seek economic opportunity wherever it arises.

Is it not necessary to recognize that human and social structures can neither adjust nor flow across boundaries at the same rate as money, products and know-how? If regions with different labour costs are to compete, is not some convergence of economic and social standards both inevitable and desirable, otherwise migration or delocalization of production is the only answer?

## 2. The implications for Europe

Trade has been the centre of Europe's economic success in the past and the maintenance of an open, multilateral trading system will be vital to her future prosperity. Trade is not a zero-sum game in which one country's gains necessarily imply the losses of another. The objective is to create a positive-sum game in which all benefit through ever-expanding world markets.

However, it is also clear that the rapid changes in international comparative advantage which are happening daily require a

major and continuous process of adjustment within Europe so as to create new jobs to replace those destroyed or transferred elsewhere and to ensure that the competitive edge is constantly renewed.

Popular concern about whether this process of adjustment is keeping pace with the shift in comparative advantage away from the industrialized world towards the low-cost producers of the Pacific rim and Eastern Europe is reflected in fears about the large-scale relocation of manufacturing industry from within the Community to other parts of the world and in allegations of unfair competition based on unacceptably low social standards, such as the use of child or forced labour.

Europe's main response must be to restore its competitive edge but it will also be necessary to promote more balanced economic development within the Union itself. There may be a tendency for the new technologies to exacerbate regional disparities because skills, organizational capability and social attitudes conducive to radical change accumulate in existing dynamic regions. As against this, new information technologies favour the decentralization of production because of lower information and communication costs, and because lower establishment costs and higher quality of life attract small, technologically-based companies outside the metropolitan areas. Since growing regional disparities will tend to reinforce pressure for protection, policies are needed to foster indigenous skills, entrepreneurship and development in the less-developed regions of the Union.

## H. THE CHANGING NATURE OF PRODUCTION

The extent to which Europe succeeds in making progress towards the common social goals of the Union will depend substantially on its capacity to generate the necessary wealth. Europe is 'therefore' compelled to be at the forefront of economic and technological progress.

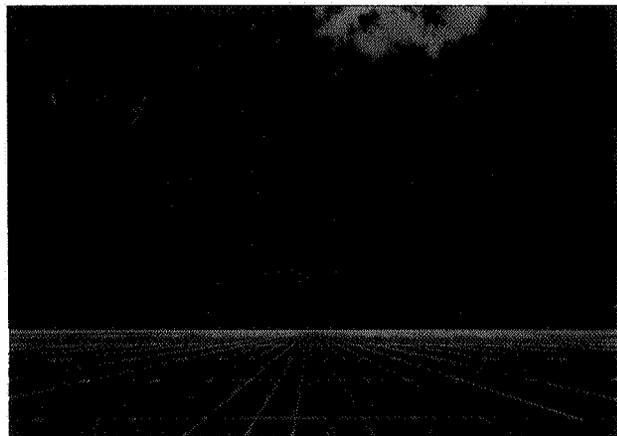
That the industrial revolution is now being overtaken by changes in the nature of production is widely accepted. Theories of the 'post-industrial society', the 'information' or 'knowledge' society, are all attempts to identify this new revolution based on the new information and communication technologies, and their impact on production and society. It seems clear that any

new model of sustainable development has three main components:

- (i) first, a new potential for growth and job creation which results from the new wave of generic technologies (like steam and electricity in the industrial revolution);
- (ii) second, the changes in the production process and in skill needs, work organization, working conditions and industrial relations which are needed to explore this new potential;
- (iii) third, the results in terms of society and the quality of life.

*Europe is compelled to be at the forefront of economic and technological progress*

Photo: © CEC



### 1. Where Europe stands

Economic success since World War II has been based not only on macroeconomic management but also on the success of companies in bringing new products and services into the market, based on new technologies and their diffusion. Essential to this bringing of new products was the commercial liberalization permitted through the GATT.

From this more structural point of view, the immediate post-war European development can be seen as a process of catching up, to some extent through the Marshall Plan, on the US mass-production model. Europe caught up in many advanced industrial sectors such as computers, electronics and communications, and Japan came from behind with a competing model of capitalist production, of which the main parameters are now widely debated in Europe: 'just in time' production, flexible robots, life-long employment and enterprise culture. European industry, less committed to the mass-production model than the Americans, appears to have responded more quickly to the Japanese challenge. Could Europe be poised to leap-frog the Japanese model because its greater diversity of culture potentially means a more creative working population and more widespread capacity for entrepreneurship? Realizing this potential is a complex matter beyond the scope of this Green Paper but the context needs to be stated so that the social dimension can be understood.

### 2. The new balance between macroeconomic and structural policies

The economy is not only a continuing process of adjustment between demand and supply within the framework of the economic cycle but also one of deep movements (or waves) in the potential for growth resulting from technological change. At the moment, we appear to be in the middle of such a wave based on the all-pervasive information technologies, accompanied by more sector specific technologies such as new materials and bio-technology. The opportunities they present can only be realized by raising the level of investment, not only in machines and equipment, but also in people, organization, research and development, and the infrastructures needed to modernize the economy.

### 3. The interdependence between physical and 'intangible' capital

It has to be recognized that the expected productivity gains resulting from the investment in new technologies have been slow in materializing. This is the so-called 'productivity paradox'. The reason appears to be that reaping the rewards of technological progress depends not only on technological creativity based on research and development, but also on a widespread process of innovation and diffusion. The new technologies will not bring their benefits without the skills, orga-

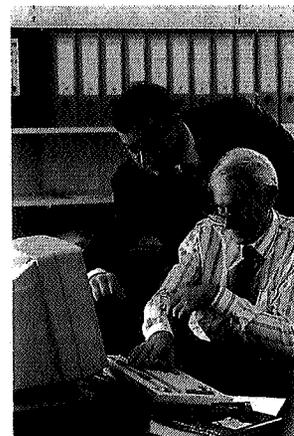
nization, infrastructures and social negotiations which either block or facilitate their diffusion. In that sense, technology is a social process.

### 4. The obsolescence of human capital

This social process is deeply affected by the historically new phenomenon of the so-called 'obsolescence' of human capital. It is unacceptable, even abhorrent, to use for workers the same concepts of 'investment' and 'depreciation of capital' that we use for machines. There is, however, a radical counter-argument: that human capabilities are creative and adaptable, and therefore constitute an invaluable resource which does not need to be 'scrapped' like the outdated machine. In economic terms human capital is infinitely 'malleable' and a bold attitude to investing in human resources is therefore justified. However, the harsh reality is that fierce competition, with rapidly changing technologies and production systems, does lead to situations in which to all appearances, at least for the individuals concerned, human capital is 'scrapped'. It cannot be doubted that it is this perception which is undermining the public image of the enterprise in the current round of lay-offs and social plans.

*A more highly educated, adaptable and creative workforce is needed to sustain changes in production organization*

Photo: © CEC



**5. Creativity within enterprises**

A more highly educated, more adaptable and more creative workforce is needed to sustain changes in production organization. The shift to quality production means forms of organization and management which will enhance the skills and autonomy of working people. The necessary adaptability of the production system to be more responsive to product changes, and to use fully expensive capital equipment, leads to new patterns of working time, pay and job specification. No doubt there will be new problems of job stress and safety, but on the whole the move away from the mass-production assembly line offers benefits to be obtained through negotiation and collective bargaining.

**6. Job creation and entrepreneurship**

Whereas the cyclical analysis of the labour market concentrates on employment, unemployment and labour force participation, the most important parameter in the structural approach is the outcome of the job destruction/job creation process. Whether or not this outcome is positive largely depends on the creation of new small firms and therefore on entrepreneurship. Post-industrial societies have a fundamental need to widen the concept of the enterprise, covering self-employment, cooperatives, non-profit institutions, etc.; foster the culture of entrepreneurship in wider segments of the population; and develop support structures which recognize that the traditional capita-

list is not the typical founder of a modern small enterprise in today's world. (See Figure 4.)

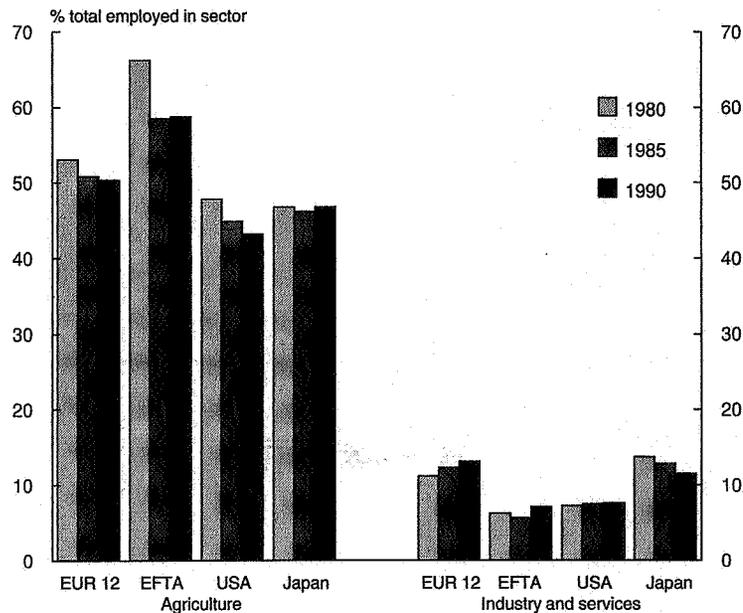
The return to a new form of full employment is likely to be conditioned by such a cultural change towards more widespread capacities for economic initiative in the population. The 'employee' culture which dominates education and training, for example, needs to undergo a transformation, as does the rigid sequence of education, work, leisure and retirement typical of the mass-production, manufacturing, male-dominated model of society.

**7. The role of services**

The trend towards decreasing employment in traditional manufacturing raises the question of whether the real scope for employment creation might not lie more in the area of services. This is so partly because the service sector is relatively less exposed to the full rigour of international competition, partly because jobs in the service sector often do not require such specialized skill levels (and, therefore, could offer new job possibilities to the many long-term unemployed who

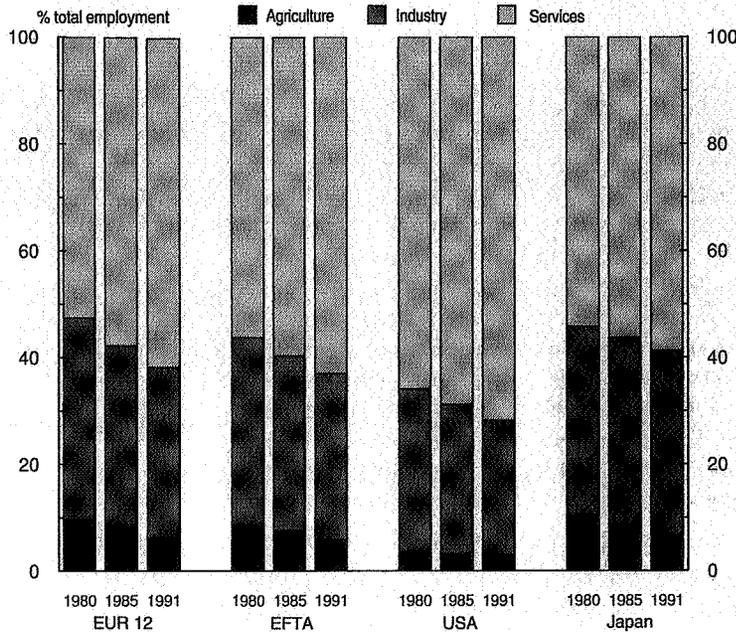
lack formal qualifications of any kind) and partly because this is an area where social and demographic trends combine to create new opportunities such as domestic work or the caring industry. (See Figures 5 and 6.)

**4 The importance of self-employment in the Community and elsewhere, 1980, 1985 and 1990**



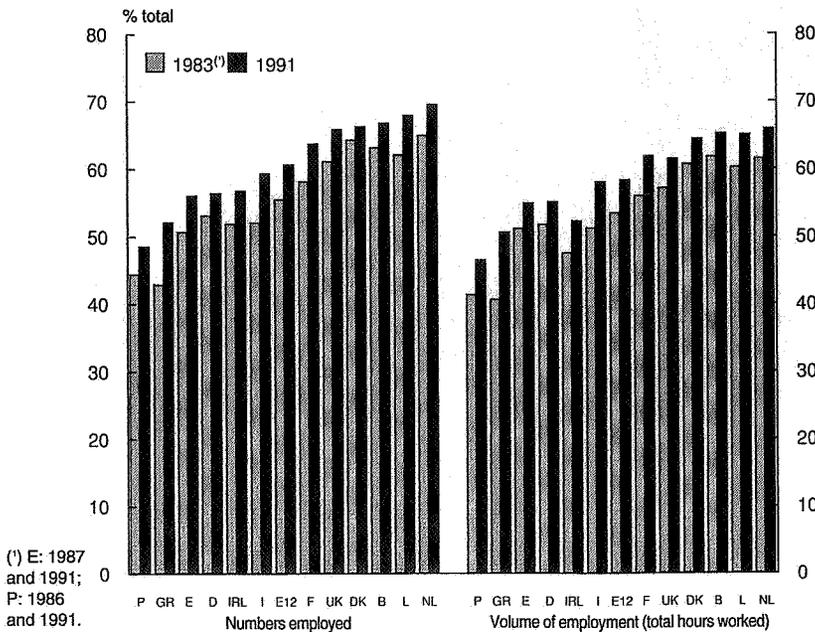
**A higher proportion of those in work in the Community are self-employed than in other comparable countries. In part this is due to the greater importance of employment in agriculture in the Community. Nevertheless, self-employment is more important in industry and services in the Community than elsewhere, accounting for 13% of the numbers in work in 1990.**

**5 Employment by broad sector in the Community and elsewhere, 1980, 1985 and 1991**



One of the most marked features of economic development is the tendency for employment in services to increase as countries passed through the various stages of industrialization. In the Community the proportion of those in work employed in services increased from 53% in 1980 to 62% in 1991. This still leaves the Community at a level significantly lower than in the USA (72%).

**6 Contribution of services to total employment in the Member States, 1983 and 1991<sup>(1)</sup>**



(<sup>1</sup>) E: 1987 and 1991; P: 1986 and 1991.

The share of employment in services increased in all Member States during the 1980s.

### 8. Quality of output, quality of work and quality of life

Another key question is whether these modern trends offer a new route to the quality of life. The market for high-quality products and services is linked to more open forms of management and organization, better working conditions and more democratic forms of participation, both in work and in capital. The technological wheel which led to mass production and the military-derived modes of management is turning. The quality of working life is improving and constitutes a key component in the quality of life as a whole. Its evolution is linked to the importance of time-use and skills in modern production systems, since efficient production is largely dependent on the creative use of both. Also, modern production systems permit more flexible work/family/leisure/education patterns. On the other hand, the greater flexibility required by enterprises is leading to more insecurity for those who, rather than being in the 'core' workforce, are in the 'contingent' labour force which is needed to adjust output when demand falls. Thus, both sides of the equation have to be looked at if we are to answer the question whether these more varied and flexible forms of working time and participation in work represent an opportunity to reconcile efficiency with both a higher quality of life and more widely spread working opportunities.

### 9. The urban/rural balance

Progress since the industrial revolution has been perceived as an urban phenomenon. The rationale of much of the above discussion is related to the evolution of urban populations in large concentrations, for whom the problems of the quality of life are posed by the urban environment, and for whom the rural environment is a leisure hinterland. All this is a consequence of the economies of scale resulting from manufacturing economies requiring local concentrations of production facilities, working populations and supporting services. If the right infrastructures are created, the new information technologies could change this spatial pattern of economic development, which has been responsible for some of the major environmental problems, notably urban overcrowding, inner-city problems of social exclusion and rural decline.

This situation is further complicated by the crisis in agriculture, the risk of accelerating rural desertification and the weakening of the social structure of the rural communities.

Certain development issues are emerging:

- the new scope for city development will depend on the solution to a wide range of problems, including inner-city transport, access to the rural hinterland, integrated socioeconomic city policies,



Photo: © CEC

*The future of the rural economy will depend on diversification of both production and service activity*

and articulated prevention and integration policies;

- the future of the rural economy will depend on diversification of both production and service activity, this twin development being essential to the retention of rural populations;
- a new spatial distribution of the population towards smaller urban centres may provide the base structure of a revived rural quality of life.

Do all the developments described in this context constitute a possible contribution, if correctly understood, promoted and controlled through policy and negotiations between all partners concerned, including employers and trade unions, to a new European model of development?

## I. WHERE THE CHALLENGES LIE – A SUMMARY

The object of Part II has been to identify, in non-exhaustive fashion, what challenges we face. A great deal of ground has been covered. More detailed analysis of the issues raised can be found in reports and other papers but there has been an attempt to identify the major trends.

Part II began with a short description of the background to the emergence of the European socioeconomic model and of the pressures – demographic, technological, industrial, fiscal, human – faced by Member States. Europe is now entering upon a period of development in which its capacity to build an active and open society and to combine economic dynamism and social progress will be more important than ever. This was followed by an examination of the sort of society wanted and needed by Europeans.

Part II then discussed the critical areas of social policy where changes are most evident. The first was employment, where pressure from technological and structural change is changing patterns of employment and the role of work in society. There are pressures, too, on the welfare State, notably because of the growing numbers of people affected by social exclusion, the widening need for integration measures and the significant demographic changes taking place in Europe. These were looked at briefly.

In a section on social justice and equality of opportunity, developments in the part play-

ed by education, changes in workplace relationships, inter-generational inequalities and workers' rights were highlighted. There was then a discussion of women's rights and opportunities, examining the labour market and social implications of the changes taking place as they affect women.

The perspective widened to examine issues of socioeconomic cooperation and competition on an international scale and what impact these might have for Europe. This was followed by consideration of how Europe is adapting to the changing nature of the production process, seen throughout the world. This included issues of where Europe stands in relation to the Japanese response to economic changes since World War II; the new balance between macroeconomic and structural policies; the interdependence of physical and 'intangible' capital; the apparent obsolescence of human capital; the role of job creation and entrepreneurship; changes in the role of the services; aspects of the quality of output, work and life; and the urban/rural balance.

Success will go to economies that are competitive and integrated, where full advantage is taken of new technologies and modern methods of production and work organization. There need to be high levels of investment in infrastructures, research and development and, above all, people. People themselves need to feel involved in the process of continuing change which must be sustained over

the medium term; there needs to be a balance between physical and human capital.

There are important issues in the challenges facing Europe. They include issues of equality of opportunity, rights and responsibilities at work and in society, employment itself, the need for education and training throughout life, social and economic integration. A robust debate around these issues will enable the Commission to make proposals to provide a framework for the Union's social policy to the end of the century. At the same time this debate contributes to continuing discussions on the White Paper on growth, competitiveness and employment requested by the Copenhagen Council.

In Part III the possible responses to those challenges are discussed, both in terms of cooperation between Member States and at the level of the Union.

# III – EUROPEAN UNION – POSSIBLE RESPONSES TO THE CHALLENGES

## A. DEMOCRACY AND SOCIAL POLICY: A MEDIUM-TERM STRATEGY

Jean Monnet saw the construction of Europe as a process of economic integration leading to political union. In that phase, the move towards a single European market was necessarily accompanied by the concept of a European social 'dimension' dealing with fundamental problems such as employment, free movement, social solidarity, working conditions, social security and training. These areas of action by the Community were all propelled by the reality that an economic community cannot survive without some social ground rules. European social policy, based on both legislative and operational provisions or *acquis*, is now evolving within precise political constraints. These reflect the fact that the social forces operating at the time, and expressed in the notion of a 'European model of society', were governments, organized employers and trade unions acting in concert. The social dialogue, now reinforced by the Social Protocol of the Maastricht Treaty, has been the product of a slow process of cooperation and mutual adaptation between the Member States, the European legislator and the social partners. This is an achievement of great importance for the future because the turbulent, fast-changing world we are moving into is one in which governments cannot take all the decisions. The political construction of Europe will have to be unique because it must build on the diversity of European cultures, the decentralization of power and the deeper involvement of civil society.

Social policy will have to address the problems facing the general population, citizens and workers, in the countryside as well as in the towns, women and men, young and old. It will also need to reflect the reality that there have been profound changes in the structure of the working population, both in terms of occupation and sex; in demography and migration; in the balance between urban and rural population, in family structure, and in working/education/leisure patterns.

The challenges set out in Part II are unlikely to be met by any single European State acting alone. There needs to be progress towards solving the problems of employment, living and working standards and quality of life. These are declared as common tasks in the Treaty. Without such progress, European economic integration, and now political cooperation, will be hindered.

It should not be forgotten that European social standards have improved remarkably in the period since the adoption of the Treaty of Rome. However, Europe is now faced with unacceptable levels of unemployment, inequality between women and men, poverty and social exclusion. There is growing insecurity in the workplace. The scale of these problems calls for mobilization and cooperation based on a medium-term strategy which brings in both structural and cyclical policies.

The role of social policy will be particularly vital because, of

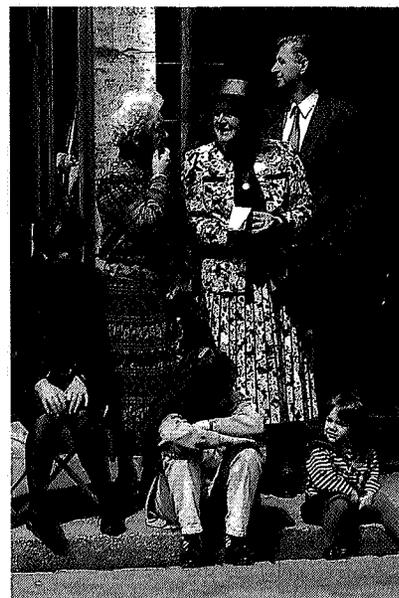
all policies, it is concerned with the daily lives of people. It affects their jobs and their social protection. It is to social policy that they turn when poverty strikes. It affects their working conditions, their standard of living and their quality of life. Most fundamentally of all, it affects their dignity as workers and as citizens.

Whilst defending this human side of things, social policy has also to play its role in achieving the wider objectives of the Union which affect the welfare of all citizens. These include its competitive strength, its democratic functioning and its role as a partner in the world system. The balance between these two notions, social policy as the human face of the Union and social policy as a means to other strategic objectives of the Union, is not easy to achieve. Indeed it is sometimes a matter of fierce dispute, as in the current view in some circles that high social standards are undermining the Community's competitiveness in world markets. But the challenges set out in this Green Paper make it clear that social policy is always on the knife edge between the aspirations of individuals and what society can offer. It has to come to grips with both sides of that equation. This is true for Member States and for the Union.

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*Social policy is always on the knife edge between the aspirations of individuals and what society can offer*

Photo: © J.-J. Patricola



The Commission believes that certain major objectives could be the subject of consensus and could serve as guidelines for policies at various levels:

1. Properly directed social instruments contribute to the stable growth of output and jobs and to social and political stability. This is so because unrestrained competition in the market cannot cover certain risks to individuals. Nor can it redistribute resources to deal with poverty or achieve the necessary investments in human resources.
2. Social expenditure has to be pursued within the limits of public budgets and insurance funds but economy measures should respect programme effectiveness and social goals, including equity and solidarity.
3. The welfare State now has to evolve towards an optimal balance between public, private-collective and individual provision, involving new partnerships in both the financing and delivery of services and recognizing the need for the State to regulate the overall system.
4. Social protection and labour market policies should where possible be directed towards the positive goals of human resource development, individual self-sufficiency and the integration of individuals into society whilst recognizing the overriding need to provide a minimum, decent level of income to those in distress.

These objectives and issues will have to be addressed in differ-

ent ways. There are a number of common challenges faced by Member States where they and/or their regional or local authorities will remain primarily responsible for policies and measures. But these areas may call for (and often are already the subject of) cooperation and exchanges and possible convergence of policy objectives. In these cases, the Community added value consists mainly of the stimulation of innovation, good practice and policies through the promotion of exchanges, networks and the development of relevant partnerships. This is mostly true of the issues dealt with under Section B below. Other issues, clearly indicated in the Treaty, call for action by the Union as such, being legal, financial or for the promotion of exchanges, these issues are dealt with in Section C. The demarcation between these two sets of issues (action by Member States or by the Union) is not always totally clear. Certain areas will require consideration under both headings and the instruments which may be used may also be mixed.

It is worth recalling the types of action available to the Union. These are:

- agreement to a convergence of policy in areas which remain a matter of exclusive Member State competence;
- programmatic cooperation through networking and exchanges of experience and good practice;
- financial support;
- use of social partners' agreement at European level;
- legislation.

## **B. PRIORITY ISSUES COMMON TO THE MEMBER STATES: PROMOTING THE CONVERGENCE OF SOCIAL POLICIES**

The challenges set out in Part II are clearly interdependent and call for more synergy in government policies than in the past. This is not easy because different areas of government policy have their own rationale and logic, and only a clear and accepted definition of objectives will force the necessary medium-term developments. This is a matter for the Member States, but cooperation within the Union will certainly help.

The overall objective of an active, open and just European society as the essential aim of employment, social protection and equal opportunity policies is no doubt widely acceptable, but it is too loose to influence policy action. If the role of the Union in relation to these common policy goals is to mobilize the efforts of the Member States and civil society, then more precise objectives and quantified targets would provide a focal point for the necessary action.

On a number of issues the discussion at Union level of common objectives and targets aims at promoting convergence of social policies and at serving as guidelines for the definition of policies at national level, Member States remaining responsible for fixing organization, arrangements and priorities for the reaching of these objectives. An example of this approach is to be found in the area of social protection in the 1992 Recommendation on the convergence of social protection policies and objectives.

**1. Improving the employment situation**

There can be no doubt that the causes and consequences of high and rising unemployment in Europe represent the single most serious challenge facing Member States today. The growing perception that countries, both individually and in terms of their cooperation within the Union, are unable to make real progress in solving these problems has major implications for the future of the process of integration.

Increased unemployment to a forecast Community average of around 12% in 1994, following on already high structural unemployment, has reached the point where it is socially dangerous as well as politically and economically unacceptable. The 'ratcheting up' of unemployment with each recession

has to be reversed because it now means that more than half the unemployed have been out of work for 12 months or more. Such a process partly explains escalating poverty and social exclusion (see Figure 7).

These high levels of unemployment are both the result and the cause of the Community's declining international competitiveness. They are the result, because Europe's inability to create enough jobs stems – in part but by no means exclusively – from a lack of growth and inadequate wealth creation. They are the cause, because unemployment means wasting one of Europe's greatest assets – the skills and creativity of its people – and because the cost of unemployment to the public exchequer is putting an unprecedented strain on government spending.

What sort of objectives and targets would be acceptable to the Member States and the partners concerned?

*In the field of the labour market:*

the provision of a job, activity, useful training for all those seeking work or work-sharing?  
a new balance between expenditure on active measures and income maintenance?

*In the field of social protection and exclusion:*

minimum income provision?  
an integration plan for all the excluded?

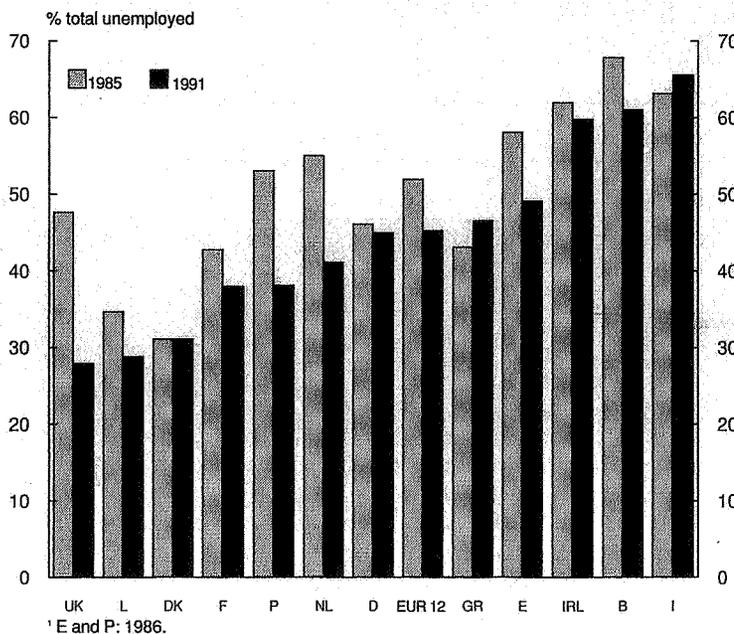
*In the field of equal opportunity:*

targets for specific groups (work-sharing, income-sharing, decision-making) such as women?  
measures which reconcile family responsibilities with employment?  
for the young, a 'guarantee' of a job, activity or useful training?  
measures to encourage the horizontal and vertical desegregation of the labour market?

*In the field of training:*

targets for the output of qualifications at different levels, so as to mobilize the different actors?

**7 Long-term unemployment (> 1 year) in the Member States, 1985 and 1991<sup>1</sup>**



Long-term unemployment remains very high in the Community – about 45% of the total unemployed.



Photo: © CEC

*High structural unemployment has reached the point where it is socially dangerous as well as politically and economically unacceptable*

There is general agreement that the main solution to the problem will come from increased growth. In this regard, a number of measures are already in hand, including in particular, the 'growth initiative' agreed at the Edinburgh European Council and reinforced at the Copenhagen Council.

However, there is also a growing recognition that growth alone will not be enough. There appear to be structural barriers to job creation in Europe which, unless addressed in a radical and new way, will continue to impede the translation of growth into jobs. Thus, there will be a need for action on two levels: a series of measures to restore growth and a parallel action to address the structural barriers to job creation.

It is clear that many of the policy levers which will have to be pulled are, and will continue to

be, a matter of exclusive Member State competence. It is equally clear that Member States acting in isolation will have great difficulty in finding effective solutions. This is, therefore, an area where there is much to be gained from close cooperation, increased coordination and, where possible, common – as distinct from joint – action. The more Member States' policies are tending to go in the same direction the greater the chance of success, both individually and collectively.

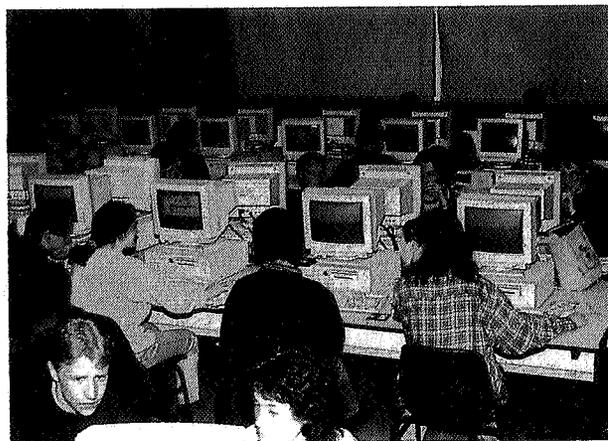
It was in this spirit that the Commission put forward in May of this year the Community-wide framework for employment, which was welcomed by the Social Affairs Council of 1 June.

The thrust of the employment framework is that the Community institutions and the Member States should commit themselves to a rolling process of common analysis and coordinated policy action. Suggested areas for analysis and action in the framework include:

- improved adaptability at the workplace and the development of new types of employment based on innovative forms of work organization;
- modifying the incidence of taxation, for example by reducing employers' social security contributions;
- encouraging new working time structures to share jobs;
- improving training systems to bring more people into work and better to anticipate structural change in industry;

*Improving training systems to bring more people into work*

Photo: © CEC



- better exploitation of the employment growth potential of new areas of work, such as, for example, in the environmental industries, the arts and audio-visual business, the caring services and so on;
- creating employment through small businesses and self-employment and encouraging the promotion of the enterprise culture;
- the development of local initiatives and strengthening the capacity of local areas to sustain and generate employment;

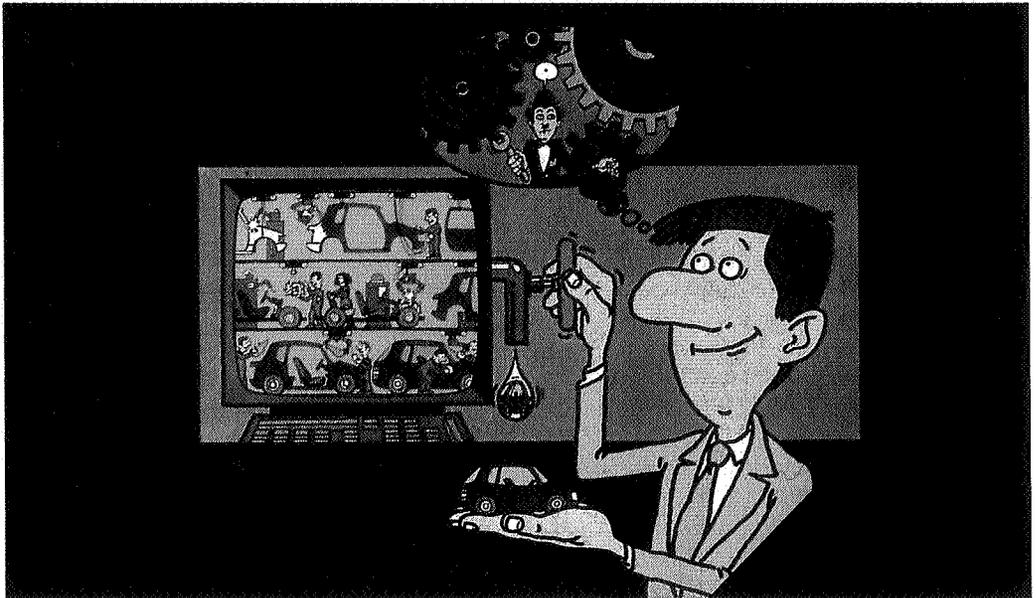


Photo: © CEC

*A shift towards quality production processes, flexible and even reduced working time can be an integral part of the process of change*

This is not an exhaustive or exclusive list. The simple truth is that there will be no single solution. An improvement in the situation will come from the cumulative impact of a series of policy measures and the mix of measures needed will vary greatly from Member State to Member State, given the diversity of their situations.

To take just one example, the issue of work sharing.

Some people object to work sharing based on the idea of restricting labour supply or sharing a fixed volume of work. However, the concept can make considerable sense when linked to new patterns of working time, more flexible working hours, more alternation between work and training and more flexible retirement. Moreover, there is a well-established secular trend towards reduced working hours as a natural outcome of productivity gains. Thus, particularly in the context of a shift towards quality production processes, more flexible and even reduced working time can be an integral part of the process of change.

On the other hand, present policies tend to squeeze some groups out of the labour market altogether, leaving them totally dependent on income transfers from the social protection systems.

This is only one example but it illustrates the kind of issues which will have to be addressed and the value of discussion of these issues at European level even if the precise policy measures adopted will remain a matter for the individual Member States.

The need is for a common medium-term strategy around which the individual Member States can construct their spe-

cific national measures, in a way which means that the whole of the impact is greater than the simple addition of the national parts.

The other element of the equation is the manner in which action at the level of the Community itself could help to underpin this process. This could take different forms. For example, it has been suggested that the adoption of a Community directive to facilitate the greater spread of part-time work could be a positive contribution to the discussions on this issue at national level, by providing a framework and certain guarantees (see Figure 8).

Another example concerns the use of the Structural Funds and, in particular, the European Social Fund. The newly adopted regulations make this a more flexible instrument which could be used to encourage policy innovation and the translation of successful pilot projects into mainstream policies.

It is evident that in all of this the proposals which the Commission will bring forward in the Growth, competitiveness and employment White Paper will be central to the development of such a medium-term strategy, bringing together the macroeconomic framework and the structural changes needed. The debate on this aspect of this Green Paper will, therefore be heavily influenced by the content of the Commission's proposals and the Council's reaction to them.

**2. Accelerating progress towards a quality-based production system**

The analysis of the challenges in Part II has pointed to the importance of the new production process not only as a means of creating the wealth through which the social objectives of the Union can be achieved. However, its significance goes further: (i) because the productivity dividend from new technologies depends on social negotiations, and (ii) because the impact of the changes on living and working conditions and on the quality of life could be considerable.

This is not only an issue for large companies and central governments but of small firms and local and regional commu-

nities. Many small European firms, deeply embedded in their local communities and cultures, are now active in the world market; many regions and localities in Europe are formulating the objectives for their future with a keen eye on Europe and the world beyond. Their opportunities depend on local energies, resources and capacity for partnership. In particular, this will require new approaches to worker participation and involvement, encouraging managers, workers and their representatives at enterprise level to confer in the early stages of introducing new technology.

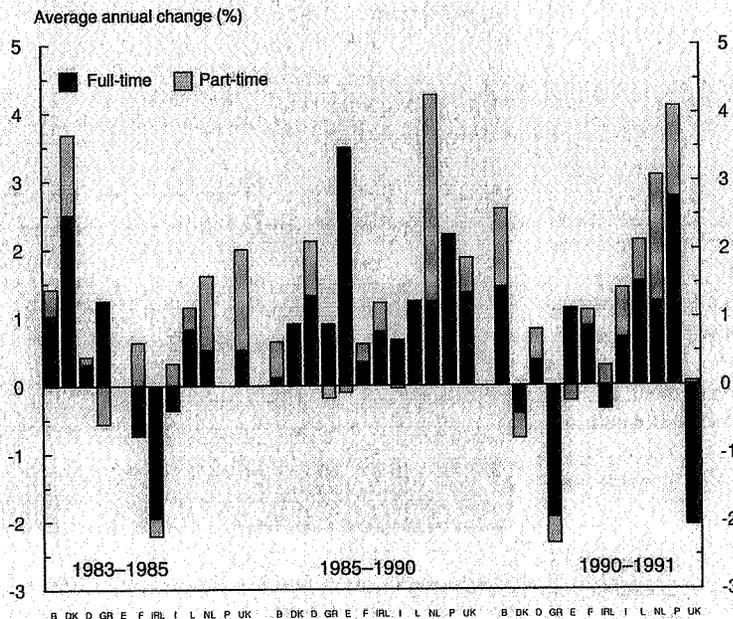
Social adaptation to the changing economic structures will be vital for competitive success, but, just as importantly, necessary in order to ensure that basic social values are preserved and protected in a period of transition.

In what ways could the Community-wide framework for employment be further developed as part of a medium-term strategy to combat unemployment and promote a more employment-intensive pattern of growth?

What role could the social partners organized at European level play in such a process?

What could be the role of Community action as such as in helping to underpin the process, either in the form of legislation or financial support?

**8 Changes in full-time and part-time employment in the Member States, 1983-91**



The Member States where the numbers employed have risen most, relative to the volume of work, tend to be those in which part-time working has increased the most.

**(a) Human resource development**

It would be wrong to reduce investment in people to a simple economic calculation. There are fundamental political and social values at issue here. However, the importance of the need for investment in human resources development as a key means of ensuring competitive success in the global market has still not been fully understood.

Big shifts in occupations and skills, and in systems of qualifications, will require fundamental changes in education and training systems and in the relationship between training in enterprises and the formal education and training system. In general terms, more democratic and flexible forms of

work organization call for vigorous enterprise training policies interacting with flexible, effective and broadly based education systems. Both have to be related to life-long learning in an overall system based on partnership between governments, the social partners and educational institutions, and geared towards clearly identified targets for the output of qualifications.

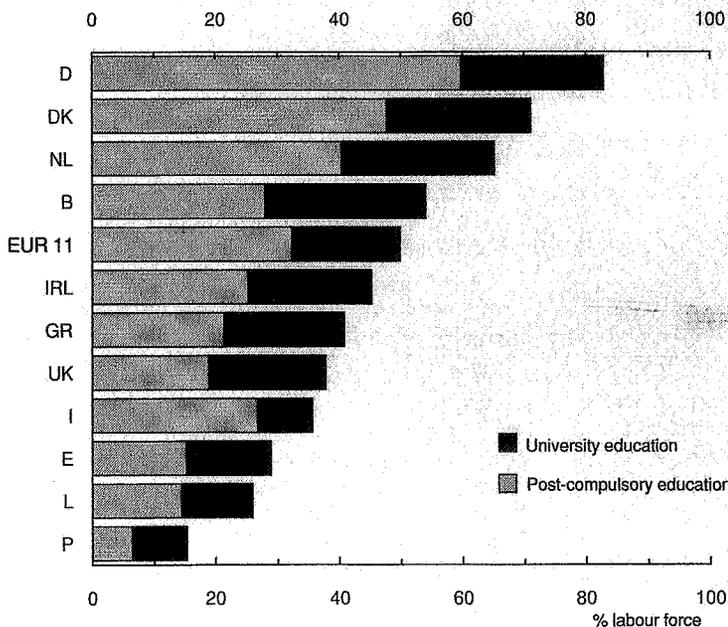
Attention also needs to be paid to getting training schemes, particularly re-training programmes for the unemployed, into better line with the real needs of the market place. These schemes often offer little real chance for the unemployed to find new jobs and have become palliative rather than real instruments of labour market re-entry. Such develop-

ments in education and training would not succeed unless there was a parallel development of qualifications systems, involving the cumulation of modular courses, recognition of work experience and negotiation between the partners on the definition of qualifications' and their relationship to pay. The development of European training and qualifications markets, assisted by the Union, would help to accelerate developments in the Member States. These issues are also addressed in Section C.1. (See Figures 9 and 10.)

The Community is already playing a major role in these developments with its action programmes in the field of education and training (such as Comett, FORCE and PETRA), through the Social Fund under

Euroform and NOW, as well as in its mainstream programmes and through the social dialogue. Furthermore, the recent revision of the ESF provides even more scope for this kind of action. The social dialogue, perhaps through collective agreement in the area of education and training where there is a wide degree of common ground between trade unions and employers, will also play a key role in the future.

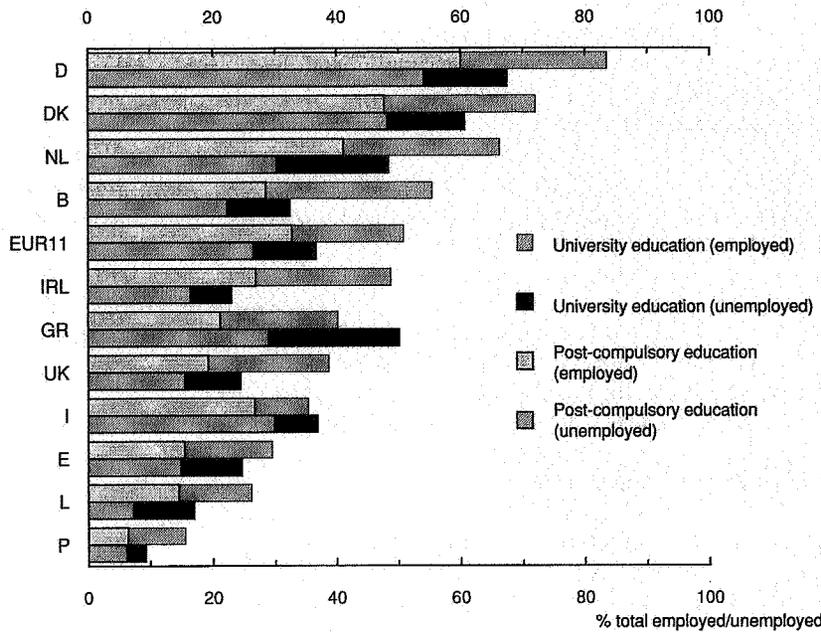
**9 Educational attainment of the labour force (> 25) in the Member States, 1991**



The average level of educational attainment is in general much higher in the northern part of the Community than in the less-developed and less prosperous, southern Member States.

Owing to the lack of suitable comparable data, figures for France are not included.

**10 Educational attainment of the employed and unemployed (> 25) in the Member States, 1991**



There are perceptible differences in the levels of educational attainment between those in employment and those unemployed. In most Member States, a much higher proportion of those in employment had received post-compulsory education or vocational training than those unable to find work. Owing to the lack of suitable comparable data, figures for France are not included.

**(b) Labour standards and working conditions**

These need to evolve to keep pace with rapid changes in technology and production organization, so as to facilitate the new forms of flexibility that enterprises need, whilst at the same time giving necessary protection to workers. In this

respect, the Commission emphasizes the need for an early adoption of existing proposed directives, because they will help rather than hinder the support of the work-force for a fundamental process of change.

The principal effects of the new production process, whilst var-

ying according to industrial sector, constitute a general basis around which discussions and perhaps negotiations might take place:

- (i) the shift towards more decentralized management structures and shorter and faster production cycles, involving more responsible roles for workers;
- (ii) big changes in occupations and skills, and therefore on-the-job training, upgrading of qualifications and broader job classifications;
- (iii) new patterns of working time, involving new work schedules corresponding to the aspirations of the work-force and intensive use of capital equipment;

(iv) a changing pattern of trade union and business organization.

Whilst transnational enterprises could adopt a 'cost-cutting' strategy and negotiate for lower social standards, they are more likely to opt for a 'quality' strategy of high levels of pay, participation and security because

*Critical questions that need to be addressed are:*

How can retraining schemes be better linked to real labour market needs?

How can we best work towards establishing the right of each individual to training throughout life, particularly when skills and qualifications need constantly to be enhanced because of industrial change?

How can we overcome the handicap whereby, in some Member States and in the Union itself, education and vocational training policies tend to be separately conceived and implemented?

of the need for fast product changes at the frontier of the market. Nevertheless, whilst such conditions would apply to their 'core' labour force, their flexibility also depends on a 'contingent' labour force which can take many forms, including seasonal part-time hiring, permanent part-time hiring, and use of contracted labour both at low and high levels of qualification and skill. But it is also vital for Europe that the SMEs, which are the main contributors to output and employment, should prosper in the new economic environment. There are a number of reasons for thinking

that their position in the European economy will be enhanced because of their adaptability, the growing 'decentralization' of production units and the growing space for small production units specializing in products of high quality and operating in international networks. The key point here is how to adapt labour law and practices in such a way as to constitute a positive incentive towards the adoption of new techniques and processes while seeking to preserve equally the fundamental objectives of protecting workers' rights and social progress. Consideration

must also be given to the cost impact of any new measures. (See Figure 11.)

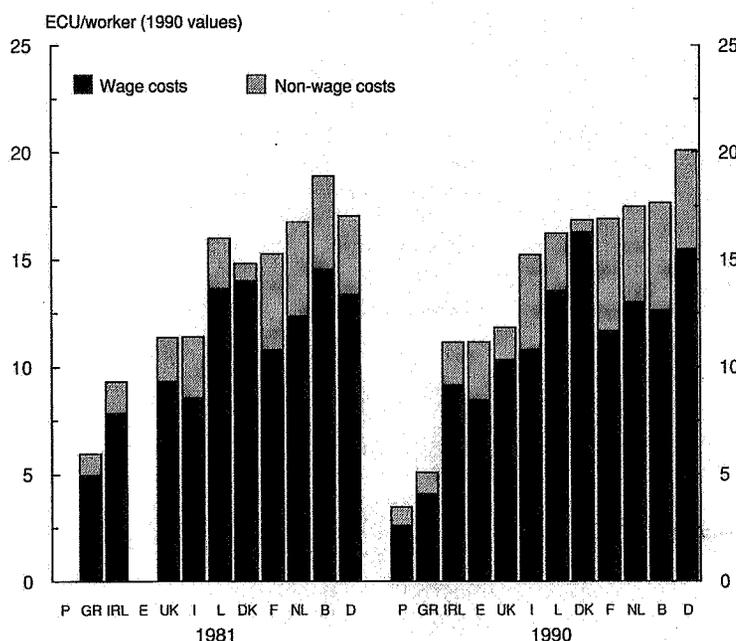
**(c) Redefining labour market adaptability**

Mastering this process of continuing technological and structural change requires a new and socially acceptable concept of flexibility. It is doubtful that the limitation to wages and mobility would be acceptable to the social partners under the present circumstances. The essential points appear to be negotiations about rights to education and training oppor-

tunities for workers, their participation in the process of change and action to bring the new forms of labour market contract into the realm of acceptable standards of social security. This represents a considerable development of the collective bargaining agenda. For example, organizational structure and the organization of work will have a major influence on the capacity to exploit the potential of the new information technologies. There are options in how the new technologies will be used and the various combinations of human and physical capital need to be clarified so that the right decisions are taken. Broadly speaking, it may be expected that management practice which does not take into account cooperative rather than hierarchical organizational structures, development of employee skills and initiative and the establishing of client-oriented marketing practice will be punished in the market place.

Whilst a common labour market policy at the level of the Union is neither feasible nor desirable, it would be dangerous if, under the pressures to change, the conditions in national labour markets began to diverge excessively. A commitment to high social stan-

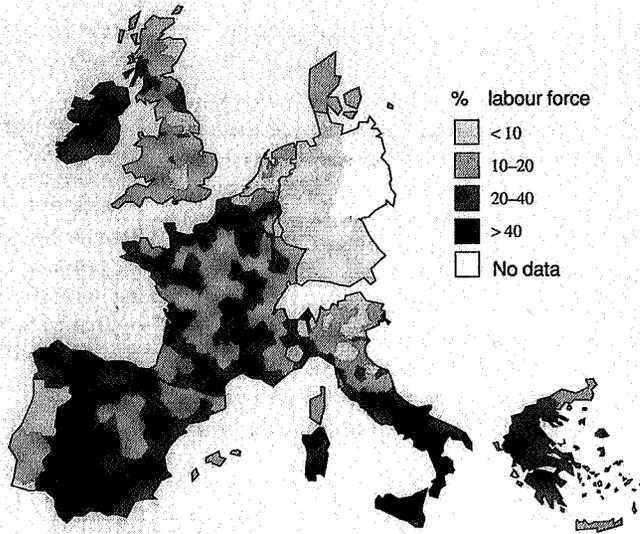
**11 Average hourly labour costs in manufacturing in the Member States, 1981 and 1990<sup>1</sup>**



<sup>1</sup> GR, F, I, L: 1990 estimated from 1988 data.

Labour costs consist not only of wages but also include indirect or non-wage costs which businesses have to pay for every person employed, e.g. social security, pension, or health scheme contributions. From the figures above, it is clear that in some countries employers have to pay a substantial, and increasing, cost in addition to wages when taking on labour.

12 Youth unemployment rates, 1992



With the sole exception of Germany, unemployment among young people aged under 25 is higher throughout the Community than for older people. This is especially the case in the less-developed parts of the Community.

dards and to the promotion of social progress forms an integral part of the new Treaty. A 'negative' competitiveness between Member States would lead to social dumping, to the undermining of the consensus-making process identified in the Maastricht Social Agreement, and to danger for the acceptability of the Union. This is why the attempt to reach agreement on certain common minimum labour standards should be pursued and why cooperation between the Member States on the following strategic issues could be strengthened:

(i) improving the quality of labour supply, through large-scale improvements in the education of young people, involving cooperation

between policy-makers in the fields of education and training;

(ii) striking a more efficient balance between external and internal labour markets, bearing in mind that job security may enhance cooperation by workers in the process of technological change and their commitment to continuing training;

(iii) diminishing the disincentives and barriers which block job creation and reinforce the poverty and unemployment traps;

(iv) removing or adapting barriers to mobility between occupations;

(v) improving the operation of the employment services, including the possibility of changing their status, in order to ensure the best possible service to the unemployed and those threatened with lay-off;

(vi) changing the balance between resources on 'passive' measures and 'active' (job creation and training) measures;

(vii) removing the gender bias in educational systems to widen occupational choice for everyone and foster a more flexible workforce.

The public sector could play an important catalytic role in pioneering these new developments.

**(d) Measures to accompany a quality-based production system**

The preceding analysis emphasizes the role of the quality of human resources, in terms of skills and qualifications, as a key factor to ensure the implementation of quality-based production systems. The reformed ESF, in particular the new Objective 4, is designed to respond to these challenges. The aim of Objective 4 is to facilitate the adaptation of workers, mainly through vocational training and retraining, to industrial change and changes in production systems. It aims to improve workers' qualifications and employment opportunities by implementing training measures related to

technological changes and to the introduction and development of new production methods (of which the main characteristics have been outlined above).

Objective 4 concerns in particular an anticipatory and preventive approach: anticipation of changes in markets, in employment and future skill needs; prevention, by appropriate measures, of the forecast (negative) effects on employment, without *a priori* reference to individual industries or specific sectors.

Particular emphasis is placed on workers in employment threatened by unemployment: those affected by the mismatch between, on the one hand, existing levels of skills and qualifications, and, on the other, the actual and future demands for skills and qualifications as a consequence of industrial change.

An emphasis is placed on the needs of workers within SMEs, in the context of changes in subcontracting and new forms of cooperation with larger firms. Actions are designed to complement, and not substitute for, the efforts that firms must themselves undertake.

The following questions cover issues raised in points (b), (c) and (d).

### 3. Stimulating solidarity and integration

The social integration of all citizens is of strategic importance, because it goes to the heart of the impact of existing welfare-State policies and provides a powerful goal for the future development of Member State policy and action. Indeed, the idea that not only the active but also the non-active population needs the dignity of a social

How can we develop a regulatory framework which will help European enterprises adapt to such changes?

What labour market and social policies can accelerate the development of industries at the leading edge of technological development while providing appropriate guarantees for workers' rights?

What is the scope for collective bargaining on these issues so as to reduce the anxieties and risks, and could framework agreements under the social dialogue assist the bargaining process?

What can the Union do to accelerate progress towards quality-based production systems, such as supporting innovative experiments and sharing the results?

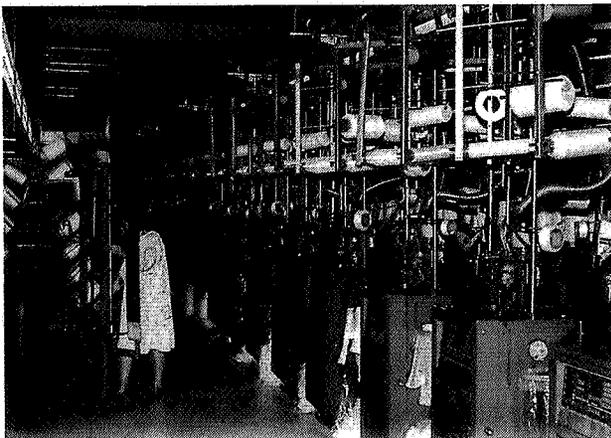
role, coupled with the return to full employment even if in a new shape (as discussed above), constitutes the backbone of an active social policy for the future. It should be noted that this partnership between economic, employment and social policy, at the service of an active and fair society of autonomous but protected individuals, was already present in the founding texts of European social security – social 'insurance' being the expression of the principle of self-provision within the framework of a State guarantee. The neglect of the social integration objective was not apparent when high employment and the growth of national and personal incomes could mask the incipient dangers, but moderate growth combined with rapid structural changes in society have unhinged the original conception and demonstrated the inadequacy of the income-maintenance objective without an accompanying objective of social integration.

#### (a) Convergence of social policies

Social and economic integration (getting people back into the system) and income maintenance are the principal objectives of Community social policy. They provide the basis for the evolution in more active European societies towards

*The aim of Objective 4 is to facilitate the adaptation of workers, mainly through vocational training and retraining, to industrial change and changes in production systems*

Photo: © CEC



‘trampoline’ social protection systems which not only prevent people from falling but, rather, help them to bounce back up to an acceptable standard of living. The aim is not the harmonization of national systems, but a framework for efforts to strengthen social protection systems and enable Community legislation on social policy to fit into a dynamic policy framework based on common objectives. Consistency between activity and legislation on minimum standards are essential principles of action by the Union in a field where national systems will converge but remain autonomous.

**(b) The fight against poverty and exclusion: Prevention and rehabilitation**

This challenge to the social cohesion of the Union calls for a mobilization of efforts by Member States and all the actors concerned and for reinforcing the bulwark of social rights. It implies a deeper understanding of the causes of

social exclusion in modern industrialized societies, fundamental changes in policy to tackle the problem at its roots, and bold social experimentation designed to explore new avenues for the future. The Commission will use all the tools at its disposal, both legislative and financial, to support this effort in partnership with the Member States and the institutional actors concerned. The Commission is proposing a new dimension to its fight against exclusion and poverty, based on a combination of commitments undertaken by various partners, including the Community, support for innovation and good practice, and support from the Structural Funds. On this basis a new programme on social exclusion has recently been approved by the Commission.

Vigorous remedial action to help those marginalized is, of course, now indispensable, but it should be accompanied by a long-term strategy to limit poverty and social exclusion and to promote social integration in

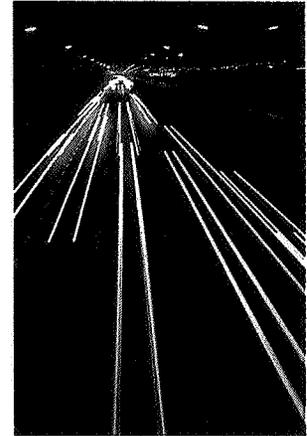


Photo: © CEC

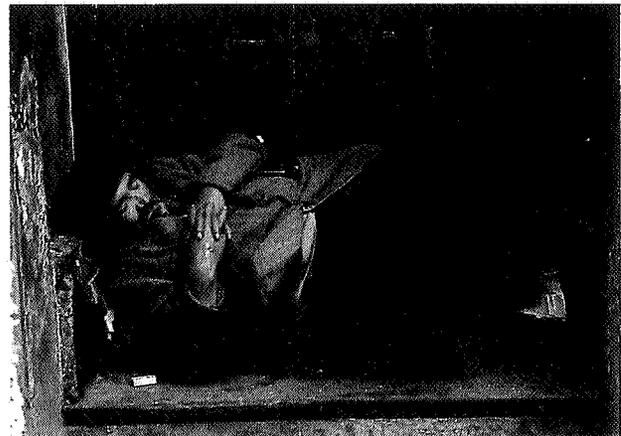
*National systems will converge but remain autonomous*

What types of action should be taken to step up the fight against poverty and exclusion?

Should a combination of commitments to fight against poverty and exclusion be more formalized (through appropriate legislation)?

*The Commission is proposing a new dimension to its fight against exclusion and poverty*

Photo: © CEC



Could there be better operation of income-maintenance policies in order to develop high levels of social protection, together with active labour market policies to achieve high levels of employment?

Should we go further and define specific convergence objectives in some areas, in particular in relation to new developments such as insurance for care of the elderly and individualization of rights?

In the field of taxation and social security, how can we offer appropriate incentives for the social and economic participation of women, again through the individualization of rights or through the removal of the ‘two-adult/sole breadwinner’ concept of family from taxation and social security policies?

the future. This means a general evolution of social policies, health policies, labour market policies and education and training policies towards the goal of the economic and social integration of all citizens. In this respect European society is faced with a particular and specific challenge since its values do not permit it to leave the individual without minimum decent standards of protection guaranteed by the State, nor unduly to devolve responsibilities to enterprises or local communities. Partnership between the various domains of civic responsibility, public and private, must be the abiding principle.

The European Union Treaty, which brings education and public health into the competence of the Union and unambiguously confirms the central importance of employment, social protection and working and living standards, provides the opportunity for cooperation between the Member States, assisted and supplemented by the Union, to reconstruct their social policies to play a more positive role in social and economic development. At the same time, the presence of all the main sectors of social policy in the Union's mandate will assist the Member States to establish the necessary synergies between policies, and the Commission to ensure necessary coordination at its level.

The Social Agreement will enable the social partners to play their role in this effort to combine a remedial and preventive approach to social and economic integration, and to further define and implement a bulwark of fundamental social rights.

The specific options and priorities for discussion are:

- (i) the improvement of the quality of working life (working conditions and health and safety) which would improve labour productivity by reducing absenteeism, sickness absence, and occupational disability;
- (ii) the evolution of unemployment compensation systems so that they support re-entry into the labour market, job creation and self-employment, and thereby play a role in industrial adaptation;
- (iii) more flexible pension systems so as to allow more freedom of choice between early retirement for those who seek it, and part-time work or voluntary activity by those who wish to continue to be active, and more generally policies to support the social integration of the aged;
- (iv) 'life-long learning' education and training policies so as to support the renewal of skills and combat the obsolescence of human capital;
- (v) minimum income provision so as to support social and economic integration;
- (vi) technical provision at the workplace to ensure opportunities for the social and economic integration of disabled persons;
- (vii) integrated provision for young people so as to enhance the prospects of a

Should future action be developed in specific action programmes and/or more precise setting of selected objectives and targets at Union level?

successful transition to the labour market and adult life, thereby avoiding the unemployment/exclusion trap.

strengthen the transition to work (PETRA). Other initiatives are planned under Articles 126 and 127 on education and training.

In addition to the above, the delivery and simplification of services for recipients need to be improved, the various levels involved need to be coordinated; and information for the public should be easy to understand.

### (c) Youth opportunities and risks

The Community has done much to involve young people in European affairs, stimulate youth policies ('Youth for Europe'), tackle the problem of youth unemployment (the Social Fund), and promote vocational training opportunities for young people so as to

*The Community has done much to promote vocational training opportunities for young people*

Photo: © CEC



Resurgent youth unemployment suggests that a new attack on the problem is needed. There are several issues:

- (i) the development of the European economies has seen the destruction of many youth 'entry' jobs;
- (ii) the rapid expansion of educational opportunity combined with changes in skill levels and needs and the decline of the traditional apprenticeship system has made the traditional pathways from school to work less clear;
- (iii) the labour market appears to be functioning to the detriment of young people, partly because of labour costs, partly because they do not have power in the collective bargaining system and partly because young people are caught in a vicious circle where jobs depend on experience but experience can only be obtained through work. (See Figure 12.)

In a real sense, the problem of youth is becoming a problem

How can a modern version of the 'apprenticeship' system, in which today's problems of transition from school to work are addressed, be best developed?

How can we tackle the persistent problem of segregation in youth education, training and employment which restricts the vocational choices of young women?

Is there a need for a 'youth guarantee', i.e. providing a job, an activity or useful training as a means of stimulating necessary action?

Can youth employment be given a stimulus by lower 'entry wages' without distorting recruitment patterns or discriminating against older workers?

of segregation because the traditional mechanisms of transition into adult society are breaking down.

#### (d) The economic and social role of the elderly

Many older people are better off than in the past, both in terms of income, social services and health. But there are also significant numbers who, because of their careers and social security coverage, are not adequately protected in old age. Solidarity between the generations is still vital but the principal problem remains the social integration of the aged. This has been the focal point of the Community's work in this area and a key element of the 1993 European Year of Older People and Solidarity between Generations.

It is clear, however, that the demographic changes foreseen imply a shift in the age structure of society and a different relationship between the generations. The prospect of a growing proportion of the population being 'retired', sometimes with 20 years or more



Photo: © Entr'Ages/L. Lebert

*Solidarity between the generations is still vital but the principal problem remains the social integration of the aged*

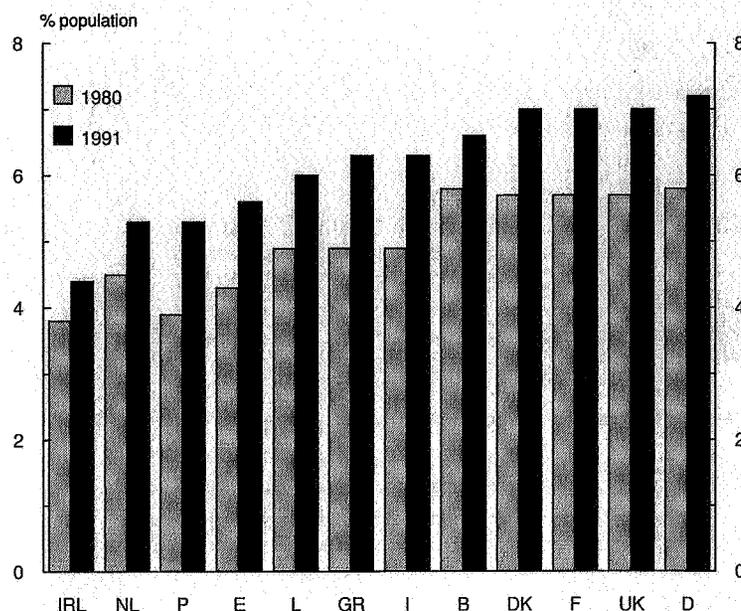
ahead of them, is fraught with human, social and economic difficulties. An important objective of a European active society should be to reorientate economic and social policy towards the reality that the older population will be big consumers, command major investments, exercise political influence and could play a major role in dealing with the problems of youth segregation and women's opportunities referred to earlier. (See Figure 13.)

These are questions of social innovation as well as social policy, where changes have to be promoted in civil society, through cooperation between trade unions, local authorities, enterprises and voluntary organizations. The partnership and networking approach which the Community has developed is well suited to tackling such problems. Article 7 of the Social Agreement of the Treaty on European Union provides for a regular report on demography. This could help to monitor trends and policies linked to demographic trends.

#### (e) Equal opportunities for third-country immigrants

Since 1986 work has been going on at intergovernmental level on immigration to Member State territories, to define a common management of flows, of which some are the consequence of international obligations entered into by Member

### 13 Population aged 75 years and over in the Member States, 1980 and 1991



Between 1980 and 1991, the number of people aged 75 and over went up significantly in all Member States in relation to total population. This was especially true for the southern countries of the Community, where in each case the proportion increased by around 30 % or more.

States (family reunion and refugees); others may arise from potential imbalances in the supply and demand of labour. Title VI of the Treaty on European Union now allows for common action on immigration policy and policy regarding nationals of third countries. The deepening of the European integration process has recently served to focus attention both within the Community and outside on how it receives and integrates non-Community citizens. But as early as 1976, the Council declared its intention to further equal treatment of third-coun-

try nationals and the members of their families with nationals of the Member States, as regards living and working conditions, wages and economic rights. The Commission, in its 1991 communication to the Council and Parliament on immigration, highlighted the need to strengthen measures designed to promote the integration of third-country nationals in the context of a comprehensive policy which would also address the need to take action on migration pressure and to control migration flows. It is proposed to update that

communication, and the associated communication on asylum, to take account of developments since 1991 and the new possibilities offered by the Treaty on European Union by way of a new communication to be addressed to the Council and Parliament.

How can the present progress of the European Year of Older People and Solidarity between Generations be built on?

How could the report referred to in Article 7 be used as a basis for a strong debate on demographic trends and their consequences for social security, employment, etc. and perhaps the development of a regular monitoring process?

The success of migration policy for Member State nationals – despite certain shortcomings – is due mostly to the fact that the political will to enable people to migrate was enshrined in the Treaty of Rome. Thus, there was a solid base on which to develop the legal and practical arrangements to facilitate the movement of people. If the Community wishes to adopt a migration policy for third-country nationals it must, for the policy to succeed, base itself on clear objectives related to the organization of migration flows and their accompanying social measures, and provide itself with the necessary instruments to do so.

An integration policy must include security of stay for those whose residence is stable and permanent, equal opportunities in employment, education, training and housing, simplified access to naturalization and the fostering of tolerance between the different communities living side by side.

Consideration could be given to allowing access to employment in another Member State



Photo: © CEC

*Fostering tolerance between the different communities living side by side*

to third-country nationals who have acquired a permanent right of residence in a Member State. That also raises the question of whether other rights which are a corollary to free movement in Community terms should be extended to such third-country nationals. In particular, the question should be examined whether it is still justified to exclude third-country nationals moving within the Community from the protection offered by the coordination of social security schemes, simply because of their nationality.

Immigration calls for realistic, coherent and complex approaches based on fundamental principles: respect for laws, the rights of individuals and for external as well as internal action as far as integration is concerned.

Surely the equality of rights and obligations is an essential condition for achieving solidarity between the various elements of a society. The main objec-

tive of the Community in this respect is to enhance the social integration of legally resident migrants through equal opportunities in employment, education, housing, social security and health care.

#### **(f) The integration of disabled people**

The ultimate test of policies for disadvantaged groups will be how the effort socially to integrate people in difficulty applies to people suffering from a physical or mental disability. Social segregation, even with adequate income maintenance and special provision, is contrary to human dignity and corrosive of social solidarity and community morale. Special facilities, institutions and legal rights are obviously necessary, but they should not be an obstacle or an alternative to the principle of 'mainstreaming' – that is to say acceptance of people as full members of society, with opportunities for integrated education, training and employment, and to lead their lives

How can we best stimulate policies and practices which promote a concerted integration policy which aims at the harmonious coexistence of peoples in the Union?

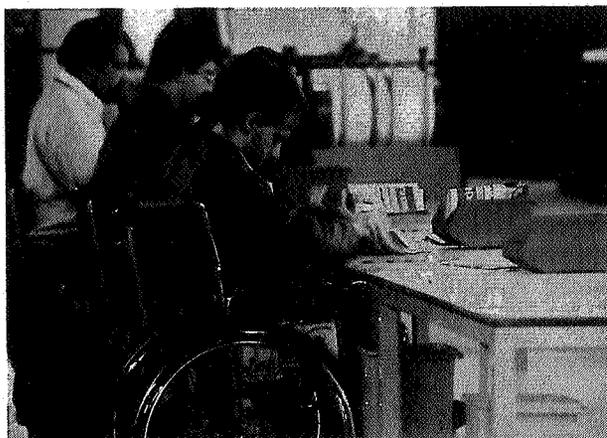
Should the employment conditions of third-country nationals be dealt with in the social dialogue with a view to adopting codes of good practice?

Should a permanent residence entitlement be accorded to those who satisfy stability criteria, including personal rights for members of the family of legally resident immigrants, in order to ensure successful integration?

independently, particularly through the development of accessible buildings and transport. The Helios programme plays a central role in this respect.

*The effort socially to integrate people in difficulty applies to people suffering from a physical or mental disability*

Photo: © CEC



How can we best progress in the area of integration of disabled people?

Should the Community develop specific legislative action in this area? What role would the social partners play in this respect? How can partnerships be strengthened between the various actors, NGOs, social partners, local authorities, etc.?

### **(g) The fight against racism and xenophobia**

Racial discrimination and xenophobia are not only directed at immigrants. They also affect citizens of the Member States. However, in a time of recession, where there is competition for jobs and housing, ethnic minorities can be a scapegoat for the fear and anger in society.

Xenophobia and racist attitudes are fed by ignorance of other people and a lack of understanding of different cultures. Measures in the areas of information and education are therefore of prime importance.

The fight against racism and xenophobia is echoed in the protection of fundamental rights, confirmed in the Single

European Act. All the legal systems of the Member States include measures to sanction violations. However, sanctions alone cannot overcome all forms of racism and xenophobia. Comprehensive anti-discrimination legislation offers an integrated and coherent approach to combating racism, discrimination and xenophobia, whether founded on colour, race, ethnicity or national origin, religion, beliefs or culture.

### **(h) Social policies and rural development**

The birth of modern social policy has its origin in the plight of the urban poor as a consequence of the industrial revolution. The social networks and family links of the countryside were broken by migration to urban manufacturing centres,

leading to a redistribution of welfare functions between the family, the State and the enterprise. Now that the wheel is turning again with welfare functions being spread throughout society and less concentrated in the hands of the State, it is important that social policies should assist rural populations and underpin rural development. Steps should be taken so as to ensure that the treatment of the problems of rural populations is on a par with that in the cities. In this context, new approaches to solidarity in the rural world as well as the more recent development of new partnerships provide a number of useful examples.

The Community is already contributing to the social policy effort against depopulation and marginalization in the weakest rural areas, as well as to that against the social decline of the population concerned. This contribution has consisted mainly in compensatory payment to farmers in mountainous and less-favoured areas; the development of agricultural resources and economic and

social potential in rural areas under the Structural Funds (Objectives 1 and 5b), involving especially job creation, alternative employment and local employment initiatives; and measures designed to make surplus agricultural produce available to certain categories of consumer at low prices and accessible conditions.

## **C. MAIN POLICY OBJECTIVES AT EUROPEAN LEVEL**

In Section III.B, we have looked at those challenges which, although not strictly a matter of competence for the Union as such, are common to Member States and could be better met by increased cooperation and, where appropriate and possible, by some convergence of policy.

In this section, we will explore the options for action by the Union itself.

The entry into force of the Maastricht Treaty has created a new situation in relation to social policy at European level. In the first instance, there is the existence of the Agreement on Social Policy, adopted by 11 of the Member States and enshrined in the Protocol on Social Policy which is annexed to the Treaty.

This Agreement seeks to clarify the kind of areas which the

As risks of exclusion and marginalization in rural areas are increasing, what further actions other than what is undertaken at present would prevent rural social decline?

How can we improve and broaden the promotion of measures in the field of education, information and legislation as tools in counteracting racist attitudes, acts and discrimination?

Union's social policy would cover and also establishes new procedures for decision-making.

In terms of the substance, the Agreement sets out the following objectives:

'the promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion . . . '.

It identifies two groups of areas of activity:

one, to be decided on the basis of qualified majority voting, which covers:

- (i) improvement in particular of the working environment to protect workers' health and safety,
- (ii) working conditions,
- (iii) the information and consultation of workers,
- (iv) equality between men and women with regard to labour market opportunities and treatment at work,
- (v) the integration of persons excluded from the labour market, without prejudice to Article 127 of the Treaty establishing the European Community;

another, to be decided by unanimity, which covers:

- (i) social security and social protection of workers;
- (ii) protection of workers where their employment is terminated;
- (iii) representation and collective defence of the interests of workers and employers, including co-determination;
- (iv) conditions of employment for third-country nationals legally residing in Community territory;
- (v) financial contributions for promotion of employment and job creation, without prejudice to the provisions relating to the Social Fund.

Finally, it is worth noting that the following areas are explicitly excluded from action: pay, the right of association, the right to strike and the right to impose lock-outs.

In terms of procedures, the major innovation of the Agreement is to formalize a process

Which areas of social policy are most likely to be amenable to being addressed by collective agreements?

Which areas are most likely to need a legislative approach?

Can framework laws provide the kind of results required such as, for example, in the areas of minimum standards or equality of opportunity?

of two-stage consultation with the social partners, which can lead to the negotiation of collective agreements at European level, possibly as a substitute for legislation.

Of course, it needs to be recalled that the original idea was that this Agreement would replace the existing provisions of the Treaty of Rome. As this is not the case, social policy is now potentially governed by two separate legal frameworks: that of the Treaty of Rome which continues to apply and that of the Agreement on Social Policy which 11 Member States have agreed to operate between them.

The procedural implications of all this are treated in a separate Commission communication.

What is particularly important to recall for the purposes of this Green Paper is that any discussion on social policy at European level has to take into consideration that, henceforth, the range of instruments available is multiple:

on the one hand, there are the traditional categories of action which may be summarized as follows:

mobilisation of the actors in the Member States;

cooperation between actors in the Member States, particularly through networking;

legislation;

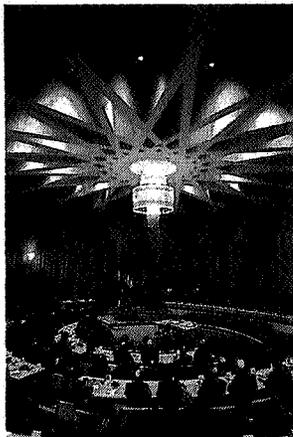
financial support;

on the other hand, there will be decisions to be made about the legal basis for the action and, in particular, about the possibility of collective agreements as an alternative to legislation.

In the event that legislation is agreed to be the best option for addressing a given problem, the question of the nature of the legislation then arises. Past experience has shown a tendency towards much detail in Community social law. Often, as was classically the case with the directive on working time, this results not so much from the Commission's first draft text as from the process of negotiation in the Council and Parliament. Consideration needs to be given to whether lighter and more flexible laws might not be better adapted to the diversity of different Member States, provided that this can be reconciled with the substantive results sought.

*The entry into force of the Maastricht Treaty has created a new situation in relation to social policy at European level*

Photo: © CEC



## 1. The single market and the free movement of people

Free movement of people is one of the four 'freedoms' enshrined in the Treaty of Rome (Article 3(c)). Given that its origin lies in the establishment of the European Economic Community, it is economic activity which constitutes the key element of the provisions relating to free movement: activities as an employed person (Articles 48 to 51), establishment as a self-employed person (Articles 52 to 58) and the provision of services (Articles 59 to 66). Article 8a of the Treaty on European Union grants the right to move and reside freely within the Member States to every citizen of the Union.

It is only in the context of the single market programme that the Council extended the right of stay to all nationals of the Member States, even if they do not pursue any economic activities but provided that they have health insurance and sufficient means by which to live.

The Court of Justice has made a decisive contribution to ensuring that intra-Community movements take place under conditions of freedom and dignity. The nationals of the Member States have the right to pursue an economic activity in the territory of a Member State of which they are not a national without any discrimination, whether as an employed or self-employed person. The Member States may only reserve for their own nationals employment in the public service (Article 48(4) of the EEC Treaty), but the Court of Justice has reduced the scope of this exception to employment which

involves participation in the exercise of public power and responsibility for safeguarding the general interests of the State.

This right to exercise an economic activity without being discriminated against on grounds of nationality has become more palpable – particularly for self-employed people – with the adoption of Community legislation on the mutual recognition of diplomas and qualifications.

After a period in which mutual recognition was pursued on the basis of individual directives for specific professions, the Community has now adopted two horizontal directives which extend recognition to all regulated professions. A much more complex but important issue for the future is how to ensure the equivalence of qualifications for non-regulated professions and skills. Equally, active consideration needs to be given as to how the Europe-wide recognition factor can be built in from the start to the very large number of new qualifications which are going to be needed in the future.

The establishment of real and effective mutual recognition and equivalence of qualifications at all levels throughout the territory of the Union has to be an urgent political priority. This is for reasons related not only to the economic benefits which this would bring but also because of the contribution it would make to the notion of European citizenship.

The concept of 'worker' covers not only workers settling definitively in another Member State but also frontier workers, temporary workers and season-

al workers. Temporary activity by self-employed people is covered by the provisions on the free movement of services. (See Figures 14 and 15.)

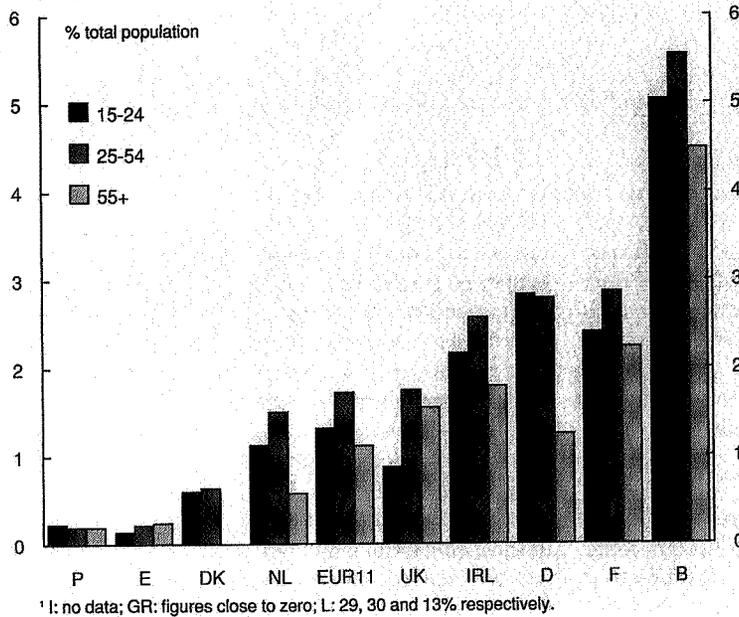
The right of residence is regarded by Community law as first of all a corollary of the right to pursue an occupation. The right of residence has thus been recognized for employed and self-employed people and it has been extended to members of their families (spouses, dependent relatives in the descending line or those under the age of 21, and dependent relatives in the ascending line). Moreover, Community law has granted the right to remain in the host country to employed and self-employed people after their activities end due to retirement or incapacity to work. These rights apply also to their families even after the employed person's death.

All those enjoying the right of residence naturally also have a right of entry to the territory of another Member State. The Single European Act further adds 'the removal of physical controls at the internal frontiers'. This objective has yet to be fully realized but work continues on the basic measures considered necessary to achieve the removal of controls on all persons when crossing the internal frontiers. It should be noted in this connection that the Court of Justice has ruled that tourists may be regarded as 'persons receiving services' and that they are covered by the provisions relating to the free movement of services, specifically with regard to entry and residence.

The Court has also specified that the freedom of movement for workers also covers the

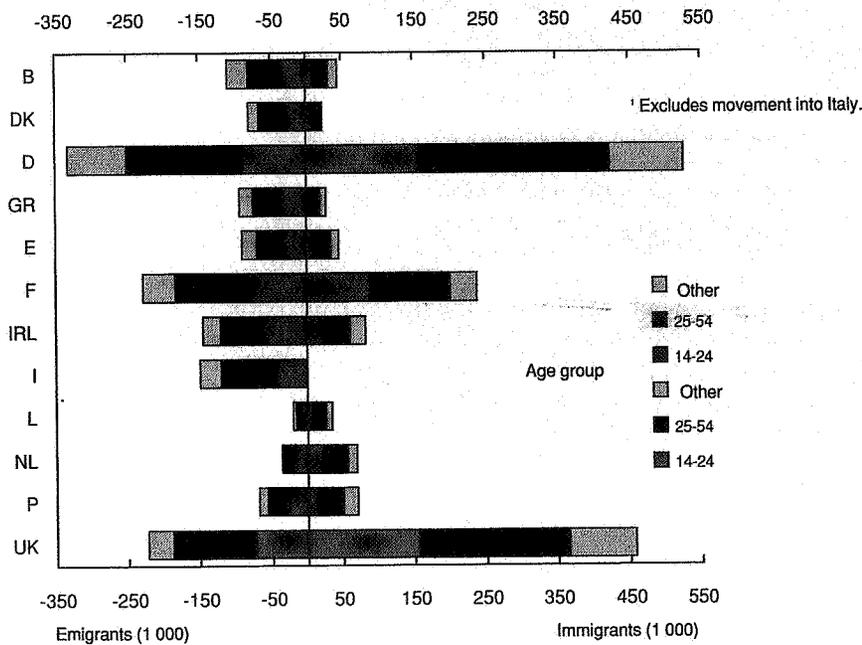
right of a person seeking employment to reside in the territory of another Member State as long as he or she continues to look for work and has a genuine possibility of being employed.

**14 Share of total population who are nationals of other Member States, 1991<sup>1</sup>**



The scale of cross-border migration in the Community over the past decade has been very small. This is reflected in the relatively small numbers of people (2%) living in one Member State who are nationals of another.

**15 Population movements within the Community, 1987-91<sup>1</sup>**



Over the five years 1987 to 1991, some 1.5 million people moved from one Member State to another, an average of 300 000 per year. Of the people moving, a relatively high proportion were aged between 14 and 54 and, therefore, potentially looking for work.

**The basic principle is clear: within the scope of application of the Treaty (Article 6 EC), any discrimination on grounds of nationality is prohibited.**

This total equality with nationals in virtually all fields, however, is guaranteed solely for persons who have the status of migrant worker and for members of their families. In other words, people seeking employment and students (other than migrant workers' children) enjoy the protection of Community law as regards the elements peculiar to the situation in which they find themselves, but they cannot claim total equality of treatment, for instance, in the domain of social assistance.

Particular emphasis should be given to the importance of Community coordination of national social security schemes, which is indispensable for ensuring effective freedom of movement in Europe.

The question is: how can this fundamental freedom be fully exercised if there is a risk of being penalized in terms of social security? The Treaty of Rome, in particular Article 51, has from the outset facilitated the establishment of Community regulations to remove this risk for employed and self-employed people and their families moving within the Community.

These regulations are regularly brought up to date to take account of changes made to national law and of the Court's case-law. The objective of the regulations is not to harmonize national systems but simply to protect the people concerned against the effects of national

measures which do not take account of the particular situation of people moving from one Member State to another.

Most categories of workers are covered by the Community regulations. However, the special schemes for civil servants and persons treated as such still remain to be included in the scope of coordination. The exclusion of these schemes is no longer justified since the Court of Justice, in its rulings concerning Article 48(4) of the Treaty, has largely granted access to employment in the public service to nationals of the Member States. In this new context the Commission has transmitted a proposal for a regulation which is currently under discussion in the Council.

In light of the social dimension of the internal market, coordination of social security schemes should encompass all people insured in the Community. To this end the Commission has also proposed that the scope of the regulations be extended to categories still excluded today, namely students and non-active people.

Furthermore, there is still the difficult matter of supplementary social security provision, particular occupation pensions and supplementary health insurance. Such provision is often made under the terms of collective agreements or at the initiative of the employer or individual concerned. As a result and in contrast to statutory social security provision, supplementary provision is excluded from the scope of Community coordination. The very complexity and diversity of this type of social security provision has so far ruled out coordination at Community level. However,

the need for such coordination is likely to increase with the shift in the demographic balance, as workers may have to rely increasingly on supplementary social security. In addition, a greater cross-border mobility of highly qualified workers is expected. It would not be acceptable that workers who depend heavily on supplementary social security provision are prevented from exercising their right to free movement for fear of losing an adequate level of social security cover.

Another important element of moving towards a genuine people's Europe is currently under consideration. The Commission is examining how the existing rules on access to the health services of another Member State can be made more flexible in the interests of patients.

Consideration could also be given to the possibility of extending the benefits of coordination of social security schemes to nationals of non-member States in particular cases.

Community coordination could be further improved and strengthened in the following key areas:

*Unemployment benefits:* Existing Community legislation offers only a very limited protection for unemployed persons looking for work in another Member State. Under strict conditions, for a maximum period of three months and only once between two periods of employment, the right to unemployment benefit can be retained. These provisions, adopted when the employment rate within the Community was high, are less encouraging to people who otherwise would be

ready to take advantage of employment opportunities on a European scale. In times of high unemployment, the existing Community legislation in this field therefore needs to be modernized and adapted to the new situation. Mobility would be increased by extending the right to retain unemployment benefit when searching for work in another Member State, but without creating new financial burdens or unbalanced situations between the Member States and whilst avoiding any incentive for abuse of the system.

*Early retirement pensions:* A number of gaps remain to be filled. These schemes are still excluded from the scope of existing regulations which also do not take into account the specific situation of people taking early retirement. This is especially true with regard to family benefits and health care.

*Sickness benefits:* The existing rules need to be made more flexible. For example, people who work in border regions may, under insurance rules, claim benefits-in-kind in either their country of residence or their country of employment. However, this possibility is not open to members of their families.

Consideration should also be given to establishing the right of residence of far less well-off people (at present excluded from free movement). More generally, it is necessary to improve the service which Community coordination renders to the Community's citizens. Such improvement could in particular consist of the following:

*Simplification of the rules of coordination:* This would enable a more homogeneous implementation of coordination and make the rules more transparent and therefore easier to understand for European citizens. This task, while particularly difficult to achieve because of the technical nature of the rules in force, is nevertheless extremely important.

*Modernization of the exchange of data between social security institutions:* Better exploitation of modern technology could greatly improve the exchange of data, for example the establishment of a telematic network or the possibility of developing a card for those with social security cover which can be used in all the Member States.

*The widest possible dissemination of information to the public:* Coordination is likely to have a direct impact on citizens, for example in every-day situations such as the provision of health services to persons moving within the Community.

In its White Paper on achieving the internal market the Commission indicated that before 1992 the remaining barriers to free movement of self-employed persons and workers needed to be lifted. The Commission also remarked that Community citizens should be able to exercise their professional activity throughout the Community, if they so wish, without any administrative procedures which in the end might discourage them from moving to another Member State. These considerations remain valid. Over the last three years the Council has discussed the Commission proposals to improve free movement of workers,

without being able to reach an acceptable agreement.

People who exercise the right to free movement are often confronted with cumbersome administrative procedures. Local administrations are not always aware of the rights enjoyed by Community-citizens; and, particularly in the case of less qualified workers, mobility is far from easy.

The EURES network, formed by the national employment services and the Commission, is responsible for exchanging information on job offers and applications throughout the Community, with a view to developing freedom of movement for migrant workers within the single market. Furthermore, the network also aims to provide – through its Euro-advisors – exchange of information on working and living conditions between the Member States, to enable workers and their families to make decisions in the full knowledge of what to expect.

Community citizens will increasingly move within the Community as they have traditionally moved within their own country, with these movements being quite distinct from traditional migration patterns.



Photo: © CEC

*The EURES network is responsible for exchanging information on job offers and applications throughout the Community*

What type of action should be taken at Community level to tackle the following issues?

- lifting of remaining legal barriers to free movement of workers (family reunion, equal treatment, residence rights, excluded people);
- development of the EURES network in order to provide guidance and information on Community-wide job offers and living and working conditions;
- equal treatment for all Community citizens resident in a Member State, in particular as regards social and tax advantages (students, pensioners, etc.);
- providing for a better protection of mobile workers, in particular by facilitating the acquisition, preservation and transfer of occupational pension rights;
- extension of the coverage of social security coordination; simplification of rules; modernization of procedures; better information for the public;
- providing better information for lawyers, magistrates and others dealing with the implementation of Community legislation.

What concrete steps are required to ensure the elimination of all outstanding barriers to mobility based on problems of mutual recognition or equivalence of qualifications?

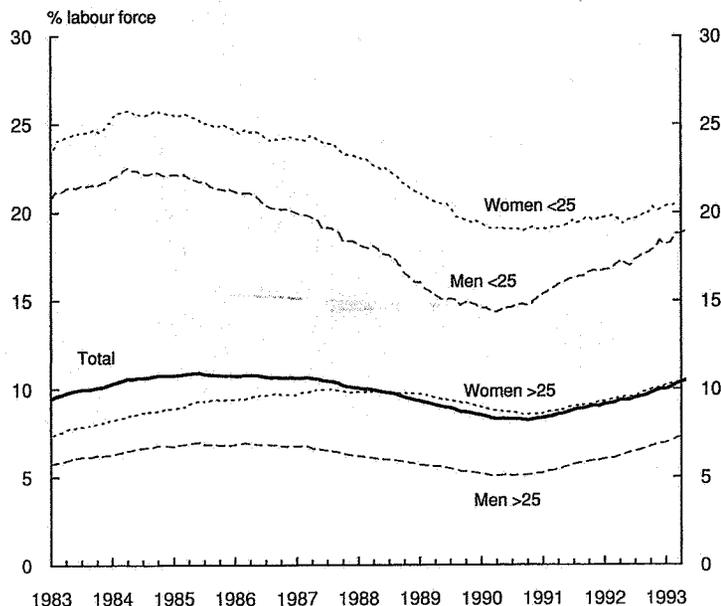
## 2. Promoting equal opportunities for women and men in a changing European society

The European Community has a longstanding track record in promoting equal opportunities for women in the labour market. In particular, the Community has developed a wide-ranging legal framework to help promote the full participation of women in the labour market. In time of recession, action in this regard needs to be defended and strengthened because the key labour market indicators show that unemployment hits women harder than men in almost all Member States. (See Figure 16.)

It is clear that the Community's legal framework alone is insufficient to eliminate the persistent inequality of opportunities for women. There remain numerous barriers to women's participation on equal terms with men in both employment and society. Women today feel increasingly vulnerable. There are many reasons for this, including lack of proper recognition of women's qualifications, their employment in insecure, low-paid jobs and the impact of structural changes in the labour market.

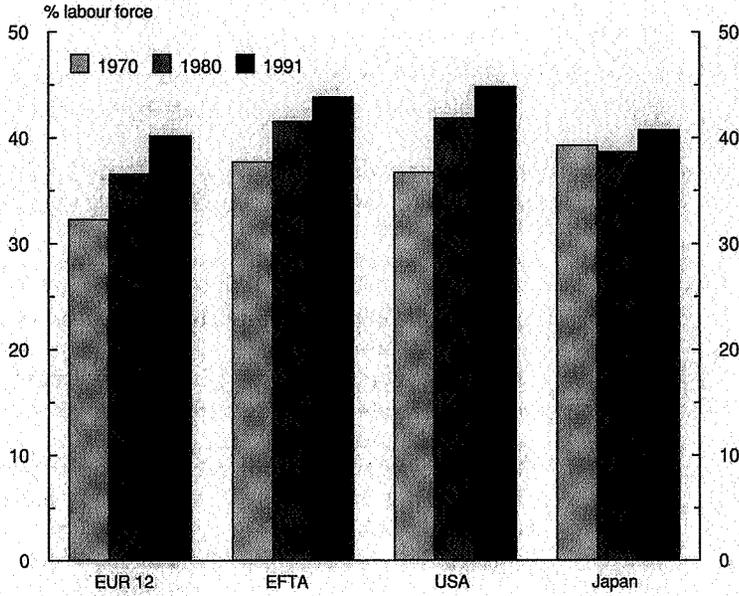
Failure to address the specific problems concerning women's employment threatens economic and social cohesion, and jeopardizes progress in other

16 Unemployment by sex and age in the Community, 1983–May 1993



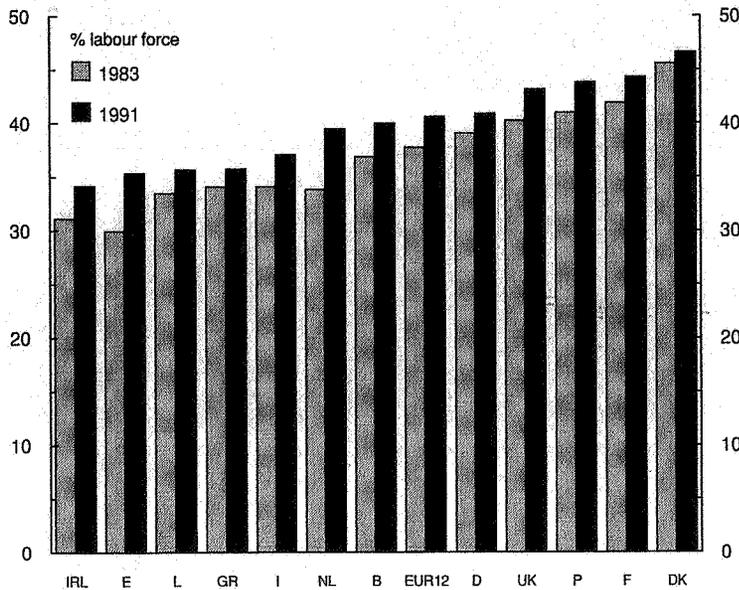
Unemployment rates of women are systematically higher than those of men in the Community and have been so over the past decade. This disparity holds for all age groups.

**17 Share of women in the labour force in the Community and elsewhere, 1970, 1980 and 1991**



Although the share of women in the labour force has increased in the Community it still remains below that of the EFTA countries and the USA, although the gap narrowed in the 1980s.

**18 Women in the labour force in the Member States, 1983 and 1991<sup>1</sup>**



<sup>1</sup> E and P: 1983 using OECD data

The increasing participation of women in the labour force is the key element underlying the growth of the active population in the Community. In 1991, on average 4 out of every 10 members of the workforce were women.

areas because it constrains women from making a full contribution to economic growth and social improvement. (See Figures 17 and 18.)

The problems which women encounter in the labour market cannot be tackled in isolation. Society should be encouraged to benefit more from the input of women's abilities and special skills while at the same time addressing the particular interests and needs of women. Demographic trends threaten to bring in their wake further tensions in the labour market and in society as a whole. An effective approach to the social transformation needed to achieve economic growth and social cohesion depends upon empowering women to play a greater role in shaping future developments.

One issue which merits particular attention is the participation of women in the process of collective bargaining. Bargaining power is currently very unequally shared between women and men in social partners' organizations at national as well as European level. Recent research has shown that in the 12 Member States, the existing systems and processes of collective bargaining have contributed to increasing the pay gap between women and men.

The fundamental objective therefore should be to advance from equal rights to equal treatment in the labour market through equality of opportunity in society. This implies that the highest priority should be given to measures which will enable individuals, men and women, to achieve a better balance in their private and their working

lives, through a change of attitudes and values.

In order to obtain a more balanced type of society, three main issues must be addressed:

- (i) the reconciliation of employment and family responsibilities;
- (ii) the desegregation of the labour market – vertical and horizontal;
- (iii) an increase in women's participation in decision-making.

The possibilities for action are numerous:

- (i) encouraging more flexibility in careers and working hours;
- (ii) promoting innovative ways to combine household and working responsibilities;
- (iii) promoting the provision of child-care facilities;
- (iv) setting clear targets for women in vocational training opportunities (particularly with regard to ESF assistance) and employment within male-dominated occupations, combined with the need to develop adequate monitoring systems;
- (v) creating more diversified training, job and career opportunities, both to widen scope for and improve prospects of women;
- (vi) eliminating direct and indirect discrimination in the labour market, includ-

ing that concerning layoffs and part-time work;

- (vii) reviewing the structure of decision-making procedures in economic, social and political areas;
- (viii) improving women's access to information about their rights generally and at European level;
- (ix) giving increased attention to women's labour market difficulties in the context of the social dialogue.

One of the keys to achieving overall equality of opportunity is the practical acknowledgement of equality of work by means of equal pay. The principle of equal pay for men and women has been enshrined in Community law from its origins. Article 119 of the EEC

Treaty requires Member States to 'ensure and subsequently maintain the application of the principle that men and women should receive equal pay for equal work'. This was amplified by Directive 75/117/EEC which introduced the concept of equal pay for work of equal value into the statute books of the Member States. However, despite the existence of these political and legal commitments, official statistics disclose that the pay gap between men and women remains wide.

It is imperative that the fundamental right to equal pay is fully implemented at Community level. Towards this end, the Commission has recently published a communication for the information of and consideration by all parties concerned with the equal pay issue. This paper includes a summary anal-

*Men and women should receive equal pay for equal work*

Photo: © CEC



ysis of the jurisprudence of the European Court of Justice in the matter. It also suggests that in addition to the use of legal instruments and processes, any strategy for the promotion of equal pay for work of equal value must include improvement of baseline data on women and pay, improved dissemination of information and improved legal and practical training for people working in the field. Among the options which warrant attention is the possibility of adopting certain basic principles to serve as guidelines for joint negotiations on job classification and evaluation. These would be applied at various levels without prejudice to the autonomy and individual responsibilities of the

social partners. These guidelines could be used as a basis for a code of practice on the implementation of equal pay for work of equal value.

The new provisions in the Social Agreement annexed to the Treaty on European Union relating to the potential role of the social partners in developing social policy at Community level offer new possibilities in the equal pay field.

### 3. The social transition to economic and monetary union

Having eliminated the internal frontiers in order to guarantee the free movement of goods, persons, services and capital, the next logical step in the process of economic integration will be the transition to a single currency. The goal of economic and monetary union (EMU), the most ambitious project in the process of European integration, is provided for in the Treaty on European Union. Some consideration needs to be given to the implications for social policy of this transition. For example, to what extent will EMU also require a more active social policy?

EMU is not an end in itself but has to serve the Community's overall objective of promoting economic and social progress, and in particular a high level of employment and social protection, as Article 2 of the Treaty on European Union makes clear. The EMU process is a major building block for achieving such progress, since respecting the established convergence criteria will enhance the efficiency of the European economy and strengthen its position in the world economy. In fact, social progress will be best served by further economic integration, not less.

While EMU underpinned by the necessary level of economic convergence will promote the goal of economic and social progress, it is equally clear that it sets a new and different framework for social policy. In particular, by preventing monetary, fiscal and debt slippage, which generally results in significant social costs, it will

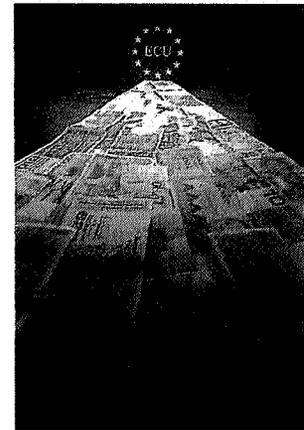


Photo: © CEC

*The next logical step in the process of economic integration will be the transition to a single currency*

What more should be done at Community level to promote equality of opportunity between women and men in fields such as education and training, research and development and employment and labour market policies?

Should specific goals and timetables – including quotas, targets and positive measures – be used to ensure a fuller participation of women in areas in which they are under-represented?

What steps should be taken to reconcile family and work responsibilities?

Should monitoring mechanisms be developed (and at what level) to assess the position of women in relation to the above as well as pay, benefits and family-friendly policies, notably the organization of working time?

Which specific obligations should be put on employers and unions to ensure a proper recognition of women's interests within the social dialogue and more balanced participation of women and men at decision-making level within the representative organizations?

What more needs to be done at Community level to ensure the practical implementation and monitoring of the principle of equal pay for work of equal value?

What form should a code of practice to guide and ensure implementation of this principle take?

eliminate the scope for some policy illusions. For instance, inflation and budget deficits often mask unresolved social conflicts. EMU therefore implies that all social groups and in particular the social partners are aware of what is feasible in terms of wage rises and other social improvements and act accordingly. More generally, one can say that EMU requires a better functioning of labour markets because the Member States will irrevocably lose their exchange rates and their monetary policies as instruments for macroeconomic adjustment. However, the transition to EMU will guarantee that no Member State will lose control of these policy instruments before it is clearly established that it can cope without them.

The fact that transition to EMU will involve structural reforms and difficult but socially balanced consolidation of budgets for several Member States has to be seen in the context of the negative social consequences of further delaying inescapable adjustments. Budgetary consolidation is essential in any event to ensure that interest payments on the public debt do not continue to increase their share of overall government expenditure, thereby leading both to sustainability worries and to reduced scope for social spending. From this perspective the binding character of the convergence process is not necessarily a burden but, on the contrary, through the credibility given to the convergence commitment, a way to reduce the inevitable adjustment costs. Furthermore, the medium-term character of the convergence process and the provisions of the Treaty provide sufficient flexibility to modulate adjustments during recession and to exploit recovery to increase the pace of progress in reaching the declared targets.

It might be of interest to identify the social challenges each Member State has to face in this transition and, to the extent possible, to quantify important aspects, especially as far as social security spending commitments are concerned. Knowing the need for social policy adjustments, it should become easier to work out realistic and socially acceptable programmes of economic and social convergence.

Such programmes might be discussed with governments (mainly the Ministries of Finance and Social Affairs/Employment) and with the social partners. After all, the latter have

an important role both in achieving the convergence criteria and in financing, or bearing the cost of, social policy.

Could the Union issue recommendations in this process of economic and social convergence, after due consultation with all the national authorities concerned and the social partners, with a view to making sure that the process of economic integration does indeed contribute to its most basic objectives as defined in Article 2 of the Maastricht Treaty?

Should the Union promote convergence of social policies alongside convergence of economic policies through:

- (i) the definition of common objectives and monitoring (e.g. on the same basis as convergence of social protection policies and objectives);
- (ii) possible recommendations on important economic issues, e.g. in preventing social dumping;
- (iii) monitoring procedures for social policy in the transition towards EMU;
- (iv) strong involvement of social partners in these procedures;
- (v) joint discussions of national authorities responsible for economic affairs and for social policy?

#### **4. Issues of social standards**

Europe's social policy is influenced by the operation of free markets, especially free labour markets, and by the development of social ground rules. There are two important elements in this concept: on the one hand a defensive mechanism to ensure that there is a minimum floor below which social standards should not fall in certain key areas, and on the other hand a more pro-active concept aimed at ensuring convergence through social progress. These ideas are enshrined notably in Article 118a of the Treaty and are found in the Social Charter and the Agreement on Social Policy.

Public debate on the Maastricht Treaty has demonstrated that significant parts of the public

fear a Europe in which social rules and legislation, until now the subject of consensus, are put into question.

#### **(a) Common minimum standards relating to working conditions and labour law**

The achievement of the single market and of economic and monetary union will be at risk if the general population, and notably the working population, does not take part in the venture. The issue of social dumping is often invoked in this context. Although it is a fact that in times of fierce competition enterprises need flexibility and that high unemployment reduces the bargaining power of workers, competition within the Community on the basis of

unacceptably low social standards, rather than the productivity of enterprises, will undermine the economic objectives of the Union. The common standards enshrined in existing Community legislation and those on the table in the action programme to implement the Social Charter constitute a minimum floor and will do so even more when the applicant EFTA States join the Union. But they are also a demonstration of the common political will, both on the part of governments and the social partners, to grant workers fundamental social rights as an integral part of the unprecedented economic and social progress since World War II.

Legislation at Union level is not the only way of establishing social rules. More weight should be given to agreements between the social partners. Not only standards and norms, not only collective agreements, not only defined rights and responsibilities, but also tacit and implicit behavioural rules are needed to reduce conflict and sustain a rapid pace of social change. Only well-functioning cooperation between the Member States, the Parliament, the social partners and other civil partners in the European endeavour can contribute to this.

Nevertheless, legislation continues to have its proper place in achieving the objective shared by all Member States, i.e. that European workers should have minimum guarantees on health, safety and employment conditions. That objective should be pursued by completing the social action programme, and by exploiting to the full the possibilities offered by the Social Agreement of the Maastricht Treaty.

### **(b) Social standards within Europe**

High social standards, which are a complex mix of working and living conditions, are a clear objective of the European Community. European experience has shown that they are an integral part of a competitive model of economic development. They are determined by a variety of government policies and by collective bargaining for a given level of economic development, this complementary approach being considered as essential to a democratic community. It is therefore a matter of concern that global economic competition, and the resulting international trade in goods and services, should improve and not reduce social and working standards. In particular, it would be a dangerous trend if unfair competition through unacceptably low standards should become widespread.

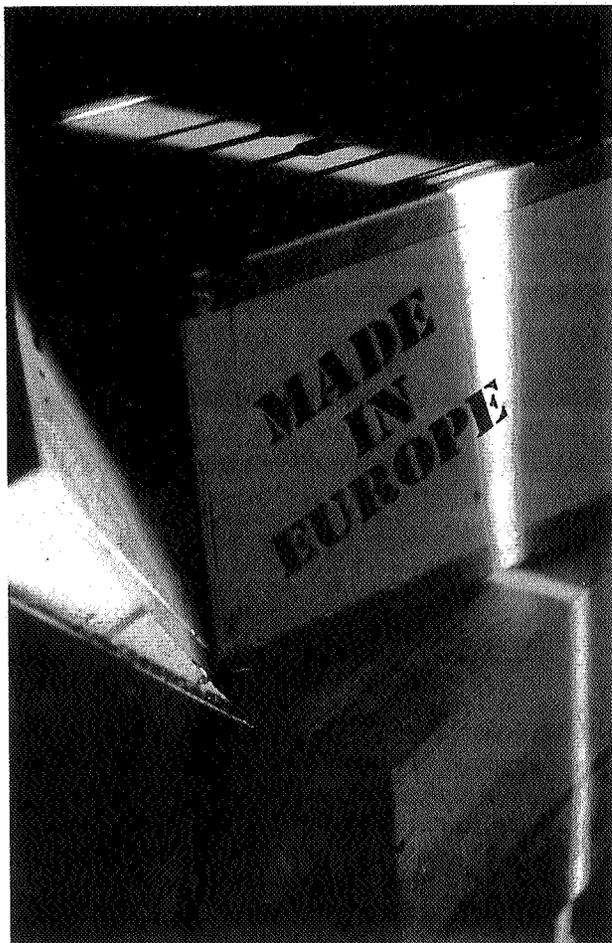
However, the welfare of the European Community is dependent on playing a full role in an open, world competitive system, based on free trade, even if this implies painful adjustments in certain sectors and regions of the Community. The fundamental principle of social and economic cohesion in the Community is an expression of the will to share the burden of such adjustment and to reduce existing disparities between groups and regions. The Structural Funds (including the Social Fund) have precisely that purpose. Taken together their provisions reflect the will towards an economically dynamic, balanced and socially just Community.

A key objective of European integration is that working and living standards in the Community should converge. Despite all the difficulties, the evidence is that standards are levelling up rather than down, as witnessed by the rising working and living standards in the less-developed parts of the Community. The question is not one of limiting the competition from countries and regions with

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*The welfare of the European Community is dependent on playing a full role in an open, world competitive system, based on free trade, even if this implies painful adjustments in certain sectors and regions of the Community*

Photo: © CEC



lower labour costs, but of ensuring that their competitive power contributes to raising the standards for the workers who contribute to rising national income. This is the long-term trend, but it has to be recognized that, under the present conditions of high unemployment, the social ground rules may need to be strengthened (for example, with regard to the problem of the delocalization of production units within the Union). The existing OECD guidelines for transnational companies only register these questions, but vigilance on the part of Member States and of the Union is needed to ensure effective compliance.

A most important contribution is likely to come from the deep involvement of the social partners in the process of Europe-

an construction. For example, agreements between them at European level could facilitate the setting of social standards within the framework of the Social Charter. Together, backed up by the convergence of public social policy objectives, they will assist the slow convergence of standards.

### (c) Adjustment assistance

Since the place of the European Community in the world division of labour is bound to be towards high-quality production with high social standards, resistance to industrial restructuring will be counterproductive in the long term. However, trade-induced changes in employment patterns may be more rapid than those resulting

from technological change and productivity gains *per se*, and they are in any case less accessible to negotiation between the social partners. There is therefore a strong case for government action to provide assistance to those workers who are worst affected. The European Union, especially through the new provisions for Objective 4 of the Social Fund, can assist this process by stimulating action to anticipate major structural changes and by providing training and other measures to absorb the shocks.

## 5. Reinforcing the social dialogue

The unique political construction that is taking place in Europe is fundamentally linked to the diversity of its members, and the difficulty of forging its union is certainly affected by the phenomenon of growing decentralization present in all States – national, federal and confederal. All political and economic systems seem to be under pressure (the Soviet demise is a case in point) to devolve power and decentralize structures, leading to a diffusion of decision-making in a variety of institutions other than the State, including the market and civil society.

This is why the role of the social partners in the process of European construction is vital, even if the process of social dialogue has been slow to mature. In so far as the representative organizations of employers and trade unions speak for memberships spread throughout the Union, it is an important element of democratization, alongside the growing role of the European Parliament and the regions. A major step forward – perhaps a breakthrough – in the development of the European ‘social dimension’ is now possible since the partners may proceed, if they so wish, from dialogue to collective agreement. Collective agreements are already foreseen in Article 118b of the Treaty, and the agreement of the Eleven on social policy provides new means to implement an eventual agreement between the social partners (Article 4). This will require, in accordance with the principle of subsidiarity, clear determination of the relative roles of national legisla-

What are the social ground rules needed by a Union of Member States, whose future lies at the leading edge of the market and whose history and success have been built on certain values which cement them together, in all their diversity, as a fraternity of nations?

It is recognized that the Union needs to be a reliable partner in world trade. But to ensure progress in labour standards and fair competition, should the Union put a strong emphasis on the prevention of the risk of social dumping through:

- (i) adequate minimum provisions at Community level;
- (ii) possible agreements between employers and unions if they so desire;
- (iii) anticipation and monitoring processes through, for example, observatories or special bodies;
- (iv) adjustment assistance measures supported by the ESF?



Photo: © CEC

*The role of the social partners in the process of European construction is vital*

tion, Community norms and collective agreements at the various levels, as well as of procedures to ensure their mutual synergy.

Negotiations may be engaged, respecting fully the autonomy of the social partners, either on a proposal of the Commission or spontaneously. In the latter case, negotiations may be between branches of industry, across sectors Europe-wide, between regions or through transnational groups.

The key issue in this respect is whether collective agreements could help to overcome some of the weaknesses in the legislative process, notably the difficulty of reaching a consensus

by consulting the social partners before submitting legislation. It may be more realistic and more acceptable for the social partners to proceed to agreement in some cases. In Member States, regulations on social policy are in any case the result of a division of labour between the legislator and the social partners, so the existence of an autonomous collective bargaining space at European level could have considerable potential for the future.

Progress will depend on the political will of the social partners, on the capacity and functioning of the machinery of the social dialogue and on the real prospects for pan-European collective bargaining.

### **(a) Strengthening the architecture and functioning of the social dialogue**

The Commission is undertaking a study, in cooperation with the national administrations concerned, of the arrangements for recognizing social partners in the Member States. It is hoped that this study will provide useful information for strengthening the three functions of the social dialogue at European level: consultation, dialogue and negotiation.

In particular, the Commission will put forward a review of the coherence and effectiveness of the existing consultation struc-

tures and procedures; at both interprofessional and sectoral levels, so as to define a more comprehensive and coherent consultation system.

The Commission will continue to facilitate and give technical assistance to the social partners so that they may proceed as quickly as possible, if they so wish, to negotiation and agreement.

Furthermore, the Commission will cooperate with the social partners in examining the problems of implementing agreements reached between them, both in the case where implementation will be through their own procedures and practices or those of Member States, or

in the case where the partners to the agreement would wish the Commission to propose a decision by the Council.

The effectiveness of the Commission's efforts will of course depend on the success of the European representative bodies in involving their own structures at national level in the process of the social dialogue.

### (b) The issue of pan-European collective bargaining

The different legal frameworks in Member States, the varied structures and traditions of collective bargaining, and limitations to real negotiating power at the European level mean that the road to collective agreements will be a difficult one.

Patience and the slow accumulation of experience are the order of the day. However, the existing capital of the European social dialogue, accumulated over many years of persistent effort, should not be underestimated. The Agreement was a major step forward and reflects the will of the social partners to keep the social dialogue up and running. For progress to be made, a discussion and clarification of the several options under the Social Protocol for negotiation at the European level is necessary:

- the social partners could agree to make a joint recommendation to the Commission, thereby influencing the legislative process;
- they could reach agreement and proceed through national channels, thereby developing a sort of coordinated European national bargaining;

- they could convert the joint opinions into 'framework' agreements, to be implemented by employers and trade unions at national level, thereby spreading the European social dialogue within the national systems;
- they could send their agreement to the Commission with the request that the Council convert it into a legal instrument;
- they could open up negotiation, at the appropriate level, in the domains where they are competent;
- where there is no agreement between the social partners, the Commission will have to decide how best to proceed in order to achieve the objectives it has set.

Thus, it is clear in the Commission's view that much progress can be made without waiting for a full-blown Euro-

pean collective bargaining system. The European Union Treaty institutionalizes a space for collective agreement between the social partners. It is up to them to use it, with the Commission's help.

### (c) The changing industrial relations agenda

Against a common background of structural change and cyclical crisis, employers and trade unions have been propelled towards new issues where the balance between cooperation and conflict has been changed. The drive of the employers towards flexibility and the decentralization of industrial relations, combined with the weakening of statutory labour market regulation by some governments, has also had an impact on the industrial relations agen-

*New trade union functions are growing alongside those of the past*

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da. Continuing structural change cannot be accomplished without the cooperation of the organized work-force, so that new trade union functions are growing alongside those of the past. The persistent joint interest by both trade unions and employers in the question of education and training, for example, seems to result from the shift towards quality production and a high quality work-force, leading to a new bargaining agenda, and new forms of industrial democracy. Yet at the same time, the quest for flexibility is leading to insecurity and poor conditions for some groups of workers.

Over all this hangs the shadow of unemployment. This is leading both trade unions and employers, to some extent with common interests, to plead for bolder economic policies which will raise the level of productive investment and lead to a

higher path of growth. Thus, the 'economic' and the 'social' agenda of industrial relations are intimately linked.

Beyond this, there is a whole range of issues resulting from the internationalization of economies, the introduction of new technologies and the intensification of international competition. Taken together, these changes require national bargaining strategies to give more weight to international repercussions than in the past. In each of their joint opinions, the social partners have arrived at a consensus based on a forward-looking, negotiated process of adaptation to structural change. This approach, supported by the resources of the Community, including the Social Fund, could be the basis for common responses to the major challenges outlined above and others.

How could the social dialogue be strengthened and broadened (assuming of course the willingness of the partners)? A number of issues might be considered:

- (i) new possibilities for European-wide collective bargaining;
- (ii) broadening of the agenda on issues which will influence the future of industry: health and safety at the workplace, demographic trends including the role of older workers, social protection, equal opportunities, integration of migrant workers, preventing and combating exclusion, measures to facilitate free movement of workers (mutual recognition of qualifications, transnational training, portability of occupational pensions, etc.);
- (iii) possible partnership with other bodies on some issues (e.g. with NGOs on equal opportunities and integration of disabled persons in the labour market and with NGOs and local authorities on exclusion).

The social dialogue at Community level has already reflected these trends in industrial relations and has demonstrated its value as a platform for the next steps. Where will the priorities lie? This is a matter for the social partners themselves, but the Commission would like to advance some points for discussion, bearing in mind the different levels (inter-branch, sectoral, transnational enterprises) of the dialogue.

Should higher priority be given to employment, education and training, in which the social partners have already had discussions and the Commission is taking new initiatives? The two issues are linked, because the use of training to cope with problems of industrial adaptation will reduce the strains on the external labour market and prevent further unemployment.

What will the social partners' involvement be in the wide range of issues related to the completion of the single market and to free movement within it: mutual recognition of qualifications, portability of pensions, social security, transnational training?

Should the social partners strengthen their involvement in the following issues: exclusion, equal opportunities, reconciliation between work and family, problems of older workers, integration of immigrant workers from third countries?

## 6. Health matters

Separate Commission Communications on both health and safety at work and public health have been prepared and therefore these are not dealt with in detail in the Green Paper.

### (a) Health and safety at work

Statistics available from Member States show that 8 000 people die each year in the European Community from the consequences of an accident at their place of work. Of the approximately 120 million workers in the Community, 10 million suffer an industrial accident or occupational disease every year.

Quite apart from the human aspects, the economic consequences are considerable: benefits paid as a consequence of

industrial accidents and occupational diseases throughout the EC are estimated at ECU 26 000 million, and this sum does not take into account the indirect costs arising from time lost, increased administrative costs, damage to equipment, etc., which probably amount to far more.

There is a preconceived notion that the improvement of health and safety in the workplace automatically imposes added costs. This is not the case, especially as improved health and safety leads to a reduction in costs through less accidents and ill health. In addition increased well-being at work encourages efficiency, strengthens the personal commitment of the worker, and contributes to increased industrial harmony.

While it is true that Community directives adopted before and after the entry into force of the Single European Act form a



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*In the future, emphasis has to be placed on the promotion and maintenance of a high level of human health in the European population*

*Improved health and safety leads to a reduction in costs through fewer accidents and ill health*

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valuable basis for promoting equitable working conditions and attaining an even higher level of protection for workers, it is also true that their actual effectiveness depends and will continue to depend on their being rigorously applied in the Member States. Moreover, information, education and training in these fields also need to be improved.

### (b) Public health

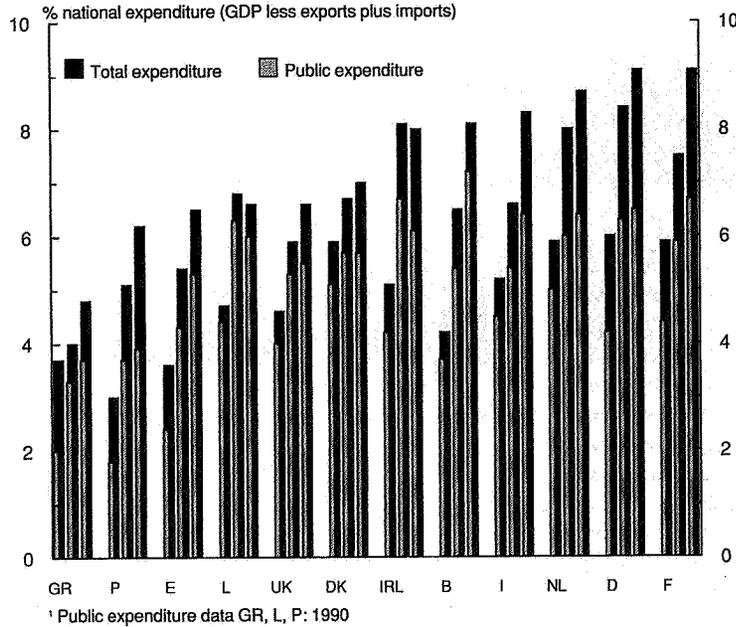
A striking example of cooperation between the Member States to achieve prevention rather than suffer the high human and financial costs of care is provided by the action programmes and activity of the Community over the last decade to mobilize efforts and promote cooperation to combat problems like cancer, AIDS, drugs and alcohol use, and to promote healthy life styles through health education.

The competence of the Union in this field has now been formalized in the Treaty on European Union (Article 129), which sets out a framework for action and defines the respective roles of the Member States and the Community. Thus an important human dimension will be added to the Community's work.

This will enable a more strategic and coherent approach to be adopted in the future, recognizing that the health status of the population is more affected by lifestyle and environmental conditions than by curative action through the health-care system. In the future, emphasis has to be placed on the promotion and maintenance of a high level of human health in the European population, as well as on the prevention of disease. (See Figure 19.)

The Member States have already agreed in principle on

**19 · Total and public expenditure on health care in relation to national expenditure in the Community, 1970, 1980 and 1991<sup>1</sup>**



All Member States have found it difficult to contain health costs – public and private expenditure on health accounts for a substantial proportion of GDP. During the 1970s and 1980s, health expenditure increased significantly in relation to GDP, partly reflecting the slowdown in the rate of economic growth. In the latter part of the 1980s, the figures stabilized and even declined as growth picked up. However, cost containment remains a topic of major concern in the 1990s, especially in the context of the present recession and the budget constraints on public expenditure growth.

the framework to be used for future actions in public health, consistent with subsidiarity. Actions will include coordination between Member States, prevention of major threats, and cooperation with third countries and international organizations.

**7. Economic and social cohesion: The role of the European Social Fund**

No democratic State or union of States can function without efforts towards economic cohesion between poor and rich regions and solidarity between fortunate and disadvantaged social groups. The ESF (the European Social Fund), as a

component of the Community’s social policy (Article 3(i) of the Treaty of Union) and as one of the four Structural Funds of the Community, contributes to both: it is a tangible demonstration of the Community’s concern for the development of human resources and the improvement in the functioning of the labour market, both from a regional perspective and in relation to vulnerable groups. Bearing in mind not only sub-

sidarity but also added value, the ESF has to be seen as a complement to the efforts of the Member States in the same direction.

As we have seen in the ‘Challenges’ (Part III), Europe cannot solve its economic and social problems unless it succeeds in modernizing its production system. Action is also called for to increase the employment intensity of growth, to sustain existing jobs, create new ones and to promote equal opportunities for men and women in the labour market.

The recent revision of the ESF regulation has equipped it with the means to provide a more effective and flexible response to the changing labour market requirements and specific challenges facing Member States. This revision reflects one of the main thrusts of this paper: the need to move partly from cure to prevention in the labour market field and the need to move from income maintenance to integration into the labour market in the social protection field. Of course, ESF intervention though frequently substantial, is only an additional contribution to Member States’ own efforts to address the full range of human resources’ and labour market problems.

### **(a) Tackling the diverse needs of the unemployed and those excluded from the labour market**

In addition to its continuing focus on young people and the long-term unemployed, ESF activity under Objective 3 has been extended to provide support to those exposed to long-term unemployment and exclusion from the labour market.

*A comprehensive and coordinated package of measures.* A more effective, pro-active approach to the reinsertion of the unemployed and those excluded from the labour market depends on the provision of a comprehensive and coordinated package of measures tailored to local needs. As well as providing accompanying measures such as care for children, elderly or sick dependants, to ensure maximum access to training/education/employment services, a much wider range of actions is needed to supplement traditional vocational training and employment aids. For example, pre-training, counselling, upgrading of basic skills, community employment or work experience, job search assistance, in-job support and aids to promote geographical and occupational mobility.

Ensuring effective delivery of a broad range of actions will often require the strengthening of employment services and other relevant institutions and systems, for example through training of trainers and other staff, support for planning/programming and the transfer of know-how.

To succeed, support must not only address the requirements

of a large number of target groups but also be responsive to local needs and situations and be provided in as coordinated a way as possible to enable progression from one measure to another. Flexibility in delivery, harnessing potential at local level and the active involvement of all relevant actors, including the unemployed/excluded themselves, will be vital in this respect.

In addition, the ESF, through appropriate employment aids, will also support efforts to introduce flexible and innovative methods of work organization and distribution with a view to promoting employment intensive growth.

### **(b) Adapting the workforce to the new challenges**

A new Objective 4 has been specifically created so that the ESF, throughout the Community, can facilitate the adaptation of workers to industrial change and to changes in production systems.

Experience to date has shown that, especially in Objective 1 regions, there is a lack of organized structures for in-company training, little training takes place and the training that is undertaken tends to be haphazard and lacking in focus. Such a fragmented approach to continuing training for employees acts as a block to development.

*A systematic approach to continuing training.* To maximize the potential of human capital, in the first place, ways must be found to assist the establishment of effective training

systems within firms. These include the development of appropriate in-company training structures, the drawing up of training plans, management development and mechanisms to anticipate labour market trends. The particular difficulties faced by SMEs in addressing their training needs in-house must also be taken into account. Distance training techniques and technologies in particular, open up cost-efficient and flexible training possibilities for employees of SMEs.

Secondly, ways to improve the quality and relevance of training supply must be developed. Consideration needs to be given to the setting up of decentralized networks of accredited training centres to provide continuing training for employees. In this regard, attention could be given to the development of centres of 'self-learning' which would provide access to electronic information and telematic learning opportunities. Mechanisms to monitor and supervise actions and to certify the qualifications of both trainers and trainees would be especially important as would the full involvement of all the social and economic partners, the public and private sector and any relevant education/training institutes/guilds.

### **(c) Strengthening initial training/education and research, science and technology (RST) systems**

Emphasis on initial training and education is essential because of the significant preventive function they can provide and their medium- to long-term importance in determining a meaningful continuing education and training system. Ways need to be found to widen access to initial training and education, to minimize the numbers of unqualified school leavers, school failure and school drop-outs, to improve the quality of initial training and education, including higher education and to promote greater mobility in the European context.

*Access to quality.* Consideration will be given to the need for ESF support for strengthening planning/programming systems (for example, through improving the quality and content of curricula, training of teachers and other staff) and for bringing schools/training centres and higher education establishments closer to economic activity (for example, through the development of networks, the introduction of more language and technological modules into secondary education, the promotion of new technology, greater emphasis on multidimensionality, promoting certification and recognition of qualifications at European level and efforts to raise the status of technical and vocational education/training).

Boosting human potential in research, science and technol-

ogy has a key role to play. The ESF will contribute in terms of support for post-graduate training, training of managers, technicians and other staff of public and private research establishments, and, where necessary, appropriate employment aids.

Whereas ESF support for initial training is envisaged throughout the Community, financing for research, science and technology and education will be concentrated on the least favoured regions. In these regions strengthening education/training/RST systems will require adequate infrastructure and equipment including libraries, databases and documentation centres for which Structural Fund support can be provided.

**(d) A partnership approach**

To gain maximum benefit from the increased scope and flexibility of the revised Social Fund in responding to the challenges faced by Member States requires not only strong partnership between the Commission and the Member States and regions, but wider partnership within Member States. This is especially true of the new themes of the Social Fund: exclusion from the labour market and adapting to industrial change, where much expertise and experience lies outside the public domain and where a bottom-up approach is particularly appropriate. The full participation of NGOs, Community bodies, local authorities, the social and economic partners and the private as well as the public sector will be a key determining factor in the success of action in these new ESF aspects.

**(e) Concentrating on the areas of greatest need**

Both the Commission and the Member States are required to ensure, within the partnership at the planning and programming stage that Community assistance, whether through mainstream funding or through Community initiatives, is concentrated on the most important needs and the most effective operations. The bulk of financing will inevitably go towards the least favoured regions of the Community where it can address a wide range of priorities. Outside of Objective 1 regions, where Community financing is more limited in

comparison with national financing, relatively greater emphasis needs to be given to the development of appropriate training and employment structures and services, to measures designed to bridge existing gaps in training/employment services provision, to the exchange of know-how and best practice, to innovative approaches and to ensuring synergy between the various Community programmes and actions undertaken at national level.

The ESF administers between 80% to 90% of the social budget of the Union and could therefore play a significant role in helping the Union to respond

*The bulk of financing will inevitably go towards the least favoured regions of the Community*

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to the difficult challenges set out in this paper. However, achieving a real impact will require:

- the strengthening of partnership between the Fund and national and regional administrations, the economic and social partners and other competent bodies;
- more flexibility in scope, eligibility conditions and administration;
- more concentration of effort on priority objectives and on

the most innovative and effective structures.

For its part, the Commission introduced such improvements to the revised Structural Fund regulations approved by the Council in July, enabling the ESF to widen its tasks to include broad human resources development and the improvement of the functioning of the labour market. The idea of a Community initiative on employment and the development of human resources has

also been put forward, in the recent Green Paper on the future of the Community initiatives under the Structural Funds, to address the Community dimension of adaptation to industrial change, employment-intensive growth, exclusion from the labour market and equal opportunities. For the new approach to work it is imperative that the policy choices made by the Member States take full advantage of the broader scope and new flexibility of the ESF whilst taking account of the need for concentration.

### **8. International aspects**

The emergence of a period of peaceful socioeconomic cooperation and competition (see 'Challenges'), in which the European social model will on the one hand be a major asset in terms of the Union's diplomacy but on the other will be under threat, will compel closer consideration of the external relations aspects of social policy.

#### **(a) Minimum international labour standards**

The issue of minimum international labour standards is complex and difficult.

On the one hand, competition on the basis of natural comparative advantage, which can often legitimately be based on lower labour costs and, indeed, on a willingness to work longer, harder or under more difficult conditions, is the best way for developing countries to improve their position. On the other, it is not in the interests

of international economic cooperation that the exploitation of workers should become an instrument of competition.

As the controversial and difficult debate on the issue of social clauses in trade agreements shows, the distinction between the two situations is not always easy to draw. Whereas there is widespread agreement that the exploitation of children or the use of forced labour are practices which the international community must condemn, situations involving relative views about health and safety or working hours give rise to a different debate. Concern about the plight of workers in less-developed countries, while often genuinely motivated, can disguise a self-interested tendency towards protectionism.

The promotion of basic workers' rights through agreed international labour standards is actively pursued through existing international institutions such as the International Labour Organization and the Community will continue to play a constructive role in this process.

As the globalization of economic production gains momentum, these difficult issues will continue to be debated in the search for a fair and equitable balance between safeguards against unfair competition based on exploitative labour conditions and legitimate comparative advantage.

#### *Specific questions for consideration include:*

What mechanisms, at national and Community level, are required to ensure that the outcomes of Community support for innovative programmes get translated into the mainstream of Member State human resource policies?

How can the ESF contribute to the removal of institutional and systemic disincentives to the take-up of training and employment possibilities, including those which affect equal opportunities for men and women and the awareness of problems faced by those excluded from the labour market?

What mechanisms are most appropriate to ensure that, at ground level, action to develop human resources is properly taken into account when investment decisions on infrastructure and productive environment are made?

What kind of measures must be implemented in order to improve the anticipation of industrial changes and related skill needs?

What mechanisms are required to ensure that, in addition to the national authorities and the Commission, all the necessary partners (including local and regional administrative bodies, the economic and social partners, NGOs and educational institutes, etc.) play a full part in programming and taking operational decisions to achieve successful implementation of action?

Should more ESF support go towards funding a system of trainee choice, thus encouraging competitiveness between training providers and putting a premium on quality?

**(b) The EFTA candidates**

The possible accession of some EFTA countries will, because of their relatively high social and labour standards as well as their important achievements in the field of equal opportunities for women and men, put pressure on the development of a strong social policy by the Union. If these countries become members of the Union, they are likely to lend their support both to the construction of a forward-looking social policy and to the democratic process of establishing it.

**(c) Central and East European Countries (CEEC)**

Communism in these countries generated a passive culture which collapsed from within, even if the appeal of the political democracy and the market economy of the West played a significant role. The broad consequence has been that the transition to a Western type of society and economy has been slower than expected, as the institutional framework and the ground rules have to be reconstructed more or less from scratch and are a condition of a return to a competitive economy. The concept of the ‘rush to the market’ certainly underestimated these realities, and the rapid emergence of high unemployment, poverty and social exclusion place political limits on the speed with which that process can go forward. (See Figure 20.)

In these circumstances, it is vital that the CEEC countries be helped to establish effective social policies in an open way which recognizes that the European social model is changing. There is much to be learned on both sides. CEEC countries cannot overnight set up social policies which took decades to develop in the West, even with the high economic growth of the post-war period. It is likely that, in that process, both the Union and the CEEC countries will move to a next generation of social policies, which may be different from those prevailing in the socioeconomic models in other parts of the world and even in Europe.

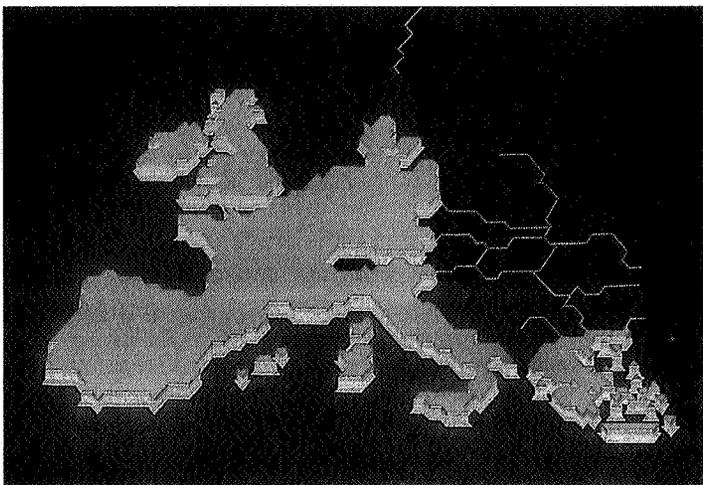
is essential to reduce the risk of the population rejecting democracy and the market economy because the social and human costs are too high.

More generally, for the reasons mentioned in Part III on the challenges, the Union should cooperate in the social policy work of other international institutions. Cooperation and exchange of information with North America and Japan is necessary, but the rich experience of the Member States on the social dimension of economic development will also be a positive element in the Union’s relations with the developing world.

Such an approach will be the best way of relieving inevitable problems. The main competitive advantage of the CEEC countries lies in low labour costs combined with the relatively high level of education which prevailed under the communist system. However, it should also be remembered that, under communism, the enterprise was the main instrument of social protection, whereas in the West many of the costs of social policy have been borne by the State.

Cooperation between the Union and the CEEC countries on the social dimension of transition

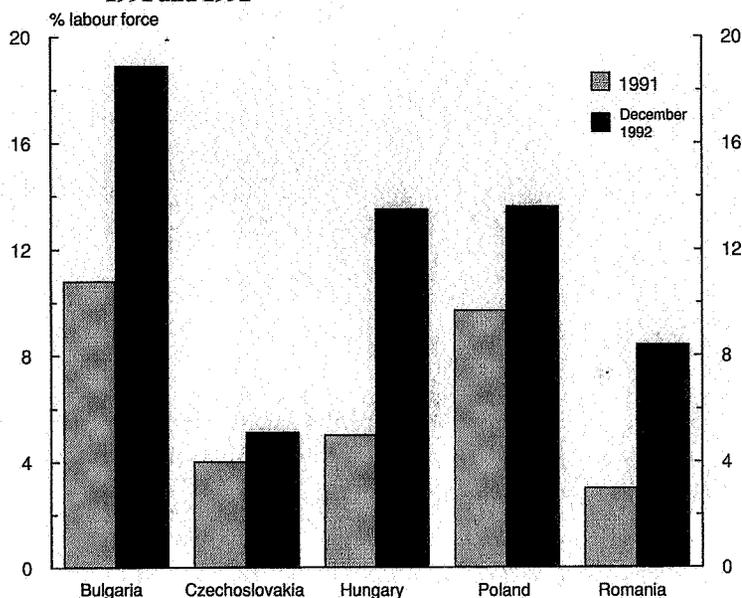
Photo: © CEEC



What should be the principal social policy priorities for the external relations of the Union?

How best can the Union pursue the agreement of international labour standards (e.g. via the ILO or social clauses in trade agreements)?

**20 Unemployment rates in Central and Eastern Europe, 1991 and 1992**



Since the process of political and economic reform began, the countries in Central and Eastern Europe have been in the grip of deep recession. Unemployment continues to rise steeply throughout the region.

### **9. Democratizing the process of social change and constructing a people's Europe**

The remarks on challenges (Part II.I) emphasized that the move towards globalism is paralleled by a movement in the Member States towards regionalism and localism. This development is partly due to the fact that in fast-changing societies, in which social innovation becomes a key requirement, decision-making becomes more decentralized because of the need for flexibility and responsiveness. In the next stage of European construction it will therefore be necessary to

involve the 'grass roots' more, both for reasons of democratic functioning and for effectiveness.

Within the Member States, there has been over the past decade a strong movement towards local and regional initiatives, in which diverse social groups have taken part and where enterprises and trade unions have exercised their social responsibility. The relationship between this micro-level action and government policy has not yet been clearly worked out but it is certain that in many fields (economic development, social protection, urban and rural development, youth integration and involve-

ment of older people) there are lessons to be learned. In this regard, cooperative societies, insurance companies and other associations which make up the fabric of the social economy, will have an important role to play.

As far as the Community is concerned, these same realities have compelled networking and partnership between different groups, as opposed to the legislative route. Legislation at Community level can be the correct approach but mobilization of the diverse actors into a concerted effort is often the only way of moving forward. This is true, for example, in the case of poverty and exclusion,

education and training and many of the social problems facing the Union, such as drugs, delinquency and even crime. But it is also true of job creation and economic development. The Community's framework programmes for research and development have analysed these developments as an 'Archipelago of Europe', i.e. the fabric of local, diversified capacities for action that are now a key instrument for building Europe.

The transition to the European Union, involving for the first time the concept of European citizenship, is a vital stage in the construction of a democratic Europe. The social objectives



*The transition to the European Union is a vital stage in the construction of a democratic Europe*

Photo: © CEC

of the Treaty (employment, equal opportunities for women and men, social protection, working and living conditions and the quality of life) are at the heart of the daily lives of the people, as workers and as citizens. Community legislation, as interpreted by the European Court of Justice, has built up a body of rights which need fully to be understood by citizens. This is far from the case at present. Thus, notwithstanding further legislation, the existing rights in all the relevant fields of social policy should be clarified and made known to the citizen.

Since many Member States are reinforcing citizens' rights, either through legislation or through administrative action

and public awareness (such as Citizens' charters), the exchange of information on such matters could be facilitated by the Union.

How could the many networks cooperating with the Member States and the Commission contribute to identifying and solving the problems of society now facing the Union?

Would there be an advantage in envisaging an appropriate forum for discussion in which the strategic problems of European society could be debated in an open and democratic way?

How can we stimulate a kind of consolidated statement of citizens' rights within the Union, which would make explicit existing rights and seek to shift the existing 'labour market orientation' to a more general people-oriented approach on the basis of values common to Member States?

What sort of information actions would best contribute to promoting wide awareness and understanding of social benefits amongst all citizens of the Union?

Should such a text be combined with a wide awareness campaign mobilizing all those involved in social policy at the various levels?

How can we ensure that women are fully involved in the building of a better and more people-oriented Europe?

## IV - CONCLUSION

This Green Paper is being put forward with a view to raising a wide number of issues linked to the future of social policy in the European Union.

The Union is now entering a period of development in which its strength on the world scene will depend on its capacity to build an active, open and fair society which mobilizes the energies and talents of its people and improves their quality of life, both as workers and citizens.

Success is impossible without a competitive and integrated European economy, taking full advantage of new technologies and modern methods of production and organization. This means increasing investment in infrastructures, research as the active involvement of citizens in the process of change.

Many of the questions which have emerged in the discussion imply that stark choices will have to be made if Europe is to cope with the fundamental structural changes taking place today.

All interested parties are welcome to contribute to this debate and consider the different options for the future. The reactions to the Green Paper will be taken into account by the Commission for the preparation of a White Paper in early 1994. The questions raised in the document are listed in Part V.

**The formal deadline for submission of ideas and suggestions is 31 March 1994.**



Photo: © CEC.

# V - LISTING OF QUESTIONS

## PRIORITY ISSUES COMMON TO THE MEMBER STATES

### (Part III.B)

1. What sort of objectives and targets would be acceptable to the Member States and the partners concerned?

#### In the field of the labour market:

- (i) the provision of a job, activity or useful training for all those seeking work?
- (ii) a new balance between expenditure on active measures and income maintenance?

#### In the field of social protection and exclusion:

- (i) minimum income provision?
- (ii) an integration plan for all the excluded?

#### In the field of equal opportunity:

- (i) targets (work-sharing, income-sharing, decision-making) for specific groups such as women?

- (ii) measures which reconcile family responsibilities with employment?
- (iii) for the young, a 'guarantee' of a job, activity or useful training?
- (iv) measures to encourage the vertical and horizontal desegregation of the labour market?

#### In the field of training:

- (i) targets for the output of qualifications at different levels, so as to mobilize the different actors?

## IMPROVING THE EMPLOYMENT SITUATION

### (Part III.B.1)

2. In what ways could the Community-wide framework for employment be further developed as part of a medium-term strategy to combat unemployment and promote a more employment-intensive pattern of growth?

3. What role could the social partners organized at European level play in such a process?

4. What could be the role of Community action as such as in helping to underpin the process, either in the form of legislation or financial support?

## ACCELERATING PROGRESS TOWARDS A QUALITY-BASED PRODUCTION SYSTEM

### (Part III.B.2)

#### Human resource development (Part III.B.2.(a))

5. How can re-training schemes be better linked to real labour market needs?

6. How can we best work towards establishing the right of each individual to training throughout life, particularly when skills and qualifications need constantly to be enhanced because of industrial change?

7. How can we overcome the handicap whereby, in some Member States and in the Union itself, education and vocational training policies tend to be separately conceived and implemented?

## MEASURES TO ACCOMPANY A QUALITY-BASED PRODUCTION SYSTEM

### (Part III.B.2.(b), (c) and (d))

8. How can we develop a regulatory framework which will help European enterprises adapt to such changes?

9. What labour market and social policies can accelerate the development of industries at the leading edge of technological development while providing appropriate guarantees for workers' rights?

10. What is the scope for collective bargaining on these issues so as to reduce the anxieties and risks, and could framework agreements under the social dialogue assist the bargaining process?

11. What can the Union do to accelerate progress towards quality-based production systems, such as supporting innovative experiments and sharing the results?

## STIMULATING SOLIDARITY AND INTEGRATION

### Convergence of social policies (Part III.B.3.(a))

12. Could there be better operation of income maintenance policies in order to develop high levels of social protection, together with active labour market policies to achieve high levels of employment?



*Measures which reconcile family responsibilities with employment*

Photo: © CEC



Photo: © J.-J. Patricola

*Active labour market policies achieve high levels of employment*

13. Should we go further here and define specific convergence objectives in some areas, in particular in relation to new developments such as insurance for care of the elderly and individualization of rights?

14. In the field of taxation and social security, how can we offer appropriate incentives for the social and economic participation of women, again through the individualization of rights or through the removal of the 'two adult sole breadwinner' concept of family from taxation and social security policies?

### **THE FIGHT AGAINST POVERTY AND EXCLUSION:**

#### **Prevention and rehabilitation (Part III.B.3.(b))**

15. What types of action should be taken to step up the fight against poverty and exclusion?

16. Should a combination of

commitments to fight against poverty and exclusion be more formalized (through appropriate legislation)?

17. Should future action be developed in specific action programmes and/or more precise setting of selected objectives and targets at Union level?

#### **Youth opportunities and risks (Part III.B.3.(c))**

18. How can a modern version of the apprenticeship system, in which problems of transition from school to work are

addressed, best be developed?

19. How can we tackle the persistent problem of segregation in youth education, training and employment which restricts the vocational choices of young women?

20. Is there a need for a 'youth guarantee', i.e. providing a job, an activity or useful training as a means of stimulating necessary action?

21. Can youth employment be given a stimulus by lower 'entry wages' without distorting recruitment patterns or discriminating against older workers?

#### **The economic and social role of the elderly (Part III.B.3.(d))**

22. How can the present progress of the European Year of Older People and Solidarity between Generations be built on?

23. How could the report referred to in Article 7 be used as a basis for a strong debate on demographic trends and their consequences for social security, employment, etc. and perhaps the development of a regular monitoring process?

#### **Equal opportunities for immigrants (Part III.B.3.(e))**

24. How can we best stimulate policies and practices which promote a concerted integration policy which aims at the harmonious co-existence of peoples in the Union?

25. Should the employment conditions of third country nationals be dealt with in the social dialogue with a view to adopting codes of good practice?



*European Year of Older People and Solidarity between Generations*

Photo: © J.-J. Patricola

26. Should a permanent residence entitlement be accorded to those who satisfy stability criteria, including personal rights for members of the family of legally resident immigrants, in order to ensure successful integration?

**The 'mainstreaming' of particular disadvantaged groups (Part III.B.3.(f))**

27. How can we best progress in the area of integration of disabled people?

28. Should the Community develop specific legislative action in this area? What role would the social partners play in this respect? How to strengthen partnerships between the various actors, NGOs, social partners, local authorities, etc.?

**The fight against racism and xenophobia (Part III.B.3.(g))**

29. How can we improve and broaden the promotion of measures in the field of education, information and legislation as tools in counteracting racist attitudes, acts and discrimination?

**Social policies and rural development (Part III.B.3.(h))**

30. As risks of exclusion and marginalization in rural areas are increasing, what further

actions other than what is undertaken at present would prevent rural social decline?

**MAIN POLICY OBJECTIVES AT EUROPEAN LEVEL**

**(Introduction to Part III.C)**

31. Which areas of social policy are most likely to be amenable to being addressed by collective agreements?

32. Which areas are most likely to need a legislative approach?

33. Can framework laws provide the kind of results required such as, for example, in the areas of minimum standards or equality of opportunity?

**THE SINGLE MARKET AND THE FREE MOVEMENT OF PEOPLE**

**(Part III.C.1)**

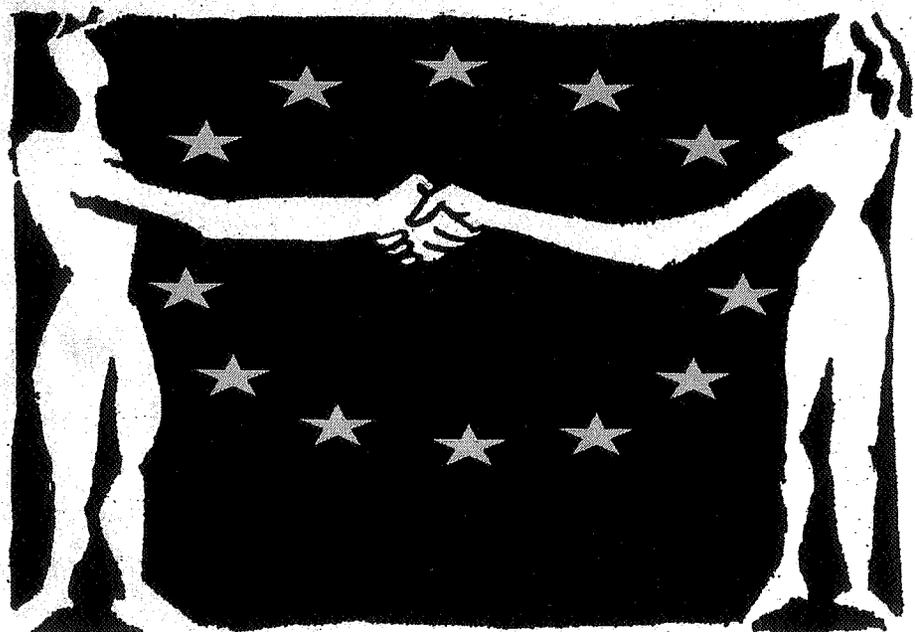
34. What type of action should be taken at Community level to tackle the following issues?

- (i) lifting of remaining legal barriers to free movement of workers (family reunion, equal treatment, residence rights, excluded people);
- (ii) development of the EURES network in order

to provide guidance and information on Community-wide job offers and living and working conditions;

- (iii) equal treatment for all Community citizens resident in a Member State, in particular as regards social and tax advantages (students, pensioners, etc.);
- (iv) providing for a better social protection of mobile workers, in particular by facilitating the acquisition, preservation and transfer of occupational pension rights;

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(v) extension of the coverage of social security coordination; simplification of rules; modernization of procedures; better information for the public;

(vi) providing better information for lawyers, magistrates and others dealing with the implementation of Community legislation.

35. What concrete steps are required to ensure the elimination of all outstanding barriers to mobility based on problems of mutual recognition or equivalence of qualifications?

### **PROMOTING EQUAL OPPORTUNITIES FOR WOMEN AND MEN IN A CHANGING EUROPEAN SOCIETY**

(Part III.C.2)

36. What more should be done at Community level to promote equality of opportunity between women and men in fields such as education and training, research and development and employment and labour market policies?

37. Should specific goals and timetables – including quotas, targets and positive measures – be used to ensure a fuller participation of women in areas in which they are under-represented?

38. What steps should be taken to reconcile family and work responsibilities?

39. Should monitoring mechanisms be developed (and at what level) to assess the position of women in relation to the

above as well as pay, benefits and family-friendly policies, notably the organization of working time?

40. Which specific obligations should be put on employers and unions to ensure a proper recognition of women's interest within the social dialogue and more balanced participation of women and men at decision-making level within the representative organizations?

41. What more needs to be done at Community level to ensure the practical implementation and monitoring of the principle of equal pay for work of equal value?

42. What form should a code of practice to guide and ensure implementation of this principle take?

### **THE SOCIAL TRANSITION TO ECONOMIC AND MONETARY UNION**

(Part III.C.3)

43. Could the Union issue recommendations in this process of economic and social convergence, after due consultation with all the national authorities concerned and the social partners, with a view to making sure that the process of economic integration does indeed contribute to its most basic objectives as defined in Article 2 of the Maastricht Treaty?

44. Should the Union promote convergence of social policies alongside convergence of economic policies through:

(i) the definition of common objectives and monitoring (e.g. on the same basis as convergence of social protection policies and objectives);

(ii) possible recommendations on important economic issues, e.g. in preventing social dumping;

(iii) monitoring procedures for social policy in the transition towards EMU;

(iv) strong involvement of social partners in these procedures;

(v) joint discussions of national authorities responsible for economic affairs and for social policy?

### **ISSUES OF SOCIAL STANDARDS**

(Part III.C.4)

45. What are the social ground rules needed by a Union of Member States, whose future lies at the leading end of the market and whose history and success have been built on certain values which cement them together, in all their diversity, as a fraternity of nations?

46. It is recognized that the Union needs to be a reliable partner in world trade. But to ensure progress in labour standards and fair competition, should the Union put a strong emphasis on the prevention of the risk of social dumping through:

(i) adequate minimum provisions at Community level;

(ii) possible agreements between employers and unions if they so desire;

(iii) anticipation and monitoring processes through e.g. observatories or special bodies;

(iv) adjustment assistance measures supported by the ESF?

### **REINFORCING THE SOCIAL DIALOGUE**

(Part III.C.5)

47. The social dialogue at Community level has already demonstrated its value as a platform for the next steps in social policy. Where will the priorities lie?

48. Should higher priority be given to employment, education and training, in which the social partners have already had discussions? The Commission is taking new initiatives here. The two issues are linked because the use of training to cope with problems of industrial change will reduce the strains on the external labour market and prevent further unemployment.

49. What will the social partners' involvement be in the wide range of issues related to the completion of the single market and to free movement within it: mutual recognition of qualifications, portability of pensions, social security, transnational training?

50. Should the social partners strengthen their involvement in the following issues: exclusion, equal opportunities, reconciliation between work and fami-

ly, problems of older workers, integration of immigrant workers from third countries?

51. How could the social dialogue be strengthened and broadened (assuming, of course, the willingness of the partners)? A number of issues might be considered:

- (i) new possibilities for European-wide collective bargaining;
- (ii) broadening of the agenda on issues which will influence the future of industry: health and safety at the workplace, demographic trends including the role of older workers, social protection, equal opportunities;
- (iii) integration of migrant workers, preventing and combating exclusion, measures to facilitate free movement of workers (mutual recognition of qualifications, transnational training, portability of occupational pensions, etc.);
- (iv) possible partnership with other bodies on some issues (e.g. with NGOs on equal opportunities and integration of disabled people in the labour market and with NGOs and local authorities on exclusion).

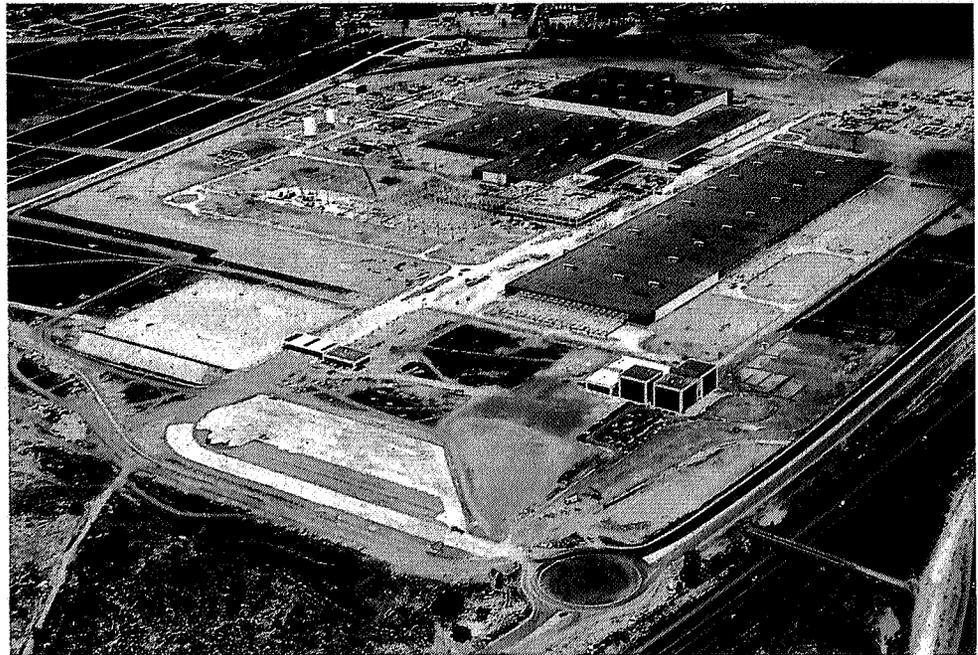


Photo: © CEC

*Action to develop human resources must be taken into account when investment decisions on infrastructure and productive environment are made*

**ECONOMIC AND SOCIAL COHESION: THE ROLE OF THE EUROPEAN SOCIAL FUND**

**(Part III.C.7)**

52. What mechanisms, at national and Community level, are required to ensure that the outcomes of Community support for innovative programmes get translated into the mainstream of Member State human resource policies?

53. How can the ESF contribute to the removal of institutional and systemic disincentives to the take-up of training and employment possibilities, including those which affect equal opportunities for men

and women and the awareness of problems faced by those excluded from the labour market?

54. What mechanisms are most appropriate to ensure that, at ground level, action to develop human resources is properly taken into account when investment decisions on infrastructure and productive environment are made?

55. What kind of measures must be implemented in order to improve the anticipation of industrial changes and related skill needs?

56. What mechanisms are required to ensure that, in addition to the national authorities

and the Commission, all the necessary partners (including local and regional administrative bodies, the economic and social partners, NGOs and education institutes, etc.) play a full part in programming and making operational decisions to achieve successful implementation of action?

57. Should more ESF support go towards funding a system of trainee choice, thus encouraging competitiveness between training providers and putting a premium on quality?

## INTERNATIONAL ASPECTS

### (Part III.C.8)

58. What should be the principal social policy priorities for the external relations of the Union?

59. How best can the Union pursue the agreement of international labour standards (e.g. via the ILO or social clauses in trade agreements)?

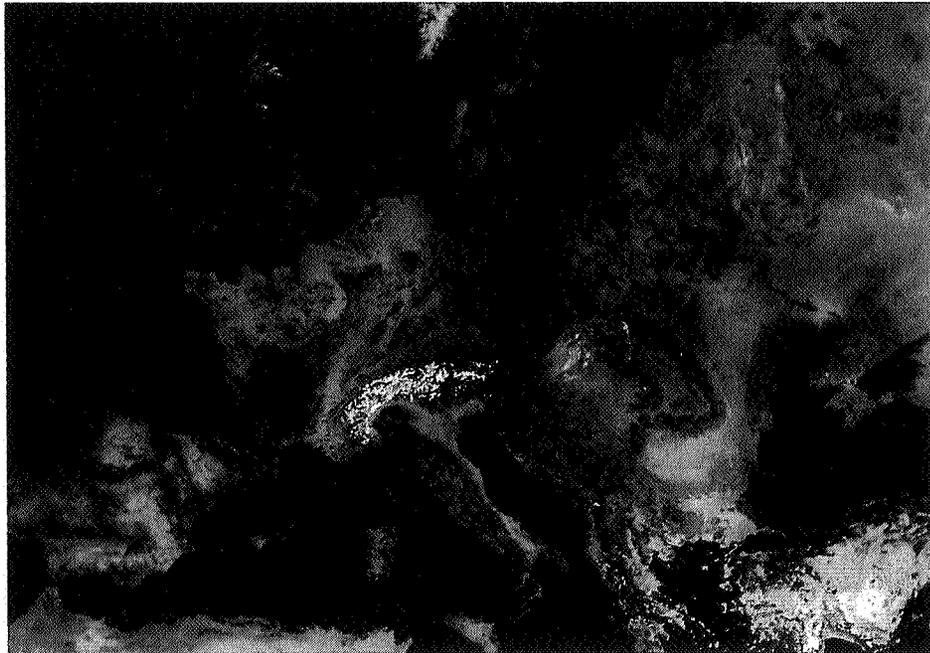


Photo: © CEC

*What should be the principal social policy priorities for the external relations of the Union?*

## DEMOCRATIZING THE PROCESS OF SOCIAL CHANGE AND CONSTRUCTING A PEOPLE'S EUROPE

### (Part III.C.9)

60. How could the many networks cooperating with the Member States and the Commission contribute to identifying and solving the fundamental problems of society now facing the Union?

61. Would there be an advantage in envisaging an appropriate forum for discussion in which the strategic problems of European society could be debated in an open and democratic way?

62. How can we stimulate a kind of consolidated statement of citizens' rights within the Union, which would make explicit existing rights and seek to shift the existing 'labour market orientation' to a more general people oriented approach on the basis of values common to Member States?

63. What sort of information actions would best contribute to promoting wide awareness and understanding of social policy benefits amongst citizens of the Union?

64. Should such a text be combined with a wide awareness campaign mobilizing all those involved in social policy at the various levels?

65. How can we ensure that women are fully involved in the building of a better and more people-oriented Europe?

# Annex I

## **Summary analysis of external contributions to the Green Paper on the future of European social policy**

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The Commission has so far received over 150 contributions to the Green Paper on the future of European social policy in response to the announcement which was published in the Official Journal on 28 April and to letters which were sent out by Commissioner Flynn to national governments, the social partners, the European Parliament and the Economic and Social Committee.

The contributions come from a wide range of organizations, government departments and individuals. What follows is a brief overview of the points which were most frequently made. Where appropriate, points of view are attributed to one or more named contributors.

### **Abbreviations for named contributors:**

AG	Austrian Government
BMP	Belgian Ministry of Pensions
CBI	Confederation of British Industry
CCRE	Conseil des communes et régions d'Europe
CO	Coface (Confederation of Family Organizations in the European Community)
CPAG	Child Poverty Action Group
CREW	Centre for Research on European Women
DML	Danish Ministry of Labour
DMS	Danish Ministry for Social Affairs
DPI	Disabled Peoples International
EAPN	European Anti-Poverty Network
EPSO	European Trade Platform of Seniors' Organizations
ETUC	European Trade Union Confederation
EWL	European Women's Lobby

FE	Feantsa (European Federation of National Organizations working with the Homeless)
FME	French Ministry of Labour, Employment and Vocational Training.
FSA	French Ministry of Social Affairs
GHM	German Health Ministry
GLM	German Labour Ministry
GMFE	German Ministry of the Family and the Elderly
GML	Greek Ministry of Labour
GMW	Greek Ministry of Health, Social Welfare and Social Security
ICM	Italian Council of Ministers
IMI	Italian Ministry of the Interior
IML	Irish Ministry of Labour Affairs
LSS	Ministry of Social Security, Luxembourg
NGO	Association of Non-governmental Organizations
NMS	Netherlands Ministry of Social Affairs
NMW	Netherlands Ministry of Welfare, Health and Culture
PM	Portuguese Ministry of Employment and Social Affairs
PW	Portuguese Ministry of Employment and Social Security Committee for Equality and the Rights of Women
RC	Red Cross – EC Liaison Bureau
SM	Swedish Ministry of Health and Social Affairs and Ministry of Labour
UKG	United Kingdom Government
UNICE	Union of Industries of the European Community
USB	US Business EC Employment Project Working Group

## A Green Paper

In general, contributors welcomed the idea of a Green Paper and were grateful for having been given the opportunity to make their views known. The ETUC, however, is concerned that the Green Paper is a way of delaying action and would like to see a Green/White Paper which presents concrete policy proposals.

### Unemployment and employment

Not surprisingly, there is widespread recognition that low rates of employment and high rates of unemployment are the major problems facing our societies with costs for individuals, society and the economy.

Many felt that policies for tackling unemployment and stimulating economic recovery should constitute the core of the Green Paper (GLM, DML, IML, NMS, SM). How can we combine a higher rate of growth with a high rate of labour force participation, low unemployment and low inflation in a society in which economic and social welfare are mutually reinforcing (SM, NMS, SM)?

There is felt to be a role for the Community in improving the way in which labour markets work and in reducing the imbalances on the labour market which often cannot be done at national level (NMS). Ways must be found of improving access to the labour market, especially for young people, the long-term unemployed and other disadvantaged groups (SM). One suggestion was that the Commission should set up a task force to examine the Community's role in helping to improve the way its labour market works (CBI).

Some stressed the possible negative consequences of economic and monetary union (EMU). The ETUC states that we should be aware that economic and monetary union could aggravate the employment situation, especially rigid adherence to the convergence criteria. The Austrian Government suggests that we should control and monitor the negative effects of the implementation of the convergence criteria. The CPAG suggested that the goal of reducing unemployment should be integrated into the convergence criteria. Nevertheless, others, such as the Dutch Minister for Social Affairs, stress the importance of meeting the convergence criteria.

There is awareness that, in the past, there has been a certain degree of separation between economic and social policies. The need

for closer coordination between economic and social policies is now recognized (NMS, GML). Both contribute to economic growth. Social policy is not just a way of providing compensatory payments, but has a positive role in promoting economic development and competitiveness (PM). In particular, an active labour market policy facilitates structural change by improving inter-firm and occupational mobility (SM) and consequently makes an important contribution to economic growth.

The contribution from the Swedish Government sums up the need for coordination of several different sorts of policies: 'In Sweden a strong policy tradition exists of combining economic and labour market policies in order to make them mutually reinforcing. However, the complexities of our societies necessitate the coordination of several policy areas. Economic policy has to set the general framework for job and enterprise creation and expansion; regional policy and policy for equal treatment for a fair distribution of employment between regions and between women and men; and labour market policy for a flexible labour market. Social security has to provide the necessary and at the same time efficient safety nets and educational policy the long-term competence basis (*sic*) for the economy.'

### Social exclusion

In addition to tackling the unemployment problem, we need to look at the wider problem of poverty and social exclusion (IML, GMW, ICM). Now, more than ever, the Community needs to develop a social policy to maintain and reinforce social cohesion (FSA). We need to improve awareness of the problems (DMS) and produce strong action at Community level to combat social exclusion (FSA, ETUC, NGO, CPAG). Measures should include a guaranteed minimum income, rights to health care and education, Community competence in the area of homelessness and housing (FE), more actions to improve reinsertion onto the labour market, and exchange of experiences, especially on training and education (ETUC, CO, ICM, RC). IMI suggests that there should be a Community action programme in favour of disadvantaged people.

The EAPN suggested that there should be a recognition of poverty and social exclusion in all Community policies through a set of internal Commission rules (see the rules to take account of the environmental dimension in Community policies). We also need a fundamental re-examination of the way in which Europe develops so that nobody is left by the wayside. In particular, the Community should develop common goals for the full integration of disabled people and their families into European society (DMS,

DPI, AG,CO). In general, we should encourage the re-creation of social solidarity with all actors in the social field working together for a better society. The involvement of non-governmental voluntary organizations, in particular, should be developed and volunteers in local communities trained (RC).

The NMW, however, thinks that the fight against social exclusion is a national responsibility and that the Community's role should be limited to one of exchange of information.

In regional terms, there is still a wide divergence in standards of living across the Community and a way must be found at Community level to ensure convergence as laid down in the Treaty on European Union (PM, AG).

## **European Social Fund**

The activities of the European Social Fund (ESF) are broadly welcomed but there is some feeling that, although it has had an impact at national level, it has had limited impact in promulgating a European-wide policy (ETUC).

At the other end of the spectrum, the CCRE says local and regional administrations should be more involved in ESF programmes and the Community should take more account of local strategies.

## **Competition, social protection and social dumping**

There is a growing realization that the European Community has been becoming less and less competitive with a consequent loss of jobs. There are new sources of competition linked to the growing importance of high technology and globalization of markets.

There is concern on the part of some that this will lead to growing pressure for the erosion of acquired social rights and competition on the basis of reduced social costs and deregulation. There are strong feelings (ETUC, NMS) that social policy should not be used as an element of competition which should be based,

instead, on the quality of goods and services. The need to develop social policy hand in hand with economic policy was reiterated in this context.

Many contributors believe that the Community needs to avoid erosion of social standards (DMS, FME) and should agree minimum standards to prevent social dumping (NMS). Some wish to see a positive programme for raising social standards (ETUC, AG).

The EAPN suggested that the Commission should make recommendations in this area to prevent Member States from reducing social protection as a result of restrictive budgetary policies and CO recommended introducing a clause of 'non-regression' into Community instruments, aimed at Member States with higher-than-average norms of social protection.

The ETUC and EAPN would like a constitutional document or a reform of the Treaties which says that European union will guarantee the fundamental rights of European citizens and European residents from the point of view of income, work, housing, etc.

Progress on the implementation of the Social Charter has been too slow. Nevertheless, in developing European social policy, we should not throw the baby out with the bathwater. The Social Charter should be fully implemented and form the basis for further policy. Agreement should be reached on outstanding proposals on, for example, atypical workers, worker participation, young workers, and dismissals (AG, ETUC).

Several contributors (e.g. ETUC, NGO, EAPN) would like a social clause inserted in international trade agreements and the ETUC believes that all 12 Member States should ratify ILO conventions on freedom of association, the prevention of forced labour and the fight against child labour.

Others ask whether Europe can maintain traditions of social protection in the face of increasing competition. European models of social policy can only survive if they make European companies more competitive rather than reducing competitiveness. This is one of the major challenges. We should avoid subsidizing non-profitable industries (NMS) and must remember that the strengthening of the competitiveness of Community industry is essential to the long-term success of European social policy (UNICE). We need to look carefully at those costs which threaten jobs.

According to the UKG, this does not mean that Community action

should focus on a reduction of existing standards but that further obligations or restrictions need to be carefully considered for their effects on competitiveness and existing measures reviewed to see whether their objectives are appropriate and, if so, whether the same result could not be achieved in a less onerous way.

Others were more forthright in their assertion that high labour costs, due to such things as expensive amounts of statutory and personal holidays and sick leave, are barriers to a company's competitiveness and to investment and reinvestment, and should be reviewed (USB).

There was widespread agreement that in the face of increased competition, we need to emphasize research and development and high value-added industries and allocate more resources to education and training (PM) and 'workforce development' (USB). We should also try and ensure that training is correctly focused for the needs of the future (CBI). A comprehensive approach to human resource development with improved and expanded education and training opportunities, including training in enterprises is needed (SM). Europe has a role to play here in looking at the wide range of experiences across Member States and drawing out useful lessons for future policy.

In addition to the costs of social protection which have to be borne by companies and their effects on competitiveness, there are concerns about the cost of social security regimes to governments. Systems are under strain because of demographic pressures and need restructuring (UNICE, CO) so that they are financially sound, cost-effective and flexible (USB). Revised social security systems could encourage movement from unemployment compensation to employment by incorporating training and 'workfare' elements (USB).

There is little enthusiasm from governments for full harmonization of social security schemes across the Community, the subsidiarity principle being deemed to apply. Nevertheless, the European Community has a role to play in developing the coordination of social security schemes so as to achieve the highest possible level of cross-frontier protection (GML, NMS) and convergence of their objectives. The LSS thinks the Green Paper should consider whether there should be coordination in other areas and whether a commitment to an effective social security system should be incorporated in the Social Charter.

## Europe in a world context

Many contributions stressed that future social policy must be developed bearing in mind Europe's relationship with the rest of

the world. In addition to considering our competitive position *vis-à-vis* Japan, the United States of America and other emerging competitors, we should consider the effects of enlargement and the changes which are occurring in Eastern Europe (PM). Western Europe needs strong economies in order to help the countries of Eastern Europe (UNICE). There is fear of competition from the Eastern bloc countries but it should be remembered that, at the moment, imports from Eastern Europe account for only 3% of Community imports, whereas 50% of these countries' imports come from the Community. Barriers to trade are coming down, but the countries of the East need help to develop their economies in order to pay off their debt and develop their export capacity.

The Commission's PHARE programme is helping to modernize or restructure employment and social policies in these countries and cooperation with Eastern Europe must be intensified (NMS). Since the aim is to forge ever-closer ties with eventual EC membership of these countries, we should ensure that social policy develops in line with EC practices. It is also vital that the social dimension is given due consideration so that reform is not rejected by the people on the grounds that the social costs are too high.

## Subsidiarity and diversity

There is a widespread feeling that the Community should respect the principle of subsidiarity. EC action should be taken only where there is a clear Community dimension to a problem (NMS).

European social policy should be geared to providing solutions to concrete social/political problems but must refrain from trying to codify a coherent system (GML). It should also limit itself to defining the results to be achieved rather than the precise methods for implementation (UNICE).

The Community has a role to play in promoting the free movement of workers and in preventing unacceptable forms of competition in the internal market. It should act to define minimum requirements, for example in health and safety, promotion of equal opportunities for men and women, treatment of minors, protection of pregnancy and maternity rights benefits, non-discrimination on the grounds of sex, race, age, religion or nationality and employment of disabled people (UNICE).

However, the Community should not act on collective labour laws, industrial relations systems and procedures, worker con-

sultation and participation, job content, employment contracts, pay, and working time (UNICE).

The UKG is concerned that the Community has sometimes overstepped the mark. It accepts that the Community has a role to play in the areas of free movement of workers, minimum standards of health and safety at work and the attainment of a high level of health protection. However, it believes there are many other areas where the Treaty on European Union does not provide a basis for Community measures and the responsibility for action lies with the Member States.

A social policy at the level of the Community should take into account the economic, social, cultural and geographical diversity which exists across the Community (GML), and should recognize that Member States look in different ways to central legislation, to collective bargaining or to voluntary mechanisms as the main engine of social policy (UKG).

The CCRE feels that local and regional communities and administrations have a vital role to play in the development and implementation of Community social policy. They should be involved in the social dialogue at Community level in the same way as other social partners.

The Commission does have a role as a catalyst for new ideas (NMS) and it is important to analyse and share experiences over the coming years (UKG, DML).

The statistical bases for action need to be improved. In particular, we need accurate statistics and information on the family dimension in different areas of social protection (GMFE, CO) and also improved statistics on the elderly (GMFE) and on public social expenditure (EAPN).

## Legislation

There is a feeling that legislation is not always the most appropriate way of dealing with social policy at European level (DML, UKG, IML, PM).

The UKG argues that there is a need to evaluate legislation adopted in the past, especially with a view to its effects on competitiveness, and use such evaluations to form new policy decisions. Where legislation is appropriate, it should be flexible and not too detailed (GLM) and should set out a framework of aims to be achieved rather than detailed means or standards to be observed.

Others, however, stress that Community-wide legislation is important and that we should take advantage of the new legislative framework to create a 'Social Europe' where rights are protected by law and social dumping avoided (FME, ETUC, ICM, DPI, women's organizations).

The NMS and GLM suggest that legislative proposals should take account of the different economic strengths of Member States by, for example, basing the legislation on minimum standards. Where large differences exist, recommendations are preferable to binding regulations.

There is concern among employers' organizations about the multiplicity of pending Commission initiatives concerning employee participation, information and consultation. These proposals include, *inter alia*, the European Works Council Directive, the fifth company law Directive and the European Company Statute. The USB states that the added requirements, coupled with other EC directives and/or national laws and practices, would create an 'overlapping, conflicting, costly, time-consuming maze of organizations and systems within which companies would operate.' The CBI even goes so far as to propose a moratorium on almost all new regulatory instruments.

The NMS also stresses that attention must be paid to the internal consistency of EC legislation to avoid double regulation, with particular attention being paid to legislation passed on the basis of Articles 118a and 100a.

The GLM believes that the aim should not be harmonization of labour law, but general convergence. Minimum standards should be set for workers' rights, but these should not be too detailed. They should include equality of treatment for part-time and temporary workers, equality between men and women, protection in the event of dismissal, the right of complaint, etc.

## The Maastricht Treaty

Very few of the contributions referred directly to the Treaty on European Union, but the two main representatives of the social partners, UNICE and ETUC, were concerned about the relationship between the Treaty of Rome and the Treaty of Maastricht.

## Free movement of workers

There is general agreement that the Community has a vital role to play in encouraging the free movement of workers. It should make greater efforts to promote mobility (DMS, IML, NGO) and integration (AG) and should consider equal social security provision and access to health care for immigrants from third countries (ETUC, LSS).

## Older people

Several organizations representing older people made contributions. In a society which is ageing, we should ensure that the talents of older people are used to the full and that we prepare people better for later life, for example by introducing more flexible retirement schemes. We should also ensure that older people have adequate social protection and are fully integrated into European society (BMP, AG, EPSO, GMW).

An ageing population has implications not only for the cost of pensions but for providing care. With increased mobility and increased labour market participation of both men and women, there is a potential increased burden on the State. If the State tries to avoid this responsibility, studies have shown that this constitutes a threat to equality, since it is usually women who are forced to care for elderly relatives. It will be very difficult to formulate binding legislation in this field. Nevertheless, the Community has a role to play in inspiring Member States to develop their policies and encourage convergence (SM).

## Social partners and social dialogue

UNICE and ETUC obviously welcomed the new role of the social partners in the formulation of European social policy.

The ETUC feels that the social dialogue to date has been a sort of apprenticeship and now needs to be developed and strengthened in the light of the Maastricht Treaty.

Governments, too, recognize the importance of using the possibility, given in the Social Protocol, of involving the social partners. At a national level, the social partners should have more influence on the implementation of Community instruments (DML, AG, SM, GLM, FME).

## Women

A tenth of the contributions came from groups representing women. There have been significant changes in the role of women over the last 20 years, with more women working, many having fewer children, a growing number of single parents and single person households. However, many women are still concentrated in low-wage jobs with poor working conditions.

Equal opportunities are not just an issue for women but also for men and the wider social organization. There is a need to look at the organization of work and education and training. The Community should increase public awareness of the issues, improve access to work and possibilities for re-entry on to the labour market, improve research and statistics, and improve child-care facilities (EWL, CREW, IML). There is a need for better representation of women at decision-making level. At the moment, it is largely men who make the decisions regarding women 'who, after all, represent half of humanity, half of our human resources' (PW).

We need policies for both men and women which facilitate the combination of gainful employment and parenthood. We should aim for a common standard for policies on child care and parental leave to avoid this being an impediment to the free movement of workers (SM).

The NMS proposes that equal treatment aspects should be integrated into all Community proposals for legislation.

## **Family policy**

The competence of Member States in the field of family policy should be recognized and the role of the Commission in the exchange of information and the promotion of cooperation highlighted (GMFE, GMW). Family policy concerns all families and not just those in difficulties. A balance must be found between families with specific needs and all families. Family policy is currently not mentioned in the Treaties and should be included in the 1996 reform of the Treaties. Representatives of family organizations should be consulted in the same way that the social partners are consulted (CO).

The NMW, however, does not believe that there should be a family policy either at national or European level, preferring to focus on the individual.

## **Working time and organization of work**

Many contributors feel that the Commission needs to look carefully at trends in working time and develop new ideas about work-

ing time arrangements. The individualization of lifestyles and behaviour means changes in the organization of work (UNICE). We need to create more flexible working time arrangements not just to help employers and, perhaps, help create jobs, but to achieve a balance between family life and professional life (SM, AG, DMS, CO).

## **Health**

This is felt to be largely a matter for Member States (GHM, CO) but the Community has an important role to play in providing information and creating networks, especially in the area of prevention (CO).

The Swedish Government feels that the Commission, in collaboration with Member States, should develop its work on health and safety. The traditional view of health and safety should be broadened to look at the impact of the working environment as a whole on both people and productivity.

# Annex II

## List of legislation (non-exhaustive)

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### Free movement

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#### I – Movement of workers

##### Directives

Council Directive 68/360/EEC of 15 October 1968 on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families: OJ L 257, 19.10.1968.

Council Directive 64/221/EEC of 25 February 1964 on the coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health: OJ 56, 4.4.1964

Council Directive 72/194/EEC of 18 May 1972 extending to workers exercising the right to remain in the territory of a Member State after having been employed in that State the scope of the Directive of 25 February 1964 on coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health: OJ L 121, 26.5.1972.

Directive of 25 March 1962 on freedom to take skilled employment in the field of nuclear energy: OJ 57, 9.7.1962.

##### Regulations

Council Regulation (EEC) No 1612/68 of 15 October 1968 on the freedom of movement of workers within the Community: OJ L 257, 19.10.1968.

Council Regulation (EEC) No 312/76 of 9 February 1976 amending the provisions relating to the trade union rights of workers contained in Regulation (EEC) No 1612/68 on the freedom of movement of workers within the Community. OJ L 39, 14.2.1976.

Council Regulation (EEC) No 2434/92 of 27 July 1992 amending Part II of Regulation (EEC) No 1612/68 on the freedom of movement of workers within the Community: OJ L 245, 26.8.1992.

Commission Regulation (EEC) No 1251/70 of 29 June 1970 on the right of workers to remain in the territory of a Member State after having been employed in that State: OJ L 142, 30.6.1970.

Council Regulation (EEC) No 311/76 of 9 February 1976 on the compilation of statistics on foreign workers (Ch. 16.40, Statistics, 376R0311): OJ L 39, 14.2.1976.

##### Recommendations

Commission Recommendation to the Member States on the activities of the social services in respect of workers moving within the Community: OJ 75, 16.8.1962.

Commission Recommendation 65/379 of 2 July 1965 to the Member States on the housing of workers and their families moving within the Community: OJ 137, 27.7.1965.

##### Other Acts

Council resolution of 9 February 1976 on an action programme for migrant workers and members of their families: OJ C 34, 14.2.1976.

Declaration against racism and xenophobia. OJ C 158, 25.6.86.

Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council of 29 May 1990 on the fight against racism and xenophobia.

Declaration of 25 March 1964 of the Representatives of the Governments of the Member States of the EEC meeting with the Council on refugees: OJ 78, 22.5.1964.

Commission Decision 88/384/EEC of 8 June 1988 setting up a prior communication and consultation procedure on migration policies in relation to non-member countries: OJ L 183, 14.7.1988.

Council resolution of 16 July 1985 on guidelines for a Community policy on migration: OJ C 186, 26.7.1985.

## II – Social security for migrant workers

### Regulations

Council Regulation (EEC) No 1408/71 of 14 June 1971 as amended and updated by Council Regulation (EEC) No 2001/83 of 2 June 1983 (OJ L 230, 22.8.1983) and subsequently amended between 1985 and 1992 by 11 Council Regulations.

Council Regulation (EEC) No 574/72 of 21 March 1972 as amended and updated by Council Regulation (EEC) No 2001/83 of 2 June 1983 (OJ L 230, 22.8.1983) and subsequently amended between 1985 and 1992 by 11 Council Regulations.

### Equality of treatment for women and men

#### Directives

Directive 75/117/EEC of 10 February 1975 on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women: OJ L 45, 19.2.1975.

Directive 76/207/EEC of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions: OJ L 39, 14.2.1976.

Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security: OJ L 6, 10.1.1979.

Directive 86/378/EEC of 24 July 1986 on the implementation of the principle of equal treatment for men and women in occupational social security schemes: OJ L 225, 12.8.1986.

Directive 86/613/EEC of 11 December 1986 on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood: OJ L 359, 19.12.1986.

Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given

birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC): OJ L 348, 28.11.1992.

### Resolutions

Council resolution of 12 July 1982 on the promotion of equal opportunities for women: OJ C 186, 21.7.1982.

Council resolution of 7 June 1984 on action to combat unemployment amongst women. OJ C 161, 21.6.1984.

Council resolution of 3 June 1985 containing an action programme on equal opportunities for girls and boys in education: OJ C 166, 5.7.1985.

Council resolution of 24 July 1986 on the promotion of equal opportunities for women: OJ C 203, 12.8.1986.

Council resolution of 16 December 1988 on the reintegration and late integration of women in working life: OJ C 333, 28.12.1988.

Council resolution of 29 May 1990 on the protection of the dignity of women and men at work: OJ C 157, 27.6.1990.

Council resolution of 21 May 1991 on the third medium term Community action programme on equal opportunities for women and men: OJ C 142, 31.5.1991.

### Recommendations

Commission Recommendation 87/567/EEC of 24 November 1987 on vocational training for women: OJ L 342, 4.12.1987.

Commission Recommendation 92/131/EEC of 27 November 1991 on the protection of the dignity of women and men at work: OJ L 49, 24.2.1992.

Council Recommendation 84/635/EEC of 13 December 1984 on the promotion of positive action for women: OJ L 331, 19.12.1984.

Council Recommendation 92/241/EEC of 31 March 1992 on child care: OJ L 123, 8.5.1992.

## Working conditions

### I – Labour law and working conditions

#### Directives

Council Directive 75/129/EEC of 17 February 1975 on the approximation of the laws of the Member States relating to collective redundancies: OJ L 48, 22.2.1975.

Council Directive 92/56/EEC of 24 June 1992 amending Directive 75/129/EEC on the approximation of the laws of the Member States relating to collective redundancies: OJ L 245, 26.8.1992.

Council Directive 77/187/EEC of 14 February 1977 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses: OJ L 61, 5.3.1977.

Council Directive 80/987/EEC of 20 October 1980 on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer: OJ L 283, 20.10.1980.

Council Directive 91/533/EEC of 14 October 1992 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship: OJ L 288, 18.10.1991.

#### Recommendations

Council Recommendation 75/457/EEC of 22 July 1975 on the principle of the 40-hour week and the principle of four weeks' annual paid holiday: OJ L 199, 30.7.1975.

Council Recommendation 82/857/EEC of 10 December 1982 on the principles of a Community policy with regard to retirement age: OJ L 357, 18.12.1982.

Council Recommendation 92/443/EEC of 27 July 1992 concerning the promotion of participation by employed persons in profits and enterprise results (including equity participation): OJ L 245, 26.8.1992.

Commission Recommendation 67/125/EEC of 31 January 1967 to the Member States on the protection of young workers: OJ 25, 13.2.1967.

## Resolution

Council resolution of 18 December 1979 on the adaptation of working time: OJ C 2, 4.1.1980.

### II – Health and safety at work

#### Directives

Council Directive 78/610/EEC of 29 June 1978 on the approximation of the laws, regulations and administrative provisions of the Member States on the protection of the health of workers exposed to vinyl chloride monomer: OJ L 197, 22.7.1978.

Council Directive 80/1107/EEC of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work: OJ L 327, of 3.12.1980 (subsequently amended or modified between 1982 and 1991 by six Directives).

Commission Directive 91/322/EEC of 29 May 1991 on establishing indicative limit values by implementing Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work: OJ L 177, 5.7.1991.

Council Directive 82/130/EEC of 15 February 1982 on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive atmospheres in mines susceptible to firedamp: OJ L 59, 2.3.1982 (subsequently amended).

Council Directive 86/188/EEC of 12 May 1986 on the protection of workers from the risks related to exposure to noise at work: OJ L 137, 24.5.1986.

Council Directive 88/364/EEC of 9 June 1988 on the protection of workers by the banning of certain specified agents and/or certain work activities (fourth individual Directive within the meaning of Article 8 of Directive 80/1107/EEC): OJ L 179, 9.7.1988.

Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work: OJ L 183, 29.6.1989.

Council Directive 89/654/EEC of 30 November 1989 concerning the minimum safety and health requirements for the workplace (first individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 393, 30.12.1989.

Council Directive 89/655/EEC of 30 November 1989 concerning the minimum safety and health requirements for the use of work equipment by workers at work (second individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 393, 30.12.1989.

Council Directive 89/656/EEC of 30 November 1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace (third individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 393, of 30.12.1989.

Council Directive 90/269/EEC of 29 May 1990 on the minimum health and safety requirements for the manual handling of loads where there is a risk, particularly of back injury, to workers (fourth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 156, 21.6.1990.

Council Directive 90/270/EEC of 29 May 1990 on the minimum safety and health requirements for work with display screen equipment (fifth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 156, 21.6.1990.

Council Directive 90/394/EEC of 28 June 1990 on the protection of workers from the risks related to exposure to carcinogens at work (sixth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 196, 26.7.1990.

Council Directive 90/679/EEC of 26 November 1990 on the protection of workers from risks related to exposure to biological agents at work (seventh individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 374, 31.12.1990.

Council Directive 92/57/EEC of 24 June 1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites (eighth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 245, 26.8.1992.

Council Directive 92/58/EEC of 24 June 1992 on the minimum requirements for the provision of safety and/or health signs at work (ninth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 245, 26.8.1992.

Council Directive 92/91/EEC of 3 November 1992 concerning the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling (eleventh individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 348, 28.11.1992.

Council Directive 92/104/EEC of 3 December 1992 on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting

industries (12th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC): OJ L 404, 31.12.1992.

Council Directive 91/383/EEC of 25 June 1991 supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship: OJ L 206, 29.7.1991.

Council Directive 92/29/EEC of 31 March 1992 on the minimum safety and health requirements for improved medical treatment on board vessels: OJ L 113, 30.4.1992.

## Recommendations

Commission Recommendation 66/462/EEC of 20 July 1966 to the Member States on the conditions for compensation of persons suffering from occupational diseases: OJ 147, 9.8.1966.

Commission Recommendation 90/326/EEC of 22 May 1990 to the Member States concerning the adoption of a European schedule of occupational diseases: OJ L 160, 26.6.1990.

## Other Acts

Commission Decision 88/383/EEC of 24 February 1988 providing for the improvement of information on safety, hygiene and health at work: OJ L 183, 14.7.1988.

## European Social Fund

Council Regulation (EEC) No 2081/93 of 20 July 1993 amending Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments: OJ L 193/5, 31.7.1993.

Council Regulation (EEC) No 2082/93 of 20 July 1993 amending Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments: OJ L 193/20, 31.7.1993.

Council Regulation (EEC) No 2084/93 of 20 July 1993 amending Regulation (EEC) No 4255/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Social Fund: OJ L 193/39, 31.7.1993.

## Public health

### I – Tobacco-related issues

Council Directive 89/622/EEC of 13 November 1989 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the labelling of tobacco products: OJ L 359, 8.12.1989. Modified by Council Directive 92/41/EEC: OJ L 158, 11.6.1992.

Council Directive 90/239/EEC of 17 May 1990 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the maximum tar yield of cigarettes: OJ L 137, 30.5.1990.

### II – Cancer

Resolution 86/723/EEC of the Council and the Representatives of the Governments of the Member States meeting within the Council of 7 July 1986 on a programme of action of the European Communities against cancer: OJ C 184, 23.7.1986.

Decision 90/238/Euratom, ECSC, EEC of the Council and the representatives of the Governments of the Member States meeting with the Council of 17 May 1990 adopting a 1990 to 1994 action plan in the context of the 'Europe against Cancer' programme: OJ L 137, 30.5.1990.

Commission Recommendation 89/601/EEC concerning the training of health personnel in the matter of cancer.

### III – AIDS

Resolution 86/723/EEC of the Representatives of the Governments of the Member States meeting within the Council of 29 May 1986 on AIDS: OJ C 184, 23.7.1986.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 15 December 1988 concerning AIDS and the workplace: OJ C 28, 3.2.1989.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 regard-

ing the prevention of AIDS in intravenous drug-users: OJ C 185, 22.7.1989.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 on awareness measures for health-care personnel: OJ C 185, 22.7.1989.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 on the improvement of the general system for collecting epidemiological data, including the application of the new definition of AIDS cases: OJ C 185, 22.7.1989.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 regarding future activities on AIDS prevention and control at Community level: OJ C 185, 22.7.1989.

Resolution 90/116/EEC of the Council and the Ministers for Health of the Member States, meeting within the Council of 22 December 1989 on the fight against AIDS: OJ C 10, 16.1.1990.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 17 May 1990 concerning the medical and psychosocial-care services in relation to the AIDS epidemic.

Decision 91/317/EEC of the Council and the Ministers for Health of the Member States meeting within the Council of 4 June 1991 adopting a plan of action in the framework of the 1991 to 1993 'Europe against AIDS' programme: OJ L 175, 4.7.1991.

Resolution of the Council and the Ministers for Health of the Member States meeting within the Council of 13 November 1992 on the monitoring and surveillance of communicable diseases: OJ C 326, 11.12.1992.

### IV – Drugs

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 13 November 1992 on the second report on drug-demand reduction in the European Community: OJ C 326, 11.12.1992.

Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council of 3 December 1990 on Community action to combat the use of drugs, including the abuse of medicinal products, particularly in sport: OJ C 329, 31.12.1990.

Declaration by the Council and the Ministers for Health of the Member States meeting within the Council of 4 June 1991 on

action to combat the use of drugs, including the abuse of medicinal products in sport: OJ C 170, 29.6.1991.

Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council on a code of conduct against doping in sport: OJ C 44, 19.2.1992.

## V – Nutrition and health

Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council of 3 December 1990 concerning an action programme on nutrition and health: OJ C 329, 31.12.1990.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 3 December 1990 concerning cardio-vascular disease in the Community: OJ C 329, 31.12.1990.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 15 May 1992 on nutrition and health: OJ C 148, 12.6.1992.

## VI – Other issues

Resolution of the Council and the representatives of the Member States meeting within the Council of 16 June 1986 concerning the protection of dialysis patients by minimizing the exposure to aluminium: OJ C 184, 23.6.1986.

Council conclusions of 15 May 1987 on improvement in the use of proprietary medicinal products by consumers: OJ C 178, 7.7.1987.

Resolution of the Council and the Ministers for Health of the Member States meeting within the Council of 11 November 1991 on health and the environment: OJ C 304, 23.11.1991.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 15 May 1992 on hereditary illnesses: OJ C 148, 12.6.1992.

Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council of 29 May 1986 on a programme of action of the European Communities on toxicology for health protection: OJ C 184, 23.7.1986.

Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council of 3

December 1990 on improving the prevention and treatment of acute human poisoning: OJ C 329, 31.12.1990.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 15 May 1992 on toxicology for health protection: OJ C 148, 12.6.1992.

## Employment

Council Decision 70/532/EEC of 14 December 1970 setting up the Standing Committee on Employment in the European Communities: OJ L 273, 17.12.1970 (subsequently modified in 1972 and 1975).

Council resolution of 12 July 1982 on Community action to combat unemployment, OJ C 186, 21.7.1982.

Resolution of the Council of 22 December 1986 on the 'Action programme on employment growth': OJ C 340, 31.12.1986.

Resolution of the Council and the Ministers for Labour and Social Affairs meeting within the Council of 30 November 1989 on setting up a European employment survey: OJ C 328, 30.12.1989.

## Local development of employment

Resolution of the Council of 7 June 1984 on the contribution of local employment initiatives to combat unemployment: OJ C 161, 21.6.1984.

## Youth employment

Resolution of the Council of 23 January 1984 on the promotion of employment for young people: OJ C 29, 4.2.1984.

## Action to combat long-term unemployment

Resolution of the Council of 19 December 1984 on the action to combat long-term unemployment: OJ C 2, 4.1.1985.

Conclusions of the Council of 1 December 1987 on the action to combat long-term unemployment: OJ C 335, 1987.

Resolution of the Council of 29 May 1990 on the action to assist the long-term unemployed: OJ C 157, 1990.

### **Social security, elderly people and exclusion**

Council Decision 91/49/EEC of 26 November 1990 on Community actions for the elderly. OJ L 28, 2.2.1991

Council Decision 89/457/EEC of 18 July 1989 establishing a medium-term Community action programme concerning the economic and social integration of the economically and socially less privileged groups in society. OJ L 224, 2.8.1989

Council Recommendation 92/442/EEC of 27 July 1992 on the convergence of social protection objectives and policies. OJ L 245, 26.8.1992

Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems. OJ L 245, 26.8.1992

Council Recommendation 85/308/EEC of 13 June 1985 on social protection for volunteer Development workers. OJ L 163, 22.6.1985

Council Recommendation 82/857/EEC of 10 December 1982 on the principles of a Community policy with regard to retirement age. OJ 357, 18.12.1982

Conclusions 89/277/02 of the Council and of the Ministers res-

possible for family affairs meeting within the Council of 29 September 1989 regarding family policies. OJ C 277, 31.10.1989

Resolution of the Council 89/277/01 and of the Ministers for special affairs meeting within the Council of 29 September 1989 on combating social exclusion. OJ C 277, 31.10.1989

### **Disabled people**

Council Recommendation 86/379/EEC of 24 July 1986 on the employment of disabled people in the Community OJ L 225, 12.8.1986.

Council Decision 88/237/EEC of 18 April 1988 establishing a second Community action programme for disabled people (Helios) OJ L104, 23.4.1988.

Council Decision 89/658/EEC of 18 December 1989 concerning the further development of the Handynet system in the context of the Helios programme. OJ L 393, 30.12.1989.

Resolution of the council 90/162/02 and the Ministers of Education meeting within the council of 31 May 1990 concerning integration of children and young people with disabilities into ordinary systems of education OJ C 162, 3.7.1990.

Council Decision 93/136/EEC of 25 February 1993 establishing a third community action programme to assist disabled people (Helios II 1993 to 1996). OJ L 56/30, 9.3.1993.

# ANNEX III

## Status of initiatives in the action programme to implement the 1989 Social Charter (Situation at 31 July 1993)

Initiative	Adoption and progress in the Commission	Progress in the ESC	Progress in the EP	Progress in the Council
<b>THE LABOUR MARKET</b>				
<i>Employment in Europe</i> report	Annual Report			
'Observatory' and documentation system on employment				
NEC: Network of employment coordinators	First meeting 6 April 1990			
MISEP: Mutual information system on employment policies	Periodical reports			
Sysdem: European system of documentation on employment	Launched in October 1989			
Action programmes on employment creation for specific target groups				
ERGO: Action programme for the long-term unemployed	Three-year programme 1989-91			
LEDA: Local employment development action programme	Launched in 1986; at present third phase (1990-93)			
SPEC: Support programme for employment creation	Scheduled for three years (at the request of the EP) from 1990 to 1992			
Monitoring and evaluation of the activities of the European Social Fund	Annual Report			
Regulation amending Regulation (EEC) 4255/88 on the European Social Fund	COM(93) 124 final, 7.4. 1993; OJ C 121, 1.5.1993 Amended proposal: 24.6.1993, COM(93) 303	Opinion given 26.5.1993	Opinion given 22.6.1993	Adopted on 20.7.1993, Regulation 2084/93/EEC, OJ L 193, 31.7.1993 p. 39
Revision of Part II of Regulation 1612/68 on the clearance of vacancies and applications for employment and the related procedural decisions (SEDOC) (legal basis: Article 49)	Adopted 5.9.1991, COM(91) 316; OJ C 254 28.9.1991 Amended proposal: 27.3.1992 COM(92) 115; OJ C 107, 28.4.1992	OJ C 40, 17.2.1992	OJ C 94, 13.4.1992 OJ C 241, 21.9.1992	Adopted on 27.7.1992 Regulation 2434/92/EEC,  OJ L 245, 26.8.1992, p. 1

Initiative	Adoption and progress in the Commission	Progress in the ESC	Progress in the EP	Progress in the Council
<b>EMPLOYMENT AND REMUNERATION</b>				
Opinion on the introduction of an equitable wage by the Member States	Adoption by Commission 11.12.1991 SEC(91) 2116	Opinion given 25.5.1992 OJ C 233, 31.8.1992, p. 57	Opinion given 9.3.1993	
Proposals for Council Directives on contracts and employment relationships other than full-time open-ended contracts (atypical work; three proposals)				
Working conditions (legal basis: Article 100)	COM(90) 228/I final of 29.6.1990, OJ C 224, 8.9.1990	Opinion: 20.9.1990 OJ C 332, 31.12.1990	Opinion: OJ C 324, 24.12.1990 (rejects the legal basis chosen by the Commission)	Under discussion
Distortions of competition (legal basis: Article 100a)	Proposal COM(90) 228/II final of 29.6.1990 OJ C 224, 8.9.1990, Amended proposal: COM(90) 533/I final OJ C 305, 5.12.1990	Opinion: OJ C 332, 31.12.1990	Opinion: first reading OJ C 295, 26.11.1990	Under discussion
Council Directive supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship (legal basis: Article 118a)	Proposal COM(90) 228/II final of 29.6.1990 OJ C 224, 8.9.1990	Opinion: OJ C 332, 31.12.1990	Opinion: first reading: OJ C 295, 26.11.1990 second reading: given in May 1991	Adoption on 25.6.1991, Directive 91/383/EEC OJ L 206, 29.7.1991, p. 19
<b>IMPROVEMENT OF LIVING AND WORKING CONDITIONS</b>				
Proposal for a Council Directive on the organization of working time (Article 118a)	Proposal: COM(90) 317 final of 5.12.1990 OJ C 254 of 9.10.1990 Amended proposal: COM(91) 130 final of 23.4.1991 OJ C 124, 14.5.1991	Opinion: OJ C 60, 8.3.1991	Opinion: first reading: OJ C 72, 18.3.1991	Common position adopted on 30.6.1993
Council Directive on an employer's obligation to inform employees of the conditions applicable to the contract on employment relationship (Article 100)	Proposal: COM(90) 563 final of 8.1.1991 OJ C 24, 31.1.1991	Opinion given 24.4.1991 OJ C 159, 17.6.1991	Opinion given 8.7.1991 OJ C 240, 16.9.1991	Directive 91/533/EEC adopted by the Council on 14.10.1991 OJ L 288, 18.10.1991, p. 32
Council Directive amending the Directive of 17 February 1975 (75/129/EEC) on the approximation of the Member States pertaining to collective redundancies	Adopted by the Commission on 18.9.1991, COM(91) 292 OJ C 310, 30.11.1991 Amended proposal: 31.3.1992 COM(92) 127 OJ C 117, 8.5.1992	Opinion given on 30.1.1992 OJ C 79, 30.3.1992	Opinion given on 11.3.1992 OJ C 94, 13.4.1992	Directive 92/56/EEC adopted by the Council on 24.6.1992, OJ L 245, 26.8.1992, p. 3
Communication on the social integration of migrants from non-Community countries	Adopted by the Commission SEC(91) 1855 final			

Initiative	Adoption and progress in the Commission	Progress in the ESC	Progress in the EP	Progress in the Council
<b>FREEDOM OF MOVEMENT</b>				
Revision of Commission Regulation (EEC) 1251/70 of 29.6.1970 on the right of workers to remain on the territory of a Member State after having been employed in that State	Depends on the adoption of the revision of part I of Regulation EEC 1612/68			
Proposal for a Regulation extending Council Regulation (EEC) 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community and Council Regulation (EEC) 574/72 (laying down the procedure for implementing Regulation 1408/71) to all insured persons (Articles 51 and 235)	Adopted by the COM on 13.12.1991 OJ C 46, 20.2.1992	18.2.1992 OJ C 98, 21.4.1992	Opinion given on 13.3.1992	Under discussion
Proposal for a Council Directive concerning the posting of workers in the framework of the provision of services (Articles 57 and 66)	COM(91) 230 final OJ C 225, 30.8.1991 Proposal amended 16.6.1993, COM(93) 225 final	18.12.1991 OJ C 49, 24.2.1992	First reading: OJ C 150, 15.6.1992	Under discussion
Proposal for a Community instrument on the introduction of a labour clause into public contracts	The subject of this instrument is dealt with in the above proposal			
Communication on supplementary social security schemes	Communication SEC(91) 1332 final of 22.7.1991	26.5.1992 OJ C 223, 31.8.1992	Opinion given on 13.3.1992	
Communication on the living and working conditions of Community citizens resident in frontier regions, with special reference to frontier workers	Communication COM(90) 561 final			
<b>SOCIAL PROTECTION</b>				
Council Recommendation on social protection: convergence of objectives	Proposal: COM(91) 228 final of 26.6.1991 OJ C 194, 25.7.1991	27.11.1991 OJ C 40 17.2.1992	Opinion given on 14.2.1992 OJ C 67, 16.3.1992	Adopted Recommendation 92/442/EEC of 27.7.1992 OJ L 245, 26.8.1992, p. 49
Recommendation on common criteria concerning sufficient resources and social assistance in the social protection systems	Proposal: COM(91) 161 final of 13.5. 1991 OJ C 163, 22.6.1991 Amended proposal: 4.6.1992 COM(92) 240	30.10.1991 OJ C 14, 20.1.1992	14.5.1992 OJ C 150, 15.6.1992	Adopted Recommendation 92/441/EEC of 24.6.1992 OJ L 245, 26.8.1992, p. 46
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
Communication on the role of the social partners in collective bargaining	Communication is not yet scheduled			

Initiative	Adoption and progress in the Commission	Progress in the ESC	Progress in the EP	Progress the Council
<b>INFORMATION, CONSULTATION AND PARTICIPATION</b>				
Proposal for a Council Directive on the establishment of a European works council in Community-scale undertakings or groups of undertakings for the purposes of informing and consulting employees	Proposal: COM(90) 581 final of 25.1.1991 OJ C 39, 15.2.1991 Amended proposal: COM(91) 345 final OJ C 336, 31.12.1991	Opinion: OJ C 120, 6.5.1991	Opinion given 10.7.1991 OJ C 240, 16.9.1991	Under discussion
Council Recommendation concerning the promotion of participation by employed persons in profits and enterprise results (including equity participation)	Adopted on 10.7.1991 by the Commission COM(91) 259 final of 3.9.1991 OJ C 245, 20.9.1991	Opinion: 27.2.1992 OJ C 98, 21.4.1992	9.4.1992 OJ C 125, 18.5.1992	Recommendation 92/443/EEC adopted on 27.7.1992 OJ L 245, 26.8.1992, p. 53
<b>EQUAL TREATMENT FOR MEN AND WOMEN</b>				
Council Directive on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers, workers who have recently given birth or are breastfeeding	Proposal: COM(90) 406 final of 17.10.1990 OJ C 281, 9.11.1990 Amended proposal: COM(90) 692 final OJ C 25, 1.2.1991	Opinion: OJ C 41, 18.2.1991	Opinion: first reading OJ C 19, 28.1.1993	Directive 92/85/EEC adopted on 19.10.1992 OJ L 348, 28.11.1992, p. 1
Third Community programme on equal opportunities for women and men (1991-1995)	COM(90) 449 final, 6.11.1990			Council Resolution of 21.5.1991 OJ C 142, 31.5.1991, p. 1
Council Recommendation concerning child care	Proposal: COM(91) 233 final of 28.8.1991 OJ C 242, 17.9.1991	27.11.1991 OJ C 40, 17.2.1992	Opinion given 22.11.1991 OJ C 326, 16.12.1991	Recommendation 92/241/EEC of 31.3.1992 OJ L 123, 8.5.1992, p. 16
Recommendation concerning a code of good conduct on the protection of pregnancy and maternity	Not yet scheduled			
<b>VOCATIONAL TRAINING</b>				
Proposal for a Community instrument on access to vocational training	Commission proposal: COM(92) 486 final OJ C 23, 7.1.1993			Recommendation adopted by the Council on 30.6.1993
Updating of the 1963 proposal for a Council Decision on the general principles for implementing a common vocational training policy	Not yet scheduled			
Communication on the rationalization and coordination of vocational training programmes at Community level	Adopted by the Commission 21.8.1990 COM(90) 334 final			
Council Decision amending the Decision concerning an action programme for the vocational training of young people and their preparation for adult and working life (PETRA)	COM(90) 467 of 15.10.1990 OJ C 332, 21.12.1990	28.2.1991 OJ C 102, 18.4.1991	17.5.1991 OJ C 158, 17.6.1991	Council Decision 91/387/EEC adopted 22.7.1991 OJ L 214, 2.8.1991, p. 69

Initiative	Adoption and progress in the Commission	Progress in the ESC	Progress in the EP	Progress in the Council
<b>HEALTH PROTECTION AND SAFETY AT THE WORKPLACE</b>				
Proposal for a Council Directive on the minimum health and safety requirements to encourage improved medical assistance on board vessels	Proposal: COM(90) 272 final OJ C 183, 24.7.1990 Amended proposal: COM(91) 65 final OJ C 74, 20.3.1991 Re-examined proposition: COM(91) 552 final	Opinion: OJ C 332, 21.12.1990	Opinion: first reading: OJ C 48, 25.2.1991 second reading: opinion delivered in plenary session, November 1991	Adopted Directive 92/29/EEC OJ L 113, 30.4.1992, p. 19
Council Directive on the minimum health and safety requirements for work at temporary or mobile work-sites (Article 118a)	Proposal: COM(90) 275 final SYN 279 OJ C 213, 28.8.1990 Amended proposal: COM(91) 117 final Decision: 9.4.1991 OJ C 112, 27.4.1991	OJ C 120, 6.5.1991		Adopted Directive 92/57/EEC OJ L 245, 26.8.1992, p. 6
Council Directive on the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling (Article 118a)	Proposal: COM(90) 663 final Decision: 19.12.1990 OJ C 32, 7.2.1991 Amended proposal: COM(91) 495 final of 20.12.1991	Opinion: OJ C 191, 22.7.1991	Opinion: first reading OJ C 46, 20.2.1992	Council Directive 92/91/EEC of 3.11.1992 OJ L 348, 28.11.1992, p. 9
Council Directive on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries (Article 118a)	Adopted by the COM in February 1992 COM(92) 14 final of 17.2.1992 OJ C 58, 5.3.1992	29.4.1992 OJ C 169, 6.7.1992	First reading: 13.5.1992	Council Directive 92/104/EEC of 3.12.1992 OJ L 404, 31.12.1992, p. 10
Proposal for a Council Directive on the minimum safety and health requirements for fishing vessels (Article 118a)	Proposal: COM(91) 466 final Adopted by the COM on 27.11.1991 OJ C 337, 31.12.1991 Amended proposal: COM(92) 409 final OJ C 311, 27.11.1992	29.4.1992 OJ C 169, 6.7.1992	First reading: 8.7.1992 OJ C 241, 21.9.1992	Joint Opinion given on 30.6.1993
Commission Recommendation on the adoption of a European schedule of industrial diseases	Commission Recommendation 90/326/EEC, 22.5.1990 OJ L 160, 26.6.1990, p. 39			
Council Directive on the minimum requirements for safety and health signs at the workplace (Article 118a)	Proposal: COM(90) 664 final Decision: 19.12.1990 OJ C 53, 28.2.1991			Adopted Directive 92/58/EEC of 24.6.1992 OJ L 245, 26.8.1992, p. 23

Initiative	Adoption and progress in the Commission	Progress in the ESC	Progress in the EP	Progress in the Council
Proposal for a Council Directive on the minimum safety and health requirements regarding the exposure of workers to the risks caused by physical agents (Article 118a)	Commission proposal COM(92) 560 final of 8.5.1993 OJ C 77, 18.3.1993	Opinion given 30.6.1993		
Proposal for a Council Directive on the protection of the health and safety of workers from the risks related to chemical agents at work	Commission proposal COM(93) 155 final, 14.5.1993 OJ C 165, 16.6.1993			Under discussion
Proposal for a Council Directive amending Directive 83/447/EEC on the protection of workers from the risks related to exposure to asbestos at work (Article 118a)	Proposal: COM(90) 184 final of 12.6.1990 Amended proposal: COM(90) 539 final of 6.11.1990	OJ C 332 31.12.1992	OJ C 284 12.11.1990	Adoption on 25.6.1991; OJ L 206, 29.7.1991, p. 16 Directive 91/382/EEC
Proposal for a Council Directive on the minimum safety and health requirements for activities in the transport sector (Article 118a)	Commission proposal COM(92) 234 final of 17.11.1992 OJ C 25, 28.1.1993	Opinion given 28.4.1993 OJ C 161, 14.6.1993		
Proposal for a Council Regulation for the establishment of a safety, hygiene and health agency (Article 235)	COM(90) 564 final of 30.9.1991 OJ C 271, 16.10.1991	29.4.1992 OJ C 169, 6.7.1992		Under discussion
<b>PROTECTION OF CHILDREN AND ADOLESCENTS</b>				
Proposal for a Council Directive on the approximation of the laws of the Member States on the protection of young people (Article 118a)	Adopted by the COM 15.3.1991, COM(91) 543 OJ C 84, 4.4.1992 Amended proposal COM(93) 35 final of 5.2.1993 OJ C 77, 18.3.1993	24.9.1992 OJ C 313, 30.11.1992	First reading: 17.12.1992 OJ C 21, 25.1.1993	Under discussion
<b>ELDERLY PERSONS</b>				
Communication and proposal for a Council Decision Concerning the elderly	Communication of the Commission and proposal for a Decision: proposal: COM(90) 80/I final of 24.4.1990	OJ C 225, 10.9.1990	OJ C 285, 12.11.1990	Adopted by the Council on 26.11.1990 91/49/EEC OJ L 28 2.2.1991
	Proposal for a Council Decision on the organization of the European Year of the Elderly and of Solidarity between Generations 1993, COM(91) 508, OJ C 25, 1.2.1992	OJ C 169, 6.7.1992	OJ C 176, 13.7.1992	Decision 92/440/EEC of 24.6.1992 OJ L 245, 26.8.1992
<b>DISABLED PERSONS</b>				
Council Decision establishing a third Community action programme for disabled people (Helios II) for the period 1993-96)	Adopted by the Commission on 2.9.1991, COM(91) 350 final of 23.10.1991 OJ C 293 12.11.1991 Amended proposal: adopted 16.11.1992, COM(92) 482 OJ C 25, 28.1.1993	29.1.1992 OJ C 79, 30.3.1992	Opinion given 30.10.1992 OJ C 305, 23.11.1992	Council Decision 93/136/EEC, 25.2.1993 OJ L 56, 9.3.1993, p. 30
Proposal for a Council Directive on the introduction of measures aimed at promoting an improvement in the travel conditions of workers with motor disabilities (Article 118a)	Proposal COM(90) 588 final of 28.2.1991 OJ 68, 16.3.1991 Amended proposal: 19.12.1991, COM(91) 539 final OJ C 15, 21.1.1992	Opinion: OJ C 191, 22.7.1991	Opinion on First reading: 20.11.1991 OJ C 326, 16.12.1991	Under discussion

# Annex IV

## EUROPEAN SOCIAL DIALOGUE

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Joint opinion on vocational qualifications and certification (13 October 1992)

Joint statement on the future of the social dialogue (3 July 1992)

A renewed cooperative growth strategy for more employment (3 July 1992)

Joint opinion on ways of facilitating the broadest possible effective access to training opportunities (20 December 1991)

Agreement of 31 October 1991

Joint opinion on the transition from school to adult and working life (5 April 1991)

Joint opinion on new technologies, work organization and adaptability of the labour market (10 January 1991)

Joint opinion on education and training (19 June 1990)

Joint opinion on the creation of a European occupational and geographical mobility area and improving the operation of the labour market in Europe (13 February 1990)

Joint opinion on the annual economic report 1987-88 (26 November 1987)

Joint opinion concerning training and motivation, and information and consultation (6 March 1987)

Joint opinion on the cooperative growth strategy for more employment (6 November 1986)

# Annex V

## PROGRAMMES, NETWORKS AND OBSERVATORIES

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## HUMAN RESOURCES, EDUCATION, TRAINING AND YOUTH

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### ● Comett

Programme on cooperation between universities and industry regarding training in the field of technology

Launched in 1986, Comett was conceived as an education and training counterpart to the Esprit R&D programme and aims to create greater synergy between university and industry to improve the quality of training for technological change. Since 1990 Comett has been opened to the participation of the EFTA countries.

Budget execution up to 1992 (in million ECU): 206.6

### ● Erasmus

European Community action scheme for the mobility of university students

The Erasmus programme, set up in 1987, aims at promoting cooperation between universities in order to bring about greater mutual recognition of qualifications as well as to encourage much greater mobility of students and staff between institutions throughout the Community. The Commission set a target of 10% for mobility of students within the Community. Since 1992 Erasmus has been opened to the participation of the EFTA countries.

Budget execution up to 1992 (in million ECU): 307.5

### ● Eurotecnet

Action programme to promote innovation in the field of vocational training resulting from technological change in the European Community

Eurotecnet had its origins in the 1983 Council Resolution setting training policies for the 1980s and, building on a three-year preparatory phase, became formalized from 1990 as a programme addressing the impact of technological change on qualification systems and on training methodologies.

Budget execution up to 1992 (in million ECU): 7.0

### ● PETRA

Action programme for the vocational training of young people and their preparation for adult and working life

Started in 1988, this programme grew directly out of the previous Community action programme on the transition of young people from school to adult and working life, and was designed to take account, in particular, of concerns arising from high unemployment by setting new standards for initial vocational training in the Community.

Budget execution up to 1992 (in million ECU): 79.7

### ● Youth for Europe

Action programme for the promotion of youth exchanges in the Community

Youth for Europe was formalized in 1988 as a focus for a range of initiatives designed to give an impulse for out-of-school exchanges of young people and had its origins in the Adonino report on a people's Europe, adopted by the European Council in 1985.

Budget execution up to 1992 (in million ECU): 32.2

### ● IRIS

European network of vocational training projects for women

Launched in 1988, IRIS grew out of the 1987 Council recommendation on access by women to vocational training and has created a European network to support innovation in vocational training directed at the more effective participation of women.

Budget execution up to 1992 (in million ECU): 0.75

### ● Lingua

Action programme to promote foreign language competence in the European Community

Lingua was launched in 1990 and focuses on the growing concern about the Achilles' heel of so many Community efforts, namely the need for more citizens to be able to communicate through at least two languages other than their own.

Budget execution up to 1992 (in million ECU): 68.8

### ● Tempus

Trans-European mobility scheme for university students

Also launched in 1990, this scheme aims to support the transformation of the higher education systems in Central and East European countries. It is an integral part of the PHARE programme, set up by the Community to provide assistance in the economic and social restructuring of Central and East European countries.

Budget execution up to 1992 (in million ECU): 194

### ● FORCE

Action programme for the development of continuing vocational training in the European Community

FORCE was launched in 1991 to focus on policy development, innovation and exchange of experience regarding continuing vocational training.

Budget execution up to 1992 (in million ECU): 31.3

### ● Eurydice

Information network on education in the European Community

Created in 1976 and operational from 1980, Eurydice provides an exchange of information on education systems and policies in the Community and supports Community cooperation in the field of education. With a European unit in Brussels and national units in each Member State, the network carries out surveys and comparative analyses and disseminates information throughout the Community.

For the period 1995-98 it is proposed that all the existing Task Force programmes are rationalized under two main action lines: actions relating to universities/higher education and schools, and actions relating to training and qualifications.

## INDUSTRIAL RELATIONS AND SOCIAL DIALOGUE

### ● European Observatory of Industrial Relations

The Observatory identifies and records the most significant instances of collective bargaining and agreements in Member States. This information is processed, analysed and published from the central-system database in Brussels, and provides regular general, as well as specialized, data sheets and statistics on industrial relations.

## EMPLOYMENT AND LABOUR MARKET

### ● The Employment Observatory

comprises four networks of correspondents and their attendant publications:

#### ● MISEP – Mutual information system on employment policies

Set up in 1982 and composed of government experts, MISEP aims to gather, synthesize, translate and disseminate information available in the Member States on employment policies, thus providing an aid to the national ministries responsible for employment measures in their daily decision-making. MISEP publishes the Employment Observatory bulletin on Policies.

#### ● System – European system of documentation on employment

Set up in 1990, System is designed to collect, analyse, synthesize and disseminate information on studies, reports, documents, etc., available in the Member States on employment trends. It comprises a network of independent national experts, an analysis unit and an information department, and publishes the Observatory series on Trends.

#### ● NEC – Network of employment coordinators

Composed of officials from the employment administrations of the Member States, NEC was set up in 1989 to promote discussion and dialogue at Community and national level on certain employment-related themes chosen by the Commission in consultation with Member States and the social partners (in 1991, the theme was employment in the textile sector). The results of these studies are published annually as the Research papers.

#### ● Central and Eastern Europe

The Central and Eastern Europe bulletin, a new addition to the Employment Observatory, contains regular reviews of employment in the countries of Central and Eastern Europe. It aims to present up-to-date information on labour market and social conditions and contains the latest statistical labour market indicators

and analytical articles on employment developments in the six countries currently covered: Bulgaria, the Czech Republic, Slovakia, Hungary, Poland and Romania.

### ● ERGO

Community action programme for the long-term unemployed

ERGO aims to organize dialogue, cooperation and the exchange of information between partners at local, regional, national and Community level in order to identify effective measures to combat long-term unemployment and labour market exclusion in general. There are two administrative bodies, one responsible for action, such as the part-funding of innovative pilot projects, and the other for assessment. Phase II (1993-96) has an annual budget of ECU 1 million.

### ● SPEC

Support programme for employment creation

SPEC aims to provide technical and financial support for innovative regional or local employment creation projects, with a view to accommodating structural changes on the labour market, particularly in connection with the completion of the internal market. Priority is also given to regions facing employment problems which are given priority under Objectives 1, 2 and 5b of the Structural Funds and frontier regions where projects involve transfrontier cooperation. Funding is given in three-year periods. The programme's budget for 1993 is ECU 1.2 million.

### ● LEDA

Local employment development action

Now in its third phase (1993-96), this action-research programme was launched in 1986 to identify successful strategies in combating unemployment through exploiting local development potential, to disseminate this information throughout the Community, and to offer support in the form of advice and technical assistance. Both Commission experts and locally-active participants contribute to the development of the programme. LEDA's annual budget is ECU 2 million.

### ● Integration or reintegration of offenders

In 1993 ECU 1.5 million has been allocated for support of development work on integrating or reintegrating offenders into the labour market. Research, development and evaluation of policies and practice in Member States aim: to improve present appro-

aches, to lead to a better understanding of the problem and to raise the profile of the issue. Encouragement and funding will be provided to governmental and non-governmental organizations carrying out this work.

### ● EURES

European employment services

The legal basis for the EURES project is provided by Regulation (EEC) No 1612/68, underpinned by Articles 48 and 49 of the Treaty of Rome. This is amended by Regulation (EEC) No 2434/921 of July 1992.

The EURES project (European employment services) is a close partnership between the Commission of the European Communities (Directorate-General V – Employment) and the public employment services of the Member States. The project seeks to provide detailed information concerning job vacancies, job applications, and general information on living and working conditions and the labour market – to assist individuals looking for work in another Member State and employers seeking to recruit at European level.

To facilitate access to such information, there is already a network of 100 'Euroadvisers' across the Community, with a further 120 to be trained in 1993. By September 1993, Euroadvisers will be linked together by an electronic mail system, as well as having access to information databases. Computerized exchange job vacancies will become a reality in April 1994.

## **EUROPEAN COAL AND STEEL COMMUNITY READAPTATION AND SOCIAL ASPECTS OF IRON AND STEEL POLICIES**

Article 56 of the ECSC Treaty provides the legal basis for the granting of ECSC readaptation aid and establishes the intervention provisions, namely allowances for tideover payments and resettlement grants and the financing of vocational training. Aid is financed by a contribution from the two industries by means of an annual levy on production and is conditional upon the payment of a special contribution by the Member State. ECSC readaptation aid is provided under three forms: traditional aid, the social 'volet' and the Rechar programme.

### ● **Traditional aid**

This is granted to workers in both the coal and steel sectors and is calculated solely on the basis of the bilateral convention. The five standard social accompanying measures financed by ECSC readaptation aid are early retirement, unemployment, internal transfer, external redeployment and vocational training. The budget for traditional aid for 1992 was ECU 170 million.

### ● **The social 'volet'**

This provides supplementary provisions of aid for workers specifically engaged in the steel industry. The 1992 budget was ECU 53 million. From the period 1993-95 onwards, social 'volet' aid will provide financial assistance for unemployment as well as the early retirement and redeployment measures of the last programme. It is proposed to set average ceilings for assistance at ECU 5 000 for early retirement, ECU 4 000 for redeployment and ECU 2 000 for unemployment.

### ● **Rechar**

This brings together finance from the Structural Funds and other financial instruments (ERDF, ESF, EIB, ECSC) to help the economic conversion of those coal-mining areas worst affected by industrial decline. Under Rechar (presently 1990-93) the ECSC provides readaptation aid towards four measures: early retirement, 'traditional' vocational training, pre-training and redeployment. Rechar's 1992 budget was ECU 50 million.

## **EQUAL OPPORTUNITIES**

### ● **Third programme on equal opportunities**

The third medium-term Community action programme on equal opportunities for women and men (1991-95) has as its goal the creation of circumstances in which women can participate fully in the labour market and maximize their contribution to economic and social life. It has three basic aims: to improve the implementation of existing legal provisions; to promote the integration of women in the labour market; and to improve the status of women in society. The Member States are asked to achieve the following objectives: raise the level of awareness about legal rights and obligations; develop specific measures for equal opportunities for women and men, and promote women's entrepreneurship and LEIs; improve the quality of women's employment by maximizing their potential; reduce barriers to women's access to, and participation in, employment by reconciling the family and occupational responsibilities of women and men; develop innovative programmes presenting a complete, realistic picture of women in society; encourage measures designed to promote the participation of women in the decision-making process in public, economic and social life.

### ● **LEI**

Local employment initiatives for women

Originating in 1984, LEI provides financial aid for the creation by women of initiatives such as cooperatives and SMEs which create at least two full-time jobs for women. As well as such grants, information and advice is also provided in cooperation with local and national institutions, women's groups, chambers of commerce and local and regional development agencies. A European network has been set up to provide help to initiatives for women in the employment field.

### ● **IRIS**

European network of vocational training projects for women

With a coordination office in Brussels and a network of over 450 projects throughout the Community, IRIS provides a network of innovative experiences in the field of vocational training for women in order to facilitate their access to jobs of the future or where women are under-represented.

Six other networks are made up of representatives and/or experts from Member States:

### ● Network on the application of the equality directives

This identifies specific problems such as burden of proof, indirect discrimination, the notion of equal value, etc. Is also preparing a legal encyclopaedia which brings together national and Community jurisprudence and law concerning equal opportunities for men and women.

### ● Network on the position of women in the labour market

This aims to analyse the obstacles, problems and challenges confronting women in the area of employment. The third action programme on equal opportunities has identified three main areas of research: the participation of women in the labour market; the value of women's work and, in general, the quality of their employment; the identification of obstacles to the integration of women in the labour market and, in particular, the division of work and family life.

### ● Network on women in decision-making

This aims to encourage women's participation in decision-making at all levels, one of the two action 'volets' to improve the status of women in society.

### ● Steering Committee for Equal Opportunities in Broadcasting

Since 1986 the Committee has worked to promote women's employment in television and radio throughout the Community because of the influence of the media industry on public opinion.

### ● Network on child care and other measures to reconcile work and family responsibilities

Responsible for bringing together and evaluating information on child-care services, and for making people aware of the importance of child care and other measures to reconcile work and family responsibilities.

### ● Working group for equal opportunities at school

Has several goals, including the diversification of choice of profession amongst boys and girls at school and the removal of stereotypes present in teaching material.

## SOCIAL SECURITY, SOCIAL PROTECTION AND LIVING CONDITIONS

### SOCIAL SECURITY AND SOCIAL ACTION PROGRAMMES

#### ● Missoc

Mutual information system on social protection in the Member States of the Community

The Missoc network relating to social protection in the Community was launched in 1990 to promote exchanges of information on social protection systems and policies in Member States. It is composed of government experts who produce regular tables of statistics accompanied by an annual analysis of trends and developments in the field of social security.

#### ● Poverty III

A medium-term Community action programme concerning the social and economic integration of the socially and economically less-privileged groups in society

Poverty III (1989-94) aims to produce pilot projects involving preventive and corrective measures to combat social exclusion in Europe. Funding is given to such projects, to innovative measures designed to develop original ways of providing assistance, and to studies of and research into marginalization processes. Information is disseminated through monthly information letters, the *Magazine*, and an annual report and a directory of projects. The programme is run by DG V with the assistance of a central management and organization unit, a network of nine research and development units covering all Member States, and an Advisory committee composed of national government representatives.

#### ● The European Observatory of National Family Policies

Set up in 1989, the Observatory is composed of 12 independent experts, each specializing in a particular field (e.g. sociologists, lawyers) who, on the basis of information collected, submit national reports on family policy developments. From these reports an annual report is compiled providing an analysis of trends and developments. Comparative tables on specific themes are also drawn up.

### ● Observatory on National Policies to Combat Social Exclusion

Created in 1990, the Observatory is charged with studying the efforts of the public authorities within each Member State to combat exclusion: the efforts which they make themselves and those which they delegate to non-governmental institutions. It produces an annual report, prepared by the members of the Observatory (an independent expert from each Member State), which collects, analyses and presents quantitative and qualitative information on social exclusion. The 1991 report examined sectoral policies (health, living conditions, training, education, employment, etc.) and general policies conducted in the field of social exclusion.

### ● Observatory on Ageing and Older People

The Observatory was established in 1991 to analyse the impact of social and economic policies on older people throughout the European Community, concentrating on four principal areas: living standards and way of life, employment and the labour market, health and social care, and the social integration of older people in both formal and informal settings. The Observatory comprises a network of 12 scientific experts, one from each Member State, who collect and analyse extant national data, including official statistics, policy documents, legislation and parliamentary reports, following guidelines established by the coordination team. This team is then responsible for synthesizing the information provided in the national reports and preparing an overview. The first report of June 1991 has been followed by two during 1992.

### ● Community actions for the elderly

This three-year action programme (1991-93) proposes measures to be taken at European level to increase awareness of and supplement efforts at national level to help older people. No legislation is proposed, but exchanges of information and experience and the transfer of know-how and initiatives are encouraged. The Programme has a budget of ECU 13 million spread over the three years and culminates in 1993 with the European Year of Older People and Solidarity between Generations. Studies and analyses have been carried out on the question of ageing and its social and economic repercussions, and awareness-raising campaigns have been mounted. In implementing this programme, the Commission is assisted by three specialized bodies: the Member States are represented within the Advisory Committee; the Observatory on Ageing and Older People; and the Liaison Group which comprises the European non-governmental organizations EURAG, EuroLink Age, FERPA and FIAPA.

## **FREEDOM OF MOVEMENT AND MIGRATION POLICY**

The unit runs a budget of ECU 7 million to promote the integration of migrants, under which some 400 projects submitted by NGOs (e.g. building reception centres and housing for migrants, providing specialist social services, financing anti-racism activities, etc.) are funded.

### ● RIMET – Information network on immigration from third countries

(Réseau d'information sur les migrations des États tiers)

Basic information necessary for closer cooperation as regards national immigration policies is collected through independent experts who report twice a year on new policy undertakings and trends in the Member States as regards immigration and integration of third country nationals.

### ● Network on free movement

Reports on the EC free movement of Community workers; members of this network (one national expert for each Member State) produce a report and meet yearly. The purpose of these reports is to assist the Commission in its task of monitoring the transposition and implementation of Community legislation, both by national courts and, especially, by local, regional or national authorities. The experts may be requested to provide information on specific points whenever the Commission needs it urgently (parliamentary petition or question).

### ● Elaine

European local authorities information network on ethnic minorities

The first contact migrants usually have with a host country is not with the central governmental but with city authorities. Therefore, this network sets up cooperation and information exchange between local authorities dealing with migrants at practical levels. The Commission provides core funding of ECU 250 000, which is complemented by member city contributions.

## **SOCIAL SECURITY FOR MIGRANT WORKERS**

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### ● **Compendium of Community Provisions on Social Security**

This is updated and published by the unit every two or three years. The Compendium is sent to specific representatives on certain committees and is also on sale to the general public. It provides details of regulations, information on court cases, etc.

## **MEASURES FOR THE DISABLED**

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### ● **Helios II**

Handicapped people in the European Community living independently in an open society

The second Helios programme (1992-96) concerning people with disabilities aims to continue, extend and expand the activities of the first programme: exchange of information and experience; conferences, seminars, working groups, study visits and training courses; provision of practical information on technical aids for disabled people using the Handynet computerized database; support for participation of disabled people in Community programmes and initiatives relating to training, new technologies, youth mobility and exchanges. The programme covers functional rehabilitation, educational integration, vocational training, employment rehabilitation, economic and social integration and an independent way of life. Those involved include not only handicapped people and their organizations, but also public authorities, the social partners, and the public at large.

## **EUROPEAN SOCIAL FUND**

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See Annex III.

### ● **Euroform**

The main objective of the Euroform initiative is to support transnational partnerships in the fields of vocational training and employment creation in response to the challenge posed by the completion of the internal market and technological change. It promotes convergence of professional skills in the Community, as well as the vocational and geographical mobility of workers. Eligible for part-financing are transnational partnerships between administrations or public or private bodies responsible for vocational training and promotion of employment, and consortia aiming to prepare, programme and implement training and

employment measures at regional, local, sectoral or technological level. The total contribution from the Structural Funds during the period 1990-93 is estimated at ECU 302 million.

### ● **NOW**

New opportunities for women

This Community initiative provides funding for transnational action programmes in the areas of vocational training and promotion of employment for women. The following measures are eligible: training and financial assistance for women setting up small businesses and cooperatives; advice and guidance for women returning to work following long-term unemployment or a career break, vocational training and employment promotion; complementary measures to develop child-care facilities and technical assistance financed to increase the effectiveness of other actions. The contribution from the Structural Funds, the main contributor being the ESF, over the period 1990-93 is estimated at ECU 153 million.

### ● **Horizon**

This Community initiative provides aid to improve the conditions of access to the labour market and the competitive skills of handicapped persons, as well as gaining a better understanding of the problems of long-term unemployment and the deterioration in the socioeconomic situation of certain population groups. The principal eligible measures are: transnational actions involving exchanges of training programmes, trainers or trainees; pilot projects involving the provision of guidance and counselling, vocational training, the exchange of persons involved in the social integration of disadvantaged persons, measures to combat problems of language, aids to recruitment and business creation, and the setting-up of places of transit for multiple and collective use by persons forced to adapt quickly to completely new socioeconomic situations. The total contribution from the Structural Funds during the period 1990-93 is estimated at ECU 305 million.

## **HEALTH AND SAFETY**

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### **PUBLIC HEALTH**

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#### ● **Europe against cancer**

This second action plan (1990-94), to develop information on the causes of cancer and possible methods of prevention and treatment, comprises 40 actions largely based on those in the original programme and which concern four areas: prevention, information and health education, training of health-care workers and research. With respect to cancer prevention, in addition to continuing legislative action, the strategy is designed to support and implement measures to enhance public awareness at European and national level. The programme is implemented by the Commission, in close coordination with the competent authorities in the Member States and with the assistance of an advisory committee. The Community contribution amounts to ECU 50 million.

#### ● **Europe against AIDS**

Following a Council Decision adopted in 1991, the action programme Europe against AIDS was launched to run from 1991 to 1993 with the assistance of an advisory committee composed of representatives of Member States and chaired by the representative of the Commission. The Committee's duties include the examination of projects and measures involving cofinancing from public funds and the coordination, at national level, of projects partly financed by NGOs. The programme concentrates on four main areas in the field of AIDS prevention: the promotion of information, health education, research and international cooperation. The Community contribution for 1992 was ECU 2.5 million and for 1993 is ECU 8.3 million.

#### ● **European plan to combat drugs**

Objective: to monitor the actions carried out at Community level with a view to reducing the demand for drugs, identifying the

most urgent measures and specifying the most appropriate information to be provided by the Member States.

Five priority areas and accompanying actions were chosen for 1992-93: primary and secondary prevention and rehabilitation (support for pilot projects under a local initiative framework; studies and promotion of types of treatment and of rehabilitation); information (analysis of campaigns, exchange of information and experience concerning information of the general public; promotion of different methods of informing drug addicts; evaluation of the awareness and knowledge of the general public and the target audience); education (exchanges of information and experience and pilot projects to promote youth health education at school, in the community and within the family); vocational training and best practices; research and coordination (gathering of statistics; identification of problems of analysis; coordination with other actions and policies concerning drug-related issues).

### **SAFETY AT WORK**

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#### ● **Third action programme concerning safety, hygiene and health at work**

Continuing from its programmes launched in 1978 and 1984, on the basis of Articles 117 and 118 of the EEC Treaty concerning social policy and Article 118a of the Single Act concerning the improvement of health and safety at work, the Commission drew up a Third programme in 1988. The programme concentrates chiefly on five subjects: safety and ergonomics at work (including safety in the high-risk sectors of agriculture, construction and work at sea); occupational health and hygiene; information and training; initiatives specifically directed at small and medium-sized enterprises; social dialogue. These areas were also targeted by the 1992 European Year of Safety, Hygiene and Health Protection at Work which sponsored a series of projects aimed to promote awareness among the general public and the working population of all the measures being taken by the Community.

European Communities – Commission

**Green Paper – European social policy**

Options for the Union

Luxembourg: Office for Official Publications of the European Communities

1993 – 108 pp. – 21 x 29.7 cm

ISBN 92-826-6897-5

Catalogue number: CE-81-93-292-EN-C