

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

© ECSC-EEC-EAEC, Brussels • Luxembourg, 1993

Reproduction is authorized, except for commercial purposes, provided the source is acknowledged.

*Printed in Germany*

# CONTENTS

Introduction – The purpose of the Green Paper .....	6
I — Achievements of the Community social dimension .....	9
A.    Legal attainments or <i>acquis</i> .....	9
B.    The Community Charter of the Fundamental Social Rights of Workers and the action programme .....	10
C.    Financial support .....	10
D.    Cooperation, mobilization, exchanges .....	11
E.    Social dialogue: A consensus approach to social policy .....	12
F.    Conclusion.....	12
II — The social challenges for Europe .....	13
A.    Europe in the world.....	13
B.    What sort of a society do Europeans want? .....	14
C.    Is there a route back to full employment? .....	17
1.    The challenge of technological and structural change .....	17
2.    The employment policy tripod .....	18
3.    The role of work in society.....	19
D.    A new role for the welfare State?.....	19
1.    Social exclusion .....	20
2.    Social policies to integrate people into society .....	21
3.    A demographic transformation.....	22
E.    Issues of social justice and equality of opportunity .....	22
1.    Education cannot do it alone .....	23
2.    The workplace as the new frontier.....	23
3.    Intergenerational inequalities.....	23
4.    Citizenship and workers' rights.....	24
F.    Women's rights and opportunities .....	24
G.    The opportunities and limitations of internationalization and globalism .....	26
1.    The need for social ground rules .....	26
2.    The implications for Europe.....	27
H.    The changing nature of production .....	27
1.    Where Europe stands .....	28
2.    The new balance between macroeconomic and structural policies .....	28
3.    The interdependence between physical and 'intangible' capital .....	28

4.	The obsolescence of human capital.....	28
5.	Creativity within enterprises .....	29
6.	Job creation and entrepreneurship .....	29
7.	The role of services .....	29
8.	Quality of output, quality of work and quality of life.....	31
9.	The urban/rural balance.....	31
I.	Where the challenges lie – A summary .....	32
III —	European Union – Possible responses to the challenges.....	33
A.	Democracy and social policy: A medium-term strategy .....	33
B.	Priority issues common to the Member States: Promoting the convergence of social policies.....	34
1.	Improving the employment situation .....	35
2.	Accelerating progress towards a quality-based production system.....	38
(a)	Human resource development.....	39
(b)	Labour standards and working conditions .....	40
(c)	Redefining labour market adaptability .....	41
(d)	Measures to accompany a quality-based production system .....	42
3.	Stimulating solidarity and integration.....	43
(a)	Convergence of social policies .....	43
(b)	The fight against poverty and exclusion: Prevention and rehabilitation.....	44
(c)	Youth opportunities and risks .....	45
(d)	The economic and social role of the elderly.....	46
(e)	Equal opportunities for third – country immigrants .....	46
(f)	The integration of disabled people .....	48
(g)	The fight against racism and xenophobia .....	49
(h)	Social policies and rural development.....	49
C.	Main policy objectives at European level .....	49
1.	The single market and the free movement of people.....	51
2.	Promoting equal opportunities for women and men in a changing European society .....	55
3.	The social transition to economic and monetary union .....	58
4.	Issues of social standards .....	59
(a)	Common minimum standards relating to working conditions and labour law .....	59
(b)	Social standards within Europe.....	60
(c)	Adjustment assistance .....	61

5.	Reinforcing the social dialogue .....	61
	(a) Strengthening the architecture and functioning of the social dialogue.....	62
	(b) The issue of pan-European collective bargaining .....	63
	(c) The changing industrial relations agenda .....	63
6.	Health matters.....	65
	(a) Health and safety at work .....	65
	(b) Public health .....	65
7.	Economic and social cohesion: The role of the European Social Fund .....	66
	(a) Tackling the diverse needs of the unemployed and those excluded from the labour market .....	67
	(b) Adapting the workforce to the new challenges .....	67
	(c) Strengthening initial training/education and research, science and technology (RST) systems.....	67
	(d) A partnership approach.....	68
	(e) Concentrating on the areas of greatest need.....	68
8.	International aspects .....	69
	(a) Minimum international labour standards.....	69
	(b) The EFTA candidates .....	70
	(c) Central and East European countries (CEEC).....	70
9.	Democratizing the process of social change and constructing a people's Europe .....	71
IV — Conclusion .....		73
V — Listing of questions .....		74
 Annexes		
I —	Summary analysis of external contributions to the Green Paper on the future of European social policy .....	80
II —	List of legislation (non-exhaustive) .....	87
III —	Status of initiatives in the action programme to implement the 1989 Social Charter .....	94
IV —	European social dialogue .....	100
V —	Programmes, networks and observatories .....	101

# INTRODUCTION – THE PURPOSE OF THE GREEN PAPER



Photo: © CEC

*Pádraig Flynn,  
Member of the Commission,  
responsible for Social Affairs  
and Employment*

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.

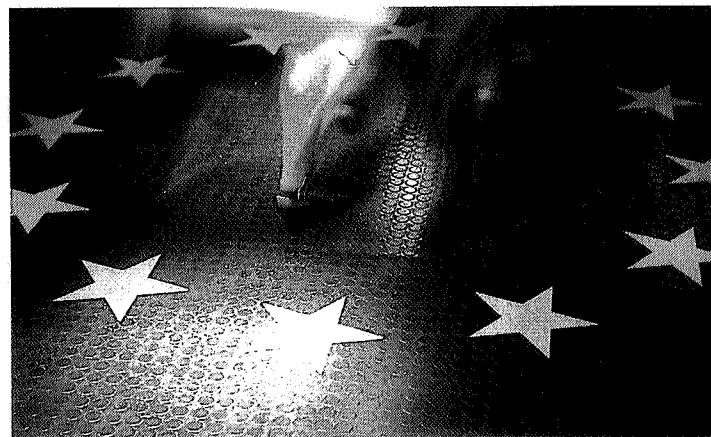
Part I sets out what the Community has already achieved in the social sphere. Part II looks at the social challenges now facing us all. It examines the risks of declining social cohesion in Europe and the threats to important common goals such as social protection, solidarity and high levels of employment. 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.

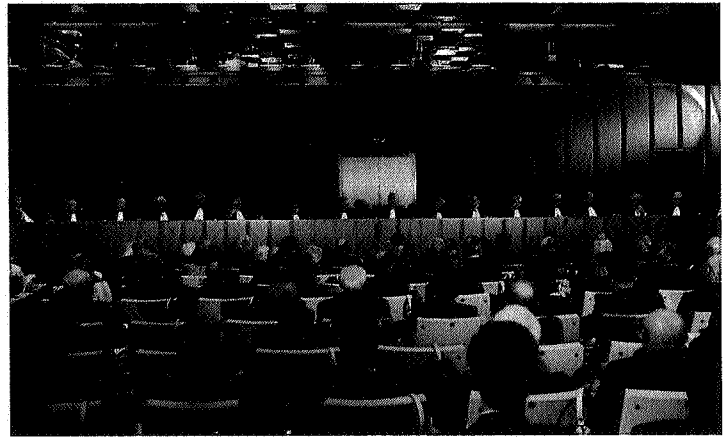


Photo: © CEC

*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-

