

Reports n° 5

**TRENDS IN COLLECTIVE AND PRIVATE REQUIREMENTS
IN EUROPEAN SOCIETY,
AND THEIR IMPLICATIONS FOR INDUSTRY**

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"INDUSTRY AND SOCIETY IN THE
EUROPEAN COMMUNITY"

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TRENDS IN COMMUNAL AND PRIVATE REQUIREMENTS

IN EUROPEAN SOCIETY, AND THEIR IMPLICATIONS FOR INDUSTRY

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COMMISSION OF THE EUROPEAN COMMUNITIES
VENICE - 1972

THE EVOLUTION OF PRIVATE AND COLLECTIVE
NEEDS IN EUROPEAN SOCIETY :

OPTIONS FOR THE FUTURE WITH THE CONSEQUENT PROSPECTS
FOR INDUSTRY

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In all the big industrial countries, the increase in collective needs is one of the major lines of force in economic development over recent years.

Although the reality of this phenomenon is incontestable, the expression " collective needs " seems hazy even ambiguous and in our introduction to this report we must try to outline the area we are considering within the economic, social and political context of European society today.

Implicit in the title of our report is a necessary definition of collective needs as opposed to private needs. This contradistinction seems to have asserted itself over the last decade and is taking its place with the basic truths, which shape collective attitudes.

Now this contrasted image of man's needs tends to mask the complementary aspects or more precisely the interdependence between the particular needs of the individual and those which match up with the common aspirations of a whole society or a group of individuals. It seems necessary to stress the fact, that private needs and collective needs reciprocally provoke each others appearance and desire for satisfaction.

The spread of the motor car, generating a collective pressure on the development of highway infrastructure, is obviously highly characteristic of this interdependence of the two types of need. Opposite processes although less

discernible are none the less just as precise. As an example, the rapid rise in the general level of instruction over the last twenty years is a phenomenon, which can be regarded as a part of the domain of collective needs. It has inspired a flourishing demand for cultural goods and services, a type of need, whichn as we see it, cannot be assimilated with a collective need and which derives more from an original and personalized need by the individual.

It thus seems, that the concept of a dichotomus structure of needs cannot be retained as a basic charactéristisch; on the contrary, the phenomenon of the evolution of collective needs is complex and cannot be analysed in isolation.

As a corollary to the contrast generally allowed between collective and private needs, a distinction has been made between needs expressed and satisfied by the market and those which miss the play of the market and depend for their satisfaction largely on the efforts and responsibility of the public authorities by means of total or partial financing out of public funds.

This distinction is to som extent a real one; the market economy system, such as we see working in Europe (or the U.S.A.) is not slanted towards the satisfaction of collective needs. Some collective needs are inadequately expressed by the market and private enterprise faced with a mandate for profitability is focussed on the solvent needs of the consumer, such as they appear, effectively or potentially, through the market.

However, we think it necessary to underline the limits of this distinction between private and collective needs.

First of all, from the standpoint under discussion, the situation in each of the different Mamber States of the EEC is not exactly the same : some kinds of need satisfied in one country by definitive action on the part of the public authorities, are met in another essentially by private initiative or by a mixed recipe between the public and private sectors; there is therefore no rigid rule.

Even if we leave aside the sharpest contrasts, we can still see in the case of some prime collective needs, very deep-seated differences in terms of the rôle of the public authorities. The solutions adopted in Great Britain and France concerning health are not comparable. The National Health Service in England is entirely financed by the State budget and supplies free services for the whole population. The system of Social Security in France, which does not exclude private medicine is fed by subscriptions from employers and insurees and in a small way by the State. In many cases, its services are neither entirely free nor paid directly by the Funds (Caisses) of this organization. The table below points up the diversities between the six EEC countries.

Country	Subscriptions				Share of the public authorities		Miscellaneous	
	Insurees		Employers		1962	1968	1962	1968
	1962	1968	1962	1968				
Belgium	23	23	51	50	20	22	6	5
Germany	29	31	53	49	15	17	3	3
France	22	22	70	69	7	7	1	2
Italy	14	17	73	66	8	11	5	6
Luxembourg	20	23	48	40	22	28	10	9
Netherlands	37	39	44	46	9	6	10	9

Elsewhere, in areas where public funds ensure total financial support, in some collective installations for example, we can note according to the country that the

responsability for decisions and the management of budgets are found at more or less centralised levels. In this respect, the importance of the part played by local administrations in Federal Germany contrasts with the highly centralised system in France. As we see it this is not a simple administrative variation, but a difference in the actual expression of collective needs and the means of satisfying them : within the compass of the German administrative organization, the needs for collective installations are grasped much more directly and responsibility is carried out in a less diffused way than in the French system.

Some aims, relatively recent, but which are making themselves felt in the mass of European society are broadly out of line with a definition of collective needs based on the criterium of public initiative and finance. We are thinking here for example of the re-evaluation of manual work in industry or in more general terms, the development of men in the big companies. Here it is obvious that the joint responsibilities of all the social partners are on trial and at the top of the list the responsibilities of those running the business.

Although it seems acceptable to maintain pragmatically a distinction between collective and private needs based on the fact that the satisfaction of collective needs misses the play of the market and often involves public finance total or partial, we must stress that this is a convention, which does not fit closely with reality and which masks divergent conditions.

Moreover, the motive idea behind thinking for the future, is, in our opinion, that of constant change in collective needs, which bars any rigid and static definition.

We want to stress here that the substance of collective needs is closely tied to the level of development of a society and from a twofold standpoint.

Firstly, economic development is accompanied by a continual extension of the specific collective needs of industrial and urban civilization, from the basic infrastructures as far as preservation of the environment.

Secondly, in parallel with the progress of economic development, the overall rise in the standard of living modifies what may be called the "system of values" of a society. This basic phenomenon transforms the range of collective needs : new needs appears, others lose their edge. As an example, the sympathy expressed towards the most underfavoured, or in more general terms the quest for less inequality of opportunity has materialized as a collective need of advanced societies, in proportion to the rise in the standard of living.

These general remarks on the evolution and complexities of the concept of collective needs lead us to limit our analysis to the current situation and to explore the relatively near future i.e. ten to fifteen years ahead, whilst taking care not to suggest rigid solutions, in the light of todays problems, which would mortgage the future.

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SOME BASIC HYPOTHESES

The evolution of collective needs and "future options" can only be studied within some basic hypotheses relative to the main trends of economic development in European society.

The first of these hypotheses concerns maintaining an objective of relatively rapid growth, this being considered as a preferential means of ensuring the rise in the standard of living.

We are not excluding the fact, that the system of values underlying this objective of rapid economic growth namely dynamism, technical progress, creation of wealth etc. will fade out in time. But this alternative does not seem to have to be retained on the horizon ten years hence. This being the case we shall strongly underline the fact, that the problems raised as the penalties of growth now and henceforward, and this discussion proves it, will progressively blur the very rhythm of growth. Again the current measuring instruments for economic growth will become less and less adequate and in this respect very great attention must be paid to the efforts now under way in various countries and at Community level to rejuvenate the concepts of National Exchequer : behind a question of technique there lies in reality an ethical problem, which can be summarized in a basic question : how do we quantify social progress ?

In full knowledge of the inadequacy of our measuring instruments and their total incapacity of grasping the negative effects of growth, it is worth while recalling some of the proportions of economic development since

the development of the Common Market. Over the years 1968 - 1969 the growth in the gross national product for the whole is at a rate of 70 %, which corresponds to about 55 % per head of population; over the same period private consumption swelled by more than 65 %, more than 50 % per head.

In the hypothesis which we are following, namely pursuit of rapid economic growth which will have to be gauged by completely modernized instruments, we must stress the permanence of the needs of private consumption. As an example, let us recall the prospects offered by the efforts in France at the time of preparation of the Sixth Plan and review its most characteristic features.

Over a period of twenty years from 1965 - 1985, the basic hypothesis is for a rate of annual growth in expenditure on private consumption of 5 %, about 1/2 % below the growth rate for the gross internal product, which means that this expenditure is multiplied by 2.6.

In this aggregate the share of foodstuff expenditure decreases appreciably with, however, a relative increase in "quality" or speciality products : the co-efficient of multiplication for the period 1965 - 1975 is 1.58.

Among the non-foodstuff items of consumption, the weakest factor of growth is in clothing with a co-efficient of multiplication of 2.4.

Housing and household equipment expenditure rise more rapidly than the average, multiplying by 2.9.

The growth in cultural and leisure expenditure is also above the average - multiplied by 3.5.

May we point out that in certain sectors, where the satisfaction of needs involves a mixture of private and public finance, high growth rates are found.

This is so for expenditure on hygiene and health, where the co-efficient of multiplication for 1965 - 1985 is 4.8 and also true for transport and telecommunications with a co-efficient of 4.7.

A second hypothesis concerns continuing movement in industrialization. We think, that in all Member States of the Community, industrialization policy will always be relatively prominent.

Here we should recall briefly the role of industry in social and economic development. Industrialization is not an end in itself but a means of attaining a certain number of economic, social and political objectives. It is mainly via industry that present day advances embodied in the development of science and technique emerge as economic progress. Another point is that the industry of each European country is exposed to international competition. The interplay of these two factors over all industrial activity exerts a constant pressure expressed by marked progress in productivity and by a relatively moderate evolution of prices.

We may also note that the share of public receipts coming in from industry is higher than the share of industry in the national product.

Industrial development can thus contribute in releasing additional financial means to meet collective needs, quite apart from any increase in global fiscal pressure.

We must also stress the decisive role played by industry in attenuating disparities between regions and in generating opportunities for employment in response to the demands of competitiveness.

Faced with an objective of economic and social progress, we do not feel that there are any alternatives. Industrial development is the only way. The problem is to channel this development so that it will be more closely adapted to the deeply felt hopes of today's society and enable us to preserve the framework of life and the natural wealth of tomorrow's society.

Our third hypothesis concerns the basis of the economic system of Europe as a whole.

We shall look at this situation within the framework of maintaining the present competitive economic system. We want to stress here that the control of competition is inseparable from the proper procedures of a market economy. If competition is to remain as the open rivalry, which is an irreplaceable factor in emulation and progress, experience constantly shows anarchy in competition can eventually destroy wealth and generate social and political unrest both within and between states. We must therefore emphasize the importance of the problems involved in the control of competition at the overall European level.

Beside these general hypotheses, which try to place within a firm outline the problems posed by the rise in collective needs, it seems to us that the "future options" can only be defined under certain constraints of economic development and that they should respect two particular requirements.

The first is to reject any formula which heightens the factors of inflation. We mean here that it does not seem acceptable to suggest choices, which will implicitly involve acceptance of a chronic policy of budgetary deficits for the sake of financing collective and social installations or transfer expenditure.

The second constraint concerns the level of overall fiscal pressure. In our view, to heighten fiscal pressure, as a means of expanding financial resources for the satisfaction of collective needs, is a solution likely in the medium term to be largely ineffective.

Certainly in the short term the heightening of fiscal pressure can release additional resources to finance installation, running and transfer expenditure. However, experience proves, that beyond a certain threshold level, which has nearly been reached today in most European countries, fiscal pressure dampens the initiative behind the dynamism of the economy or leads to fraudulent action, which it is difficult to combat effectively.

As a constraint, we shall establish then that the overall fiscal pressure be maintained at a level near today's, stressing that this in no way precludes internal adjustments in the various types of taxation in proportion to the objectives to be attained for a

fuller satisfaction of certain collective needs. These adjustments bring in political choices; these will have to be made within the range of a necessary reconciliation of taxation systems between the Member States of the EEC.

It therefore seems desirable that the next medium term programme of the Community should include some mutual deliberations on the distribution of fiscal levies and the part they might play in the satisfaction of collective needs. Such mutual thinking would allow comparison of experience between each country and the formulation of some common guidelines.

To complete this rapid analysis of our hypotheses, representing the outline of our study, we will emphasize one central idea : the continuation of European construction.

In this respect we think that European construction pre-supposes some agreement with the preceding theories. This point certainly deserves thorough consideration and it must be quite clear that the different individual nature of each country facing the problems in question represents a source of mutual enrichment. However, it is difficult to conceive or imagine progress in European unity if serious divergences appear in the economic system in question or in industrialization policy, if the harmonization of the various taxation systems runs up against generally irreconcilable conditions, and if there does not exist a certain identity of attitude towards the problem of inflation.

Therefore in keeping with the hypothesis of continuing progress towards European unity, we shall emphasize the fact that exchanges between members of

the Common Market will extend to new areas and involve not only capital but also men. In this respect the next medium term policy programme of the Community should give preferential treatment to the study of problems posed by the rise in collective needs, a study which we see in terms of a detailed comparison of the existing conditions in the different Member States. This supposes that specific studies will be implemented and developed, which will overload the staff of the National Exchequer, which is not prepared for the problems in question.

This conference forms the point of departure for this thought which cannot help but crystallize around a central option : of guiding economic development towards a fuller satisfaction of collective needs.

For convenience of analysis, we retain as collective needs, those whose satisfaction misses the play of supply and demand on the market and involves in many cases total or partial public financing and we shall try to bring out some of the lines of force in the present situation and anticipated developments within ten to fifteen years.

In the immense range of collective needs, as understood today, we can distinguish several categories of needs with appreciably different development.

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THE PERMANENCE OF TRADITIONAL COLLECTIVE NEEDS

A first category concerns the traditional collective needs, characteristic of any organized society : national defence, public law and order, safety of the citizen, justice ...

In this field development is closely bound up with the society's system of values, whose importance we stressed earlier. As an example, the problem of law and order and repressive justice during recent times has assumed new dimensions, which reflect the changes in the collective conscience of society.

The political choices made in certain sectors, such as National Defense have obviously had very direct economic consequences.

However we will not deal there with this portion of collective needs, which concerns the sphere of politics and ethics. We shall simply underline the permanence of these needs : defense, law and order, safety are all inherent in any form of social life anywhere, at any time and the nature of the substance of these needs changes in relation to the moral, social and political context. It is quite clear, that options taken regarding this class of collective needs will make a decisive contribution to shaping European society.

THE OUTLINE OF LIFE IN INDUSTRIAL AND URBAN SOCIETY

A second category of collective needs covers those which are bred from the increasingly rapid technological changes and by industrial and urban society.

Here we are dealing with infrastructure of all kinds mainly transport and telecommunications; urban developments and localization of workplaces; regional balance; the campaign against the harmful effects generated by industrial production and consumption; the protection of the environment and our cultural and artistic heritage.

This mass of collective needs involved in the development of industrial and urban society corresponds with a range of new scarcities and shortages more or less acute according to the sector or country. Analysis of this evolution shows a distinct degradation of life there with an interplay of the costs and negative effects of concentration and technical progress, namely pollution, noise, destruction of sites, increased time and expense in getting from home to work.

The policy on regional balance and the problems set by the protection of the environment, the preservation of natural wealth and the campaign against industrial "nuisance" are the subjects of special reports. It is not our place to tackle these matters in depth. We would like to make a general remark, however, regarding the problem of pollution and industrial nuisance. The necessary reforms in present conditions, which will inevitably involve financial burdens on businesses, will be all the more rapidly made, if international agreements either comprehensive or at the level of the main lines of activity, equate the obligations of enterprises. The co-ordination of the Community programme of policies

for the protection of the natural environment is absolutely necessary to avoid distortions of competition. Such a co-ordination can and must be an aspect of rapid and decisive progress.

Without tackling the specific study of development of transport, telecommunication and urban construction needs, which special reports are dealing with, we arrive at an enquiry into the mechanisms for the expression of demand and the adjustment of supply to demand.

Whether it concerns transport, telecommunication or urban development demand is only too often expressed by serious shortage : so for instance the problem of urban development occurs today in the form of sorting out the congestion in the towns. The collective awareness of the degradation of life in urban society is displayed by pressure of public opinion, combining often contradictory desires and generally expressed with no consideration of costs. The system of financing by means of taxation on investments and public services, in the eyes of those who benefit, breaks the link between satisfaction and cost. In many areas the strength of the need hinges on the low or non-existent price, a concept which leads to distortion of judgement at both the public authority and consumer level and extends the range of needs ad infinitum.

As far as supply born by the public authorities is concerned, one must first of all take note of the inelasticity of resources in relation to demand. Furthermore supply in terms of investments or public services covers either State monopolies or activities largely shielded from competition.

Because of this, arbitrations, already difficult in themselves, escape the constraints of profitability and management as a result of even the smallest charge imposed on them by proper action of competition.

Several lines of research may lead to an improvement in the mechanisms for adapting supply to demand in the field of collective needs which we defined earlier.

On the plane of demand, it seems necessary first to re-establish the factors of choice between the satisfaction of different needs : choice between collective and private needs and choice between the various collective ones. This pre-supposes an effort towards clarification on the plane of costs and prices coupled with a real publicity campaign with regard to public opinion. The campaign should be backed by an effort to sensitize opinion towards tomorrow's problems. We think, that studies on long term outlooks could be implemented mainly within the compass of the EEC to explore a wide gamut of possible future concepts, including by all means even "wildly unacceptable scenarios". The objective here is to provoke collective awareness, up to now scrappy and blurred, of how much is at stake and to stimulate everyone's sense of responsibility.

Moreover, structures should be sought which will allow comparison of the different aims. Consumer associations can play an important part here, but local administrative authorities can also be considered as a standard vehicle for the expression of demand by collective installations and can link the dialogue between opinion and the public authorities. Arbitrations (and management) would, according to cases, have to be made at a more or less decentralized level.

Let us stress here that the rise in collective needs is in itself a factor particularly encouraging to this dialogue, which moreover is in parallel with aspirations, which though still vague are making themselves felt, towards the participation of the citizen in the life of the city.

Concerning supply, there seems to be a need for recreating, in certain spheres, an atmosphere of competition and rivalry. This means that we must question again the gratuitousness or low price of some of the services as a result of public responsibility and finance. In this respect experiments currently running in certain areas, such as the motorways, should be extended to other activities as for example telecommunications. The point is to release the State from certain tasks so that it may devote itself to new needs and at the same time to submit new branches of production to the pressure of the market and also particularize some of the collective expenditure, even if it means subsidizing directly the most underfavoured categories of consumer.

As regards the important problem of public works contracts, the situation should be evaluated realistically. Due to the local nature of work sites, international competition can exist only beyond a certain level, since the contracts of a lower value can interest only the enterprises in a favourable geographical situation. Harmonization at Community level in awarding contracts has therefore economic meaning only if competition can work effectively. Publicity attached to the calls for tender can encourage this competition. But it should be checked, by examining annually public contracts exceeding a certain value, that the proceedings conform with the law in that bids from foreign enterprises have been considered under the same rules as those from national firms.

In the second place, the public supply contracts show the characteristic of being coupled directly with industry and of short-circuiting the controlling mechanisms of commerce. These contracts in consequence represent a body of strategy currently utilized towards ends of general interest, where figure pre-eminently the adjustment of market conditions and industrial policy in the broadest sense. Under these conditions it is neither likely nor desirable the governments let go of this instrument as long as the Community is not politically constituted and is not therefore able to pursue the tasks still presently carried by the States themselves.

In certain sectors and for some supplies, it is not out of the question that the serious objections raised by the current projected directive on the co-ordination of procedures for the award of public supply contracts may be overcome now or be within practical range.

This is why the application of such a directive should be selective and the determination of the sectors where it would be feasible seems to be the first objective to propose to the States. In an initial phase its application could be considered as purely optional.

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THE NEEDS OF MAN IN THIS FUNCTION AS A PRODUCER

A second category of collective needs tied to the rapid development of industrial society concerns man's needs in his function as a producer. We distinguish here two areas. One represents the problems of training and professional mobility and the other represents the problem of revaluation of certain working conditions in industry and in the large enterprise.

On the first point the tripartite Luxembourg conference highlighted the need for a Community policy on employment because of rapid structural changes tied to industrial development. We do not possess the instruments to enable us to make detailed provisions for employment in the medium term, and progress in this field is limited by the rapidity and nature, hard to foresee, of the changes occurring in a relatively fast growing economy. However we can and must overcome some of the deficiencies in our knowledge of the evolution of employment, by trying to fill the gaps in statistics and by comparing the studies being made in each country, which assumes an effort towards co-ordination of concepts and definitions. As an experiment, one could try at Community level to set up forecasts on the evolution of employment in some branches either in relative decline or under strong expansion.

The problem of professional mobility is closely bound up with the problems of training either for youngsters or for adults. The important progress made in this field in a country like France has been in the form of national collective agreements affording to each worker a genuine right to permanent training. Moreover action is underway which may ensure the recycling of those without work. This example among others leads us to stress that measures taken on a national scale should be extended by a Community policy for co-ordinating national private or public initiative :

lengthy training periods for executives and young workers in one or other of the European countries, European institutions for the training of instructors or others sent there.

However the efficacy of policies implemented in this field overloads the scheduled staff and the institutions and largely depends on the development of attitudes.

There seems to be a need for an in-depth drive towards sensitizing opinion to the necessity and advantages of permanent training and "motivating" those who will benefit from it. This action which puts on trial the joint responsibility of all the partners in society should find support among the various teaching bodies.

In connection with increasingly rapid technical and technological progress, the need for a reevaluation of working conditions is asserting itself. This development is especially clearly seen in industrial production, from manual trades to executive and management jobs.

The need for a fuller blossoming of men's potential abilities, in their daily work, will tend to become more prominent in proportion to the satisfaction of private consumer needs and in relation to the rise in the general standard of instruction and quality of professional training. Such justified aims are often thought of as a brake on growth. We think, however, that they represent a factor of renewal, whose importance will keep on growing over the next decade.

The reduction in working hours and the adjustment of retiring age mainly in relation to the strain of certain jobs is an initial partial answer, although they

cannot be considered with no regard for the consequences at the level of the general balance of the economy. Although it is possible and necessary to set medium term Community objectives in this field, the staggering in time for the implementation of these measures hinges on the national context.

The second line of research and action lies within the compass of the enterprise, in terms of a social cell. Here men can and must find the right conditions for their development and in this respect, it must be quite clear, that today there is an enlargement of the responsibilities of the head of the business. We shall stress here the crucial importance of a policy for communication of information to staff to be understood as a means of stimulating a taste for and a sense of responsibility on the part of everyone, no matter what the level of his function in the company. This policy assumes special contours when applied to executives and foremen for it must precede sharing preparation for decision making and delegation of authority.

The revaluation of manual labour is also registered among the growing pre-occupations of the industrial enterprise. The experiments running now in all European countries aimed at checking the disadvantages of intensive mechanization and enriching some of the manual jobs and especially conveyor-belt work, are still only pilot studies which although still undecided signify awareness of the problems. In order to define the mainstreams of desirable and feasible progress over the next six years, a balance sheet on efforts made in this field should be a subject for investigation within the framework of the next medium term economic policy programme of the EEC.

THE REDUCTION OF INEQUALITIES

A fourth category of collective needs corresponds with policies directed towards reduction of inequalities of opportunity and positions. In this field developments reflect the system of moral values of a society, a system which is modified in relation to the overall rise in the standard of living and the scope offered by scientific and technical progress. Here we find on one side : training, health and social security, social housing and on the other : policies to help those categories which remain on the fringe of the advantages conferred by economic growth namely old people, handicapped persons or amongst the most underfavoured the migrant workers and the professional misfits.

It seems also, that although the policies of aid for developing countries comply with very complex motivations, they are not divorced from the rapid rise in the standard of living of European society, which has facilitated a collective awareness of the responsibilities placed on the most affluent nations by the relative poverty of countries under development.

This problem of aid for the developing countries is here the subject of a special report, so we shall

not tackle it here. Moreover, the size of the problems in question makes an exhaustive examination impossible and we shall limit ourselves to proposing some general guidance.

The satisfaction of collective needs in this particular field corresponds with one of the most complex phenomena of economic growth, namely that of redistributing revenue in terms of a combination of choices either moral, political or economic. In the first place the dearth of knowledge in this field must be recognized. We understand the phenomenon of redistribution of revenue in the form of financial flow. We are familiar with its source namely direct and indirect taxation, subscriptions to social security etc. On the other hand we possess only global information concerning the recipients of these redistributed resources and the definition of objectives to be attained as expressed in financial terms within the compass of national programming or multiannual budgets has only a very confined social significance. This lack of knowledge will weigh more and more heavily on choices and arbitrations and we think, that a really high priority should be given to overcoming this problem. Two pivots for research seem obligatory here. It must first be established firmly and precisely who the beneficiaries are in the flow of finance and redistribution of revenue; this initial study is indispensable in order to find measuring gauges for the efficacy of the mechanisms of redistribution. This mass of data must be the subject of widespread information and form the framework, in which the normal and desirable argument will develop between the social partners. This argument must lead to the definition of clear objectives which commit the collective responsibility of the whole of society and are expressed at the level of political choices.

We do not want to minimize the difficulty of such

an effort which is obviously considerable, if only because it brings in non-measurable values and implies a co-ordination of research carried on in several disciplines, especially economics and sociology. Nonetheless it seems to us that only progress in knowledge in this field will enable us to find the answers to the basic question of the end results of growth, which we recalled at the start of this report. Let us stress that in some countries, such as France for example, within the framework of planning, research has already made considerable progress. Close co-ordination of work carried out in the various countries would obviously be stimulating and a factor of rapid progress.

From now on it seems that the technique of Planning Programming and Budgeting, initiated in France under the name of rationalization of budget choices could be more broadly developed. This method is only of partial interest to the collective needs in question here, since it approaches the problems only from the mathematical and economic profitability angle. All the same this aspect of the management of public resources cannot be overlooked. Experience proves that progress in this area runs up against major difficulties namely the rigidity of administrative structures and the training of men, understood in the broad sense of their capability and attitudes. These two difficulties will not be overcome without a certain political will-power which could be stimulated at the European level by a far more systematic comparison of experience and by pooling the means of training men.

Changing needs and options to be taken in the national instruction and education have assumed new proportions

in recent years. Previous criteria of the efficacy of public action, namely the raising of the school leaving age, the admission of greater numbers into the universities have waned in importance, and the education system as a whole is in a state of chronic crisis of clashing ideologies.

The coming of mass education together with demographic developments and the admission of greater numbers to secondary university education has happened at a time when progress in knowledge was accelerating. The result has been considerable upheaval at the level of teaching structures and programmes in contrast with earlier development and thus representing an initial factor of disarray for teachers as for pupils and students.

Moreover although economic growth and the industrial society wield a positive influence on the education system by offering a wider choice of jobs and careers and raising the level of qualifications, this influence is questionable today for two sets of reasons.

Firstly it is no longer possible to extrapolate previous trends which ensured for those qualified, careers in keeping with their ambitions and suited to the education they had received. The result is a deep-seated anxiety among students as to their professional future.

Secondly, to adapt the education system simply to

the needs of the economy is felt as an attack on the deeply felt aspirations of each individual and as an element of political and social conservatism.

The teaching crisis takes the form of a repudiation by the younger generation of the society offered to it, a repudiation all the more violent in that it is inspired by a sense of distress and anxiety for the future and it is in these terms that we must speak of a genuine crisis. For European society the problem of the young is of capital importance, which it is not our place here to discuss in depth, but which must be included in the basic concerns of the Community.

We shall confine ourselves to recalling some partial aspects of modernization in teaching systems. The situation today obviously calls for some obligatory arbitration concerning the amount of resources in men and means which must be devoted to national education. Among the courses of action possible, it seems necessary to give preferential attention to the objective of improving the quality of teaching even if this means reversing the trend to prolonging the average length of studies. These guide lines would follow in the direction of the policy for

reducing inequality of opportunity and would facilitate a better integration of students into active life. On the other hand it must certainly not prevent bringing forward the starting age of primary education, which plays a crucial part for children in the most underfavoured categories.

The adaptation of official channels of training in secondary and university education towards job and career opportunities implies collective co-ordination and research to which industry must contribute by developing medium term surveys on the provision of employment and by striving to bring out criteria of general training or professional qualification. Obviously this contribution on the part of industry will be effective only if it is made at the European level and more specifically within the compass of Community industrial policy.

In the field of Social Security understood in its broad sense, the development of needs corresponds with complex reverse mechanisms, which tend to expand ad infinitum the range of needs.

Firstly, economic growth allows an overall increase in real incomes. Thus during the period 1958 - 1970 the increase in real incomes from work for the mass of the European countries reached about 70 %. On the other hand with the rise in the standard of living, inequality of opportunity and income are less easily born. In certain areas which affect the vital needs of man, such as health for instance, scientific and technical progress will act naturally for the benefit of the richest and to the detriment of the poorest. So we can note in all European countries, that parallel with the raising of the standard of living, there is a trend towards extending policies for the reduction of inequality, shown for instance by the evolution of social security expenditure as a percentage of gross national income or of household income.

- Allowances in Social Security as % of the national income

Item	Year	Germany	France	Italy	Netherlands	Belgium	Luxembourg
Total of allowances in Social Security	1962	17,3	16,3	14,0	14,3	15,9	17,1
	1965	18,3	18,8	17,7	18,0	17,1	19,6
	1967	20,9	19,9	17,9	19,9	18,4	22,5
	1968	20,3	19,6	18,5	20,8	19,8	22,1

- Allowances in Social Security as % of the net available income of households

Item	Year	Germany	France	Italy	Netherlands	Belgium	Luxembourg
Total of allowances in Social Security	1962	19,5	17,7	15,0	17,5	16,7	19,2
	1965	20,2	20,6	18,8	21,8	18,2	22,4
	1967	22,4	21,7	19,3	24,3	19,8	24,2
	1968	22,3	21,6	20,0	25,4	21,1	24,3

These figures highlight a growth in the transfers made by the various systems of social security greater than that of the national income, and also the importance of the transfers : nearly one fifth of the national income.

Within this overall package the two most important items are sickness, for which in 1968 the allowances were spread according to the country between 3.5 % and 5.5 % of the national income, and old age between 13.9 % and 10.6 %.

If we look at these two items as examples, then needs can only grow, since progress in the area of health will contribute to the growth of needs for old age. In the face of this massive trend towards the growth of needs covered by social security all the European countries are confronted by arbitrations due to the impossibility of adjusting the financial resources to the needs without jeopardizing the overall balance of economies.

These choices emerge from the responsibility of political authority. They reflect the concepts of each country in the realm of fellowship, but for us they must represent one of the motive elements in European society. Without wishing to seek a useless harmonization of arbitrations, it appears that the basic problems, which in the medium term can only become more serious, should be tackled within a general reconciliation of the Social Security systems.

As a conclusion to this exercise, in order to take an overall view of the development of collective needs, it seems to us that the EEC is a notably positive factor for

a fuller satisfaction of needs to the extent that it forms a frame, in which the relative successes and failures of each country can be compared. But to strengthen the Community there must be some agreement on the main objectives to be attained in this field.

Until we have strengthened our knowledge on the social efficiency of the mechanisms and public action underway in the various countries to ensure satisfaction of collective needs, it is an illusion to think of defining precisely and practically the mass of the future options before the Community, which would ensure a stable balance between private and collective needs. This leads us to treat as a priority investment the development of studies and research currently underway at the national level and which should be the subject of an initial combination within the next medium term policy programme.

In the current situation, where in the face of rising collective needs, arbitrations are compulsory, we have first tried to broaden the margin for manoeuvre in public action while respecting the general balance of the economy. In this respect, we have suggested, that in some sectors covering material collective needs the non-chargeable or low price concept be given up and the activities in question be submitted to the play of market demand and supply, even if it means subsidizing the most modest categories. Transport and telecommunications could be selected as test cases.

As regards man's needs in his function as a producer

the necessary revaluation of manual labour and adjustments to improve the function of the big company relevant to the potential abilities of men, assume a dialogue between all the social partners and a sharper awareness of everyone's responsibilities. This awareness could be stimulated by systematic comparisons at Community level of national experience. But although certain common guidelines seem useful and desirable, to establish a decision making or negotiatory organ at Community level would be an illusory and dangerous step today, due to the diversity of national traditions, differences in ideology among the trade union organizations, and the different political situations in the States themselves.

The policies directed at reducing inequality of opportunity and conditions call for a new approach to the problems centred on the mechanisms and implemented measures, and which could be made on a Community scale and cover initially health, education and old age.

It seems scarcely possible and realistic to aim here for a genuine harmonization between the mechanisms operating in the different European countries. But it is necessary to avoid further distortion and to define medium term Community objectives.

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COLLECTIVE NEEDS AND INDUSTRIAL DEVELOPMENT

First of all, at the level of industry in general, we recalled how industrial development is the prime mover in the drive for economic and social progress. The memorandum of the Commission on industrial policy paid special attention to defining guidelines, which might encourage the strengthening of industry in the Community and we think that in itself the memorandum forms the initial face of this study concerning the means of ensuring a fuller satisfaction of collective needs. It has to be completed but cannot be fundamentally questioned.

In this respect we must stress, that industry in general at the Community level harbours considerable potential progress in productivity, even though a fuller satisfaction of collective needs will lead to an extension of service activity, where this progress seems very limited. To release these reserves of productivity must still be a vital objective in the development strategy of European countries. This assumes that public and private efforts in research and development will be continued and that the action of competition at State, European and international level will be improved.

From some standpoints, a fuller satisfaction of collective needs coincides with this demand made on industrial productivity, whether it concerns collective material goods such as infrastructures in transport or telecommunications, or collective non-material goods such as professional training or health. But in other fields the satisfaction of collective needs seems to conflict with this demand on industrial productivity;

in this respect it is certain that the fight against industrial nuisance and pollution will be a new burden for the industrial enterprise; even if a sound regional balance implies setting up industry in depressed regions, the profitability on activity there may look less advantageous than in already industrialized areas : at the level of the general balancing of the economy, the financial needs of public investments are competing with the financial needs of productive investments.

The burdens and pressures imposed on industrial enterprises by a fuller satisfaction of certain collective needs cannot be considered without regard to their negative effects on the plane of industrial development; these items must be the subject of harmonization at Community level as is the case for instance in regional policy or by specific directives covering certain manufactures. This is a pre-requisite indispensable to avoid distortion of competition, which provokes sooner or later more or less veiled protectionist reactions.

Although we have repeatedly underlined the political nature of the choices and arbitrations called for by fuller satisfaction of collective needs, we should highlight here the special responsibilities of industry as a whole.

First of all it is quite clear that in the field of preservation of the environment and natural resources, industry must collaborate closely in future studies, which are absolutely vital for clarifying the medium and long term choices. These studies could be put in

hand very rapidly on the scale of some particular problems, such as energy or water resources, and they could very shortly lead to an awareness of how much is at stake and the policies to be implemented.

As we have indicated earlier industry also has a direct responsibility in the field of professional training. Considerable progress can result from a closer liaison between education and the heads of enterprises. But action here must be an integral part of the medium term development strategy of the industrial sector and any medium term sectorial provisions must be accompanied by a genuine policy on professional training, installed at the level of the enterprise and the professional organization.

The increase in collective needs opens prospects of new markets for industry. Medium term provisional surveys and research for the future could be made much more thoroughly in some areas such as city or inter-city transport, the control system for road and air traffic, industrialization of building and public works and development of audio-visual techniques in teaching.

But at the same time in all areas, where the potential development of collective demand seems considerable, we must seek out the means of stimulating the spirit of enterprise. In this respect it certainly looks as though means can be implemented on the plane of technical research and development. This means uncovering innovation much more systematically going back if

possible as far as the plane of basic research in the sectors of collective demand regarded a medium or long term priorities.

It is at the level of the industrial enterprise, where the different problems must be set and solved, which are raised by a fuller development of man in his function as a producer at whatever level it may be. The problems cover the revaluation of manual labour as well as delegation of responsibility and participation in the life of the enterprise. They can only be solved by communication and awareness of everyone's responsibilities.

Although on some matters a systematic framework seems needed and desirable, it looks as though the problem of the quality of life within the enterprise calls for specific solutions within each one in proportion to its size, the nature of its activity and the temperament of the people working there. The construction of Europe, as we stressed at the start of this report, implies an extended exchange in the sphere of knowledge and people. Thus broader and permanent comparisons between the particular experience of every enterprise will progressively release at the European level the answers to the problems involving the quality of life within the enterprise.

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CONFERENCE
"INDUSTRY AND SOCIETY IN THE
EUROPEAN COMMUNITY"

REPORT N° 5

TRENDS IN COMMUNAL AND PRIVATE REQUIREMENTS IN

EUROPEAN SOCIETY AND THEIR IMPLICATION FOR INDUSTRY

by
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COMMISSION OF THE EUROPEAN COMMUNITIES
VENICE - 1972

TRENDS IN COMMUNAL AND PRIVATE REQUIREMENTS IN
EUROPEAN SOCIETY AND THEIR IMPLICATION FOR INDUSTRY

(LORD DELACOURT-SMITH)

For four hundred years the economic life of Western Europe has been dominated by the concept of the market. The dynamic of economic life has been the production of goods and services for those who had the means and will to pay for them. This basic idea has been applied in successive stages of technological development; it has itself been a powerful influence in stimulating technological development. It has changed the relationships between classes; indeed it has developed successive new systems of class relationships. It has profoundly influenced political development; in the nineteenth century it contributed to the rise of the nation state which provided a unified area in which a market could be created of a size more appropriate to the scale of mechanised industrial development than the smaller political units of the eighteenth century had been.

Over the last hundred years however, with the very rapid growth of productive power, it became increasingly recognised that complete dependence of economic activity on producing for profit by individuals or firms was not sufficient. Production for profit could not for example be relied on to provide education, housing or curative health services in the quantity or to the standards required; nor to ensure an healthy environment; nor to guarantee employment for all those who wanted to work. In a variety of ways the collective regulation of economic activity and the development of public effort have grown. Public authorities have in many spheres had to supplement or supplant religious or similar voluntary efforts to meet education, health and other social needs which the market economy could not fulfil. In many countries too the state has been obliged to undertake the task of controlling and sustaining parts of the industrial structure.

Thus when the EEC came into being there already existed in the countries which constituted it a varied pattern of public enterprise - mainly designed to strengthen the economic infrastructure - and of public provision for a range of social and human needs.

The emphasis of the Treaty of Rome was on the reduction of barriers to the operation of competitive free enterprise throughout the Community and the facilitation of the free movement of capital and labour. Such a wider extension of free enterprise was expected to contribute to economic growth and stability and so enable living standards to rise. The social provisions of the Treaty were expressed in general terms; harmonisation of social standards through the Community was seen mainly as a contribution to free movement of labour and hence more as a facilitation of economic growth than as a deliberate end in itself.

Economic growth and a rise in living standards have certainly taken place since 1958. The rise in private consumption in the countries of the EEC during the period since 1955 outstripped that of the United Kingdom or of the United States. It also generally outstripped the rise in public consumption. Indices of changes in the volume of private and public consumption are shown in the following table¹.

	<u>Private Consumption</u>			<u>Public Consumption</u>		
	<u>1955</u>	<u>1969</u>	<u>1970</u>	<u>1955</u>	<u>1969</u>	<u>1970</u>
Belgium	79.4	127.2	133.2	66.0	135.4	140.7
France	66.5	137.3	143.1	77.6	123.7	129.2
Germany	62.0	131.6	140.6	60.0	113.9	121.0
Italy	63.8	133.9	145.6	71.9	124.4	128.7
Luxembourg	-	122.4	132.0	-	117.3	120.5
Netherlands	69.7	136.2	148.2	83.0	111.1	119.1
EEC	65.7	133.9	142.4	69.1	119.6	125.7
UK	80.1	112.7	116.3	92.1	111.7	113.2
USA	77.4	132.3	134.7	78.7	137.7	130.9
Japan	52.4	165.5	-	70.2	140.3	-

¹ Figures for 1955 and 1969 from EEC Statistical Bulletin - National Accounts (1970 Year Book). Figures for 1970 supplied by the Commission.

A clear change in emphasis is however now coming to be widely accepted as a result partly of the experience of the EEC countries, partly of that of other countries.¹ Economic growth is no longer seen as automatically solving social problems. Indeed it is clear that economic growth may be accompanied by increasing inequality, environmental pollution and social tensions.

The Preliminary Guidelines for a Community Social Policy Programme quote the Third Medium Term Economic Programme (announced in March 1971) as declaring that economic policy "must serve the aims of society".

"The Community's economic policy cannot be limited to the joint targets of growth and stability. It takes on its proper significance by its contribution to improving the conditions of existence; it must aim both at raising the standard of living and improving the quality of life; it must also help in achieving greater solidarity for the benefit of the least-favoured groups of the population."

It goes on later to quote the "general objectives which all member countries regard as priorities" and includes in these -

- greater satisfaction of requirements in education, health and housing;
- increased efforts to combat the harmful effects which economic growth has had on the environment;
- greater quality of initial opportunity;
- greater justice in the distribution of incomes; and
- adaptation of social welfare schemes to modern needs.

¹ Generally speaking unless the context indicates otherwise the term 'EEC' is used in this paper for the 'Six'; and the 'Community' for the wider area which includes those other countries who signed the Treaty of Accession in January, 1972.

The Social Influence of Industrial Employment

Industry (which may here be taken to stand for all gainful employment whether strictly industrial in its character or not) affects social life not merely by its products but also by its profound influence on the life style of those engaged in it and of their families. The arrangement of the working week determines the social life of the family; the availability of employment influences the location of the family home; the security or insecurity of the employment determine the stability of the family living standard; and indeed the character of the work process which the individual is required to undertake will over a period influence him mentally and temperamentally and may extend its influence even to the ways in which he will be disposed to spend his leisure.

Industry must therefore take its responsibility to its workers as one of the most important of its social responsibilities; but like others it requires for its full discharge a background of appropriate policies by public authorities.

The greatest single contribution which can be made to the well being of the worker is the maintenance of full employment; which in its turn involves governments in maintaining a high and stable level of demand.

Unemployment showed a considerable decline in the period 1958-1970 in the EEC countries but since then has tended generally to rise. In the U.K. there was a steady rise during 1970-1971 which brought the figure of unemployed virtually to a million.

Full employment however is not a question merely of the total number of jobs set against the total number of workers available; the suitability of the jobs and their location is as important as their existence. So beside the figures of

unemployment must be set the increasing migration within the EEC (which now involves nearly a million workers), the attraction of nearly 2.5 million workers from outside the EEC (mostly unskilled workers from the Mediterranean area) and the migration to find work outside the EEC (probably now involving some 700,000 workers).

Frequently migrant workers are employed in the least satisfying and worst paid jobs, with the worst prospects and—outside their working lives — the least satisfactory social conditions. Their position is already being recognised as a major element in any programme to improve the quality of life in Europe. To quote Guidelines for a Community Social Policy Programme —

"The cultural gap between migrant workers and the population of the host countries has widened. In some circles there is resistance to, or distrust of, a foreign 'presence' which is sometimes regarded as excessive."

Migrant workers are less and less becoming adapted to the life of the host country and often find themselves alienated from their home country as well. The effects can be particularly serious when the migration of a worker without his family leads to family breakdown and to harmful effects on the children.

Attention is needed as well to the social problems which arise in the course of the work process itself. Industries rise and decline, new centres of employment grow and old ones decay, demand for types of skill and experience fluctuate and change. New processes of work make more intense demands, particularly on the nervous resources of workers; many processes, new and old, give rise to health and safety hazards.

Consideration of the social effects of industrial employment suggest the need for —

- continuous action by governments to ensure a high and stable level of employment;

- recognition by employers of the scale of social responsibility which attach to the management of productive employment; and the universal development of personnel staff and services to ensure that that responsibility is constructively accepted;
- effective trade union organisations, recognised by employers and governments as the spokesmen of workers and entitled to negotiate on the whole range of matters affecting workers' interests;
- more rapid progress towards equality of conditions and opportunity for women;
- forecasting of future manpower requirements of industry so that training and retraining of workers may be undertaken in accordance with the changing needs for skills and types of workers;
- regional planning which among its objectives shall seek to harmonise changes in the scale and location of industry with social considerations.

Health Service

Industrialised countries with concentrated populations must - even if only for economic reasons - perforce undertake measures of public health which ensure adequate sanitation, a pure water supply, control of epidemics, inspection of food supplies and similar standards of public hygiene. All the countries of the Community have in fact accepted public responsibilities going beyond this and extending in one way or another to the provision of personal medical care.

The scale and variations in expenses incurred in this way can be seen from the following table.¹ (These figures should be read in the light of the fact that some public expenditure in this field may appear under other expenditure headings - under social services for example, or, in the case of health services for the armed forces, under defence.)

	<u>Percentage of GNP devoted</u> <u>to public expenditure on</u> <u>health</u>		<u>Percentage of public</u> <u>expenditure devoted</u> <u>to health</u>	
	<u>1957</u>	<u>1966</u>	<u>1957</u>	<u>1966</u>
Belgium	0.5	0.7	1.7	1.7
France	0.3	0.7	0.8	1.8
Germany	1.5	2.2	4.0	5.6
Italy	1.4	1.1	4.5	3.1
Luxembourg	1.2	1.6	3.8	4.1
Netherlands	1.0	1.5	2.6	3.3

¹From L'Evolution des finances publiques dans les etats-membres des Communautés Europeennes 1957-1966 (published by the Commission 1970).

Generally speaking the expenditure by public authorities covers public health and sanitary organisation; payments to institutions for social and preventive medicine; and the expenses connected with clinics, hospitals and sanatoria. Differences between countries in the method of financing hospitals and the large part played by local authorities make comparisons between countries and analysis of totals particularly difficult to make.

During the post war period the organisation of personal medical care has attracted increasing public attention in all developed countries; and has indeed, particularly in the United States of America, been the subject of a good deal of controversy.

Collective provision for such care exists throughout Western Europe; but the forms of organisation and the financial arrangements vary greatly from country to country. At one extreme there are the comprehensive schemes financed predominantly out of general taxation - of which the National Health Service in the UK is the longest established example. Generally speaking in the EEC countries the participation of the government is less direct and great reliance is placed upon state-supervised insurance schemes - generally financed by regular contributions from employers and employees - and sometimes supplemented by private insurance. The methods of organisation vary considerably; and there may be variations within a country in the cover afforded to groups or individuals according to the provisions of the scheme by which they are covered.

According to estimates made by the Office of Health Economics the proportion of the population covered by such health schemes is approximately as follows¹ -

Belgium	95
France	98
Germany	98
Italy	83
Netherlands	85
United Kingdom	100

¹Published in journal "New Society" (London) 18.2.71.

While it is not difficult to set out the organisational arrangements which cover the populations of the countries of the Community, it is more difficult to comment upon the standards of care made available. Traditions in medicine vary greatly; even the harmonisation of qualifications - so that qualified doctors may practice where they wish within the Community - is not yet achieved. It is probable, however, that generally speaking standards of care do not vary greatly between the countries of the Community. Anything which needs to be done in direction of diminishing inequality is likely to relate to the improvement of standards and facilities in particular areas, which because of poverty or inaccessibility lag behind the standards applied generally.

The questions which arise for the future are rather those of determining priorities which should be observed in future expansion. They must be considered against the enormous increases in medical knowledge and its application which have already occurred in the last quarter of a century and against the further enormous increases which are expected.

Already there is a very large gap between what is practicable and what is economically possible; and the likelihood is that this will grow greater. Hence the emphasis which must be put on determining the priorities and on evaluating results so that knowledge, effort and skill are put to the greatest use.

One clear feature of the future is that the proportion of the population over the age of seventy will increase; indeed the greater the attention given to the reduction and treatment of diseases and injury the more will this be true. This may lead to a shift in emphasis from the treatment of acute illness to the treatment of chronic illness; and - as is already happening - by concern for prolonging not merely life but activity and enjoyment.

In some respects allied to this is the requirement for greater attention to the needs of the handicapped, the disabled and the mentally disturbed. It is estimated that in Britain alone there are over 3 million people living in private households who have some physical mental or sensory impairment. Of these over 2 million can be classified as handicapped. If these figures are representative and there is no reason why they should not be - they suggest that in the Community there may well be some four million handicapped persons and some eight million more suffering from impairment. This is apart from those in these groups who are in institutional care. There is already within the EEC a programme for the disabled which constitutes a valuable beginning in this field.

In all these cases - of the elderly, the disabled, the handicapped, the mentally disturbed and the young chronic sick - the problems are not purely medical. Social arrangements as well as medical care are essential, particularly to ensure that members of these groups have opportunities of happiness and usefulness in company with their fellow men rather than becoming isolated and institutionalised.

There are other projects on which it is clear that additional expenditure would result directly in the alleviation of suffering or the saving of life. To take two examples -

- there is now available a range of specialised medical equipment which if suitable staff can also be provided will alleviate suffering or save life;
- better emergency arrangements for dealing with road accidents could also secure such a result. The road accident is now responsible for between a third and a half of the deaths of Europeans in the 15 - 25 age group and so constitutes the largest single cause of loss of life in this age group.

The scope for preserving life and enhancing activity is so great that it is particularly essential to evaluate the effects of treatment and ensure the most effective use of resources. This is also a field in which there has been great advance which permits the more effective discussion of many questions of technique and institutional arrangements.

- what type of hospitals should be built
- what are the relative advantages of keeping a patient in hospital or returning him as speedily as possible to his own home
- what advantages would be gained from a more rapid development of health centres
- what scope is there for the use of volunteers in assisting to expand medical and social care?

There appears to be two fields in which deployment of resources would yield benefits above the average

- industrial health (embracing occupational medicine and work environment service); since effort here conduces to industrial growth and to the exploration of those aspects of health influenced by the physical, mental and emotional effects of working life;
- health education; since in such fields as alcoholism, drug addiction, lung cancer, venereal disease, home accidents, child care and occupational safety and disease a greater public understanding can contribute to the improvement of health standards.

In the field of health a stage can be foreseen when political options about priorities and about the organisation of services will have to be exercised.

Social Security

Since 1958 the expenditure on social security in EEC countries has tended to rise, both as a proportion of public expenditure and as a proportion of the gross national product¹. Although, owing to differences in the methods of organisation and finance of social security arrangements in various countries, comparisons cannot always easily be made, the tendency appears to have been for a levelling up and for those countries where in 1958 social security was relatively less developed to increase their spending more rapidly than others.

The trend of social security expenditure and the share of G.N.P. it absorbs are shown in the following table².

	<u>1962</u>	<u>1966</u>	<u>1967</u>
Belgium	13.5	15.1	15.4
France	13.1	15.5	16.1
Germany	14.1	15.5	16.7
Italy	11.9	15.9	15.8
Luxembourg	13.9	16.1	17.7
Netherlands	12.2	16.5	16.9

Precisely comparable figures are not available for countries outside the EEC; but such as are available suggest that these percentages are about the same as those in Sweden, significantly higher than those in the USA or Japan; and somewhat higher than those in Norway, Denmark or the United Kingdom.

Arrangements vary widely and it is hard to generalise; but generally speaking, compared at any rate with the UK, the tendency is to rely on occupational schemes particularly for benefits other than old age and retirement pensions; although in all fields of social security government intervention and control of social security has been increasing as a result of the reciprocal arrangements between countries necessary for the effective cover of migrant workers. Occupational schemes which

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¹See L'evolution des finances publiques 1957-1966.

²Figures taken from Basic Statistics of the Community 1970.

generally cover family allowances as well as sickness, maternity and old age or retirement provision have come into being as a result of pressure or the circumstances of particular industries. They tend to be earnings related and to be financed by substantial contributions paid by employers and to a lesser extent by employees. Despite state supervision the financial contribution made to social security schemes by general taxation tends to be small.

Thus the 1966 figures for the net financial contribution of the state and local authorities as a proportion of the total receipts of social security schemes are as follows¹ -

Belgium	20.2
France	9.2
Germany	16.6
Italy	17.4
Luxembourg	26.3
Netherlands	5.0

A calculation for the United Kingdom would suggest that a comparable figure for 1966 would be 34 and for 1970 would be 30. (This covers Exchequer contribution to the National Insurance Fund, war pensions, family allowances and supplementary benefits.)

It is probably in the field of social security that pressure for a harmonisation of arrangements will be first and most strongly felt in the Community.

¹See L'evolution des finances publiques 1957-1966, pp 155-6.

Education

In the period 1950-65 educational endeavour, as measured by school and university enrolments, rose substantially in the countries covered by the EEC, as indeed it did in other European countries. It is significant though that in the case of primary and pre-primary enrolments (which are of course closely affected by changes in the birth rate) the increase was 13% - while at the secondary and higher levels the figures were 101% and 134% respectively¹.

Throughout the EEC elementary education is compulsory from at latest 6 to at least 14. In many areas the legal age for school leaving is already higher - but in others the legal requirement of education to 14 is not fully effective. There is in fact a marked tendency for schooling to be prolonged; the number of children who actually leave school at 14 is falling year by year² and the age of leaving is generally nearer 16. Despite a growth in educational planning in the last decade the statistical material leaves a good deal to be desired³.

Major considerations which may play their part in influencing educational growth include -

- the strong and increasing demand for education expressed by pupils and their parents. The growth in demand has accompanied changes in the social structure and the rise in G.N.P. per capita. It coincides with the need for a more highly educated body of citizens in a society which is growing increasingly complex. Those leaving school at the moment will be active participants in industry, the professions, and the life of society until perhaps the year 2015, 2020 - or beyond. It is manifest that the education

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¹See OECD Conference on Policies for Education Growth, Vol.II, p.11.

²See L'evolution des finances publiques 1957-1966, p. 57.

³See OECD Conference on Policies for Education Growth Vol. II, p.77.

which they now receive must fit them to deal with the many changes in industry and society which they will see.

- Recognition that education is an investment by society and that society is entitled to expect maximum benefits - compared with those which an alternative use of the resources devoted to education might produce.
- The degree to which the educational system can provide in broadly the right numbers the individuals with the skill, and training which industry and society require in the future for the wide range of vocations open.
- The contribution which the educational system can make to a greater increase of social equality and equality of opportunity.

Within the education system individuals exercise choice subject to the legislation of the country in which they live, and the wide variety of options which the educational system offers, so that a good deal of what is described as educational planning is necessarily concerned with forecasting educational expansion rather than influencing it. So far the strong demand for improvement in educational opportunities at all levels has coincided with the need of the nations of the Community for greater numbers of skilled and qualified individuals. It may be that in the future the relationship between economic, social and educational needs will become more complex. The plans of the countries of the Community appear to envisage an expansion rather than a diminution of higher education and this could lead to more graduates being available than there are posts which have traditionally been regarded as appropriate to such a standard of educational qualification.

Such a situation may appropriately be regarded along the lines of (1) the social advantage to the individual and to the Community of generally higher educational standards. (2) The growth of occupations, e.g. in the fields of administration, social welfare and parts of industry in which the quality of performance will be raised by the employment of individuals of higher educational standards. (3) The reorganisation of parts of industry and administration so that work hitherto performed in a routine manner under supervision may permit more flexibility and more initiative by the individual.

The interaction of social, economic and educational needs can be reconciled along lines which not only permit to the individual the satisfaction of a higher educational standard but lead to social and economic advantage.

Educational growth is likely to continue in the seventies. The traditional system of education with its elitest character is being transformed into a system of mass education - not without controversy. The following may be seen as likely fields requiring particular priority.

- Pre-primary education. The widespread changes in the character of primary education since the end of the Second World War have been perhaps the most dramatic of the moves away from an academic orientation and towards an educational system based upon developing the full range of the individual's abilities and talents. Pre-school education also has great significance in meeting the needs of children belonging to socially disadvantaged groups for whom much subsequent educational effort is likely to remain ineffective unless they are helped to overcome the initial obstacles to achievement.

- Upper-Secondary Education. Taking the Community (and indeed the OECD countries as a whole) there has been a doubling of enrolment in upper secondary education between 1955 and 1965. For most European countries the continuation of this trend towards the full enrolment up to the 17-18 years age group would imply great expansion in total numbers. At their sixth Conference in May 1965 the European Ministers of Education formally stated their view -

"that the period of education should be extended to eleven or twelve years for all and that education be based on a broad common curriculum".

The tendency of lower secondary education to become less selective, combined with the past and prospective growth of upper secondary education, will mean that the period of common educational experience for the whole population will gradually lengthen. This is socially desirable - in producing a more highly educated population and reducing those divisions which had their origins in varying educational arrangements for different classes - and is also valuable as a foundation for academic, occupational and professional training.

- Higher education including recurrent or 'permanent' education. The number of students is likely to increase but the choices made by students for specialised fields of study have tended to diverge from those which would match the forecasts of demand for the various types of specialist. At the same time forms of higher education may change; already the old divisions are breaking down between academically oriented higher education in Universities and the more vocationally oriented education in other institutions. Indeed there is need to examine how the relationship of higher educational institutions to social requirements may be improved without prejudice to their independence. As the rapidity of social and technical change is recognised however the importance of permanent

education will be increasingly emphasised. This form of higher education may prove to be one of the most substantial and significant areas of educational growth. Individuals will be involved in it irrespective of their attainment in the formal educational system; and it will assume a variety of forms - among them spare time courses perhaps covering a number of years; part time courses covering usually shorter periods and sabbatical spells of full time refresher education at intervals in working life.

At the same time - as in other developed countries - there are clear inequalities in the educational opportunity of individuals, marked both by regional differences within countries and by class differences. This is a complex subject but the scale and importance of it can be to some extent seen from the following set of figures¹.

Relative chances of Upper Stratum and Lower Stratum Youth Studying in a University

	<u>Date</u>	<u>Upper Stratum : Lower Stratum</u>
Belgium	1962 - 63	7 : 1
	1966 - 67	8 : 1
France	1959 - 60	84 : 1
	1964 - 65	30 : 1
Germany	1952 - 53	82 : 1
	1958 - 59	61 : 1
	1961 - 62	58 : 1
	1964 - 65	48 : 1
Ireland	1961	20 : 1
Italy	1953 - 54	44 : 1
	1960 - 61	36 : 1
	1964 - 65	34 : 1
Luxembourg	1964 - 65	65 : 1
Netherlands	1958 - 59	73 : 1
	1961 - 62	56 : 1
	1964 - 65	45 : 1
Norway	1964 - 65	7 : 1
United Kingdom	1961 - 62	8 : 1
Japan	1952	20 : 1
	1961	30 : 1
United States	1958	5 : 1

¹ Extracted from Table D (p.88) in Volume IV of Background Documents for OECD Conference.

The OECD Conference on Policies for Educational Growth (held in Paris in 1970) provided the occasion for a number of countries participating to offer estimates of future enrolments. These are set out in the table below¹ together with estimates made independently - by the OECD Conference Secretariat - on the assumption that the education system will develop in accordance with certain trends prevailing between 1950 and 1965. These Secretariat calculations do not take account of national forecasts or even of the likely effect of projected reforms now known; in each case they provide a range of forecasts of which in the table the minimum and maximum are shown. The national forecasts and the independent calculations both relate to total enrolments but the table also shows in brackets for each country the figure calculated for higher education. From this table therefore can be gained a general impression of likely growth in education during the seventies.

Indices of Future Increase in Enrolments

	<u>National Forecast and period</u>	<u>Secretariat Calculations(1965-80)</u>
Belgium	125 (1966 - 1980)	110 - 130 (224 - 300)
France	129 (1967 - 1975)	101 - 131 (193 - 2 87)
Germany	-	118 - 147 (205 - 359)
Italy	150 (1966 - 1980)	116 - 180 (156 - 338)
Netherlands	125 (1967 - 1980)	118 - 164 (116 - 206)
Denmark	127 (1968 - 1979)	115 - 122 (159 - 169)
Norway	127 (1968 - 1980)	107 - 130 (208 - 297)
Ireland	145 (1968 - 1981)	119 - 137 (172 - 277)
USA	120 (1968 - 1978)	125 - 151 (167 - 270)
United Kingdom		109 - 179 (139 - 249)

¹The table is compiled by extracting figures from Table 6 of Annex IV and Table 8 of Annex II of Volume II of the Conference Documents.

Countries have also put forward estimates of the enrolment rates current and forecast as percentages of the age groups concerned¹. The table below indicates the position for those Community countries which provided these forecasts and for the USA and Japan.

Enrolment rates around 1968 and 1980
(as a percentage of the age group)

		<u>5 years</u>	<u>14 years</u>	<u>17 years</u>	<u>21 years</u>	<u>24 years</u>
USA	1968	88 ^(a)	98 ^(b)	90 ^(c)	31 ^(d)	14 ^(e)
Japan	1969	66 ^(f)	100 ^(g)	81 ^(h)	24 ⁽ⁱ⁾	-
Norway	1968		99	57	18	10
Belgium	1966	100	87	47	13	6
	1980	100	98	66	19	14 ^(e)
Denmark	1968	5	88	49	15	9
	1979	36	100	85	22	2
	1984	48	100	90	29-34	3
France	1967	99	85	40	10	5
	1975	100	100	54	13	7
Italy	1966	-	56	27	-	-
	1980	-	80	43	-	-
Netherlands	1967	94	91	35	9	5
	1980	99	100	68	20	8
Ireland	1968	72 ^(f)	81	31	7 ^(j)	
	1981	78 ^(f)	98	60	12 ^(j)	
Luxembourg	1967	90	95	27 ^(k)	9	5

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- | | |
|---|--|
| (a) 5 and 6 year olds
(b) 14 and 15 year olds
(c) 16 and 17 year olds
(d) 20 and 21 year olds
(e) 22 to 24 year olds
(f) 4 and 5 year olds | (g) 12 to 14 year olds
(h) 15 to 17 year olds
(i) 18 to 21 year olds
(j) 20 to 24 year olds
(k) 41 with part-time students |
|---|--|
-

From this table emerges a clear indication of the lag which on present intentions appears likely to exist in 1980 in upper secondary and higher education. Countries in the Community do not generally appear to expect to reach in these fields the ratio of enrolment reached now in the USA and in the upper secondary case, Japan.

¹The table is compiled by extracting figures from Table 8 of Annex IV of Volume II of the Conference Documents.

While this analysis has of necessity been made in terms of the position and plans of individual countries there is a clear need for discussion on a Community basis which will establish reciprocal recognition of degrees and professional qualifications.

The achievement of appropriate social goals in education by 1980 (even on the basis of achieving national objectives currently foreshadowed) is likely to require an increase of the order of 100 per cent in the proportion of G.N.P. which in the period 1966-67 was being devoted to education. Careful planning will therefore be needed, linked to evaluation designed to ensure that objectives are attained by the most effective use of resources dedicated to the purpose. Such a perspective gives rise to comment on the availability of students, teachers and facilities (including buildings).

The first question which requires comment is whether society can bear the loss of productive manpower implied by a higher proportion of the members of each of a number of age groups being retained in full-time or part-time education. However with the accelerating rates of change in industry and in society a constant rise in the standard of education is a priority which must be accepted. The losses in direct productive power resulting from longer educational periods are likely to be more than made up by the benefits - even measured in higher industrial efficiency alone - which result.

Teachers represent only a small percentage of the labour force - although they represent a substantial proportion of the qualified professional manpower in a society. A development of the educational system creates its own increased supply of teachers - since students are potential teachers. While there may be need for examining specially the position of teachers in some subjects where shortages arise there can be no real anxiety that the expansion of education will founder through teacher shortage.

/So far as

So far as building and equipment are concerned, while all appropriate steps must be taken to see both are used as intensively as possible, by sharing between institutions and making them available for other public and cultural use during vacation periods and in the evenings, there is again no need to suppose that the provision of the buildings and equipment required will put an impossible burden upon the countries of the Community.

Housing

There is no need to stress the fundamental importance of housing for a happy and healthy family life. There is still a chronic shortage of housing and much available housing is of unsatisfactory standard.

As with so many other desirable elements in a life of good quality however it is not easy to define what is ideal, for standards of aspiration vary from country to country and continue to rise. In general however the aim must be a supply of accommodation sufficient to ensure for each family a separate dwelling of adequate size with full range of internal facilities and with privacy; situated reasonably near the place of work; so located or so served by transport as to permit social contacts; and at a price which the householder can pay. In addition, special requirements of the elderly, of unmarried adults, of handicapped persons, of large families and of migrant workers must be recognised.

By world standards the population of the countries of the Community reckon generally speaking as among the best housed; but nevertheless there exist inadequacies which necessitate a substantial effort in this field before conditions and the rate of progress can be regarded as acceptable.

The housing stock of individual countries is influenced by a number of factors, including past history, the demographic pattern and the changes which have taken place in it, and the distribution of economic activity. The war years, partly because of destruction and partly because of the interruption of new building, produced a widespread and acute housing shortage. The effect of this has been accentuated by a number of post war social factors, notably the insistent demand for higher standards. All governments in the Community countries have been obliged to take note of this and to ensure that public authorities assume a considerable responsibility for assisting in a wide variety of ways to increase and develop the housing stock.

It is not easy to give a general picture of the housing situation throughout the Community. For a comprehensive account on a comparable basis the U.N. report on Housing Perspectives in Europe (Geneva 1968) had to go back to last national census figures. These related to the early sixties - usually to 1960 or 1961. They showed as between the various countries of the Community variations from 3.1 to 5.2 in the number of rooms per dwelling; 3.0 to 4.0 in the number of persons per dwelling; 0.62 to 1.14 in the number of persons per room and 225 to 335 in the number of dwellings per thousand persons. There was similarly a range between countries in the proportion of houses with various indoor amenities. The percentage with piped water varied from 51.0 to 98.4 per cent; with indoor toilets from 39.9 to 91.7 per cent; and with fixed baths or showers from 23.6 to 77.4 per cent. Without doubt a table compiled on a basis which isolated figures for particular regions within countries would have shown a greater range of variation.

The house building effort throughout the Community during the post war years has been considerable. Its continuing scale may be judged from the last three years for which comparable figures are available¹.

¹From Table 1 and Table 5 of Housing Statistic in Exposé sur l'évolution de la situation sociale dans la Communauté en 1970.

	<u>Number of houses completed</u>			<u>Number per 000 inhabitants</u>			<u>Percentage Subsidised</u>			<u>Percentage of GNP devoted to housing</u>		
	1967	1968	1969	1967	1968	1969	1967	1968	1969	1967	1968	1969
Belgium	47000	47400	57300	4.9	4.9	5.9	44.6	53.9	51.3	6.1	5.6	5.4
France	422500	411000	427100	8.5	8.2	8.6	78.0	79.0	77.3	6.8	6.9	7.0
Germany	549000	519000	499700	9.2	8.6	8.2	34.7	34.5	36.7	6.2	5.6	5.2
Italy	267900	271000	283100	5.0	5.0	5.2	9.7	9.6	8.8	5.9	6.4	7.5
Luxembourg	1800	1900	1870	5.4	5.8	5.5	37.1	29.7	28.4	-	-	-
Netherlands	127400	122800	123120	10.2	9.7	9.6	75.3	82.7	84.9	5.5	5.6	5.4

Despite the efforts of the post war years however it was possible for the situation in the European countries to be summed up in 1970 as follows -

Even in countries where the interplay of the instruments of the private capital market and government policy, selective credit controls and/or direct regulation of the building market resulted in a rather positive development as in the Netherlands, Norway and Sweden, the achievements were not sufficient to cover the needs, especially if urban renewal is taken into account. This was even less the case in most other countries.¹

It is not easy to assess the current need. The UN European Housing Report makes some calculations - which appear to be on a cautious and conservative basis. A table in this report (C.6) - somewhat simplified - sets out the average annual housebuilding rate that would have to be achieved between the beginning of 1966 and the end of the period of estimate if both the estimated dwelling shortages and tentative future normative housing requirements were fully included in the house construction programme.

	Period of estimate	Estimated dwelling shortage including tentative future requirements, average annual requirement per 000 inhabitants	Average annual number of dwellings estimated 1961-1965 000s	Tentatively to be constructed from 1966 to end of period of estimates (annually) 000s
Belgium	1965-1984	6.2 - 7.9	5.3	6.2 - 8.0
Denmark	1961-1980	5.4 - 8.8	7.6	4.7 - 9.2
France	1962-1980	8.7 - 10.6	7.3	9.0 - 11.3
Ireland	1962-1971	4.6	2.9	5.6
Germany	1968-1975	8.0	10.2	8.0
Netherlands	1965-1979	9.1	7.7	9.1
United Kingdom (G.U. only)	1966-1970	17.0	6.3	17.0

Such a table might appear at first sight reassuring. It must however be borne in mind that the estimates of future housing

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¹ From summary and conclusion of paper "Some achievements and trends in housing in selected European countries and USA prepared for EEC housing, building and planning Committee (HBP/HOU/42) November 1971

need leave out of account some important factors. They include the demand arising from demographic forecasts and from the need to replace dwellings which are either no longer fit for human habitation (by the standards of the country in question) or likely to be demolished because of future economic or social needs; but they do not appear to take account of the continuing demand for higher housing standards.

A further indication of the future need may be gained from the following table¹.

	Stock of dwellings 000	% built before 1914	% built before 1945	Council	House building programme for middle term (000s annually)
Belgium (1968)	3493	47	71	400,000 dwellings regarded as slums to be demolished. 600,000 require modernisation.	60
France (1968)	18256	47	72	7.5m dwellings fall below elementary standards of modern comfort.	510
Germany (1968)	20596	33	50	7m. dwellings need to be replaced or modernised.	500
Italy (1969)	16822	-	54	Several million dwellings need to be modernised.	460 (estimate)
Luxembourg (1968)	106	-	60	-	2
Netherlands (1969)	3687	28	54	350,000 dwellings regarded as slums. 250,000 require improvement.	125/130
United Kingdom (1969)	18488	approx. 35 Eng- land 46 Wales		2m. dwellings categorised as slums; 2m. more lack essentials such as bathrooms and indoor toilets.	355 - 380

This suggests that of a total housing stock of just over 80 million some 25 million must be regarded as in need of improvement or replacement.

¹From Table of Preliminary Guidelines for a Community Social Programme
United Kingdom figures added from U.K. sources.

This may be set beside the housing target announced for the United States in 1968 - the construction of 26 million dwellings over a 10 year period. This target was equivalent to a 40 per cent increase in the housing stock taking account of demolitions during the period in question. It was recognised too that to meet this target would require a much more substantial degree of public financial aid than had previously been available.

Perhaps in all the best guide is to take account of the observations about the future included in the UN Survey (which of course embraced a wider range of countries than the Community).

"It has emerged from the findings of the study that no country has yet attained a standard of housing which it could regard as sufficient or satisfactory. Moreover practically no country has achieved a house building rate in the recent past which would be high enough, or at least relatively near to that which would be desirable, to meet estimated future normative housing requirements and to eliminate dwelling shortages over the period of estimate (i.e. normally by 1980)

"These stark facts make it strikingly clear that the existing housing problems cannot be easily solved during one or two decades, and that as soon as housing requirements estimated at present have been met, other and new housing needs will emerge. The main concern in any country should be, given its particular circumstances, to raise housing standards for all groups of the population as high and as quickly as possible"

In recent years there has come to be increasing recognition of the part which the modernisation and improvement of existing dwellings can play in efforts to raise standards of housing. In the United Kingdom for example the 1969 Housing Act greatly increased the grants which may be paid to enable owners of houses which are basically sound but which lack some of the essential amenities to install such amenities and bring the houses up to a good standard.

Similarly the EEC launched in June 1970 an experimental two-year project to rehabilitate old houses as part of the programme for improving housing of ECSC workers. It was pointed out that

a programme on these lines would have housing effects similar to new building since it would raise the proportion of the population who have satisfactory living conditions. The immediate intention was to mount in each country concerned two or three operations each covering about one hundred houses. Radical improvements would be made in order to seek new technical methods of doing such work based on the application to house improvements of rationalised and industrial methods.

If the experiment proves a success the methods devised will obviously be of wide application.

Two other major considerations must be borne in mind in any discussion of programmes - particularly of new construction. The first is that of cost to the house occupier; the second the relationship between housing and environmental planning.

It has been a widespread experience, at any rate in developed countries, that a measure of subsidy is necessary to ensure even moderate housing standards. The forms of subsidy are very diverse; they include direct payments from national or local tax resources to enable houses to be let below the cost of building and maintaining them; capital for house building made available at artificially low rates of interest either to individual house purchasers or to public authorities which provide houses for rent; disregard for income tax purposes of income devoted to paying interest charges on house purchase; and so forth. Indeed it is asserted that in a large number of countries 80 - 90 per cent of new construction attracts direct or indirect public aid¹. The figures given above of houses built during 1967 - 1969 show that taking the EEC countries as a whole, almost 50 per cent of the houses built in each year were subsidised.

Rising standards of housing, rising interest rates and rising cost of land have made the situation more difficult. During the sixties a number of countries relaxed the controls upon rent levels

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¹ICFTU/IFBWW study: "The housing situation of low income groups" 1970.

which previously existed - although generally speaking the relaxation of rent control has been accompanied by new measures of assistance to poorer tenants. But, even with the various measures indicated above, adequate housing absorbs so high a proportion of the expenditure of many low income families as to constitute a severe burden. Some substantial subsidisation of housing from the funds of public authorities - whatever form it may take - is likely to continue for as far ahead as can be foreseen.

Further a home provides for a family not merely shelter. It must be provided with services and must form part of a community in which children can be educated, employment for the family wage-earners can be found and all the other apparatus of social life is available. Thus housing must be considered in relation to town planning and control of land use. This raises wide issues of improvement of the environment.

Comprehensive Social Provision

The items listed so far do not exhaust the requirements of social provision. One additional field for example is that of the prevention and treatment of crime. This subject has connections with education, health and welfare services; it raises issues of prevention, law enforcement, custody and rehabilitation; and it involves directly the maintenance of a whole range of police, prison and probation services, and of institutions for the handling of the inadequate, the delinquent and the criminal. A society is distinguished by the services which it needs and provides for those who deviate from its norms of honesty and peaceful relationships with others; to find ways to ensure that a child, adolescent or adult shall be rehabilitated rather than confirmed in a life of crime constitutes a clear gain in human fulfilment, as well as a saving of the cost which society will otherwise inevitably incur. A comprehensive and forward looking programme is likely to involve the rebuilding of many prisons and other custodial institutions, the development of new methods and higher standards of selection and training of staff.

Equally there would be scope for examining the future needs of the peoples of the Community in the fields of recreation and leisure. Such an examination would raise issues of the future pattern of work and incomes, transport developments and the preservation of leisure and recreational areas.

However, what has already been set out in respect of health, social security, housing and education gives a broad indication of the scope for advance in social provision and indeed the necessity for such an advance on a wide front. Yet it is clearly difficult to assess the needs or chart the future with precision. In housing for example the standards sought constantly rise; in health and education there is vast scope for further action - but room for genuine differences of judgment about priorities and about the most effective methods of achieving commonly accepted aims.

In all the major fields the assessment of future requirements which have been attempted have been influenced to varying extent by the power which individuals have. This is true even where a substantial assistance - through public expenditure or mutual organisations - is provided. Once a service is available more cheaply - or even free - needs which have not hitherto been expressed are likely to make themselves known.

The principle for which we must strive is that provision - in education, health, social welfare, and housing - must increasingly be made on the basis of human needs, the recognition of individual dignity and the entitlement of each man or woman to achieve his or her full potential. Such principles imply, for example, a greater acceptance of equality of education; a standard of housing accommodation required for human dignity below which no family or individual shall fall; and health, welfare and social security systems which embrace all on the basis of right rather than of ability to pay, contribution qualification, or eligibility for some particular insurance scheme. The acceptance of such general aims will lead over a period to harmonisation of social provision throughout the Community.

In effecting social progress no country can stand still until others have in a particular respect caught up with it; so that the concept of European standards, bringing all up to the level of that which in a particular field is regarded as the best, is not a useful guide to immediate action. There is in many cases at present room for debate about which standard is the best.

In education, housing and health there is therefore need for the greatest interchange of experience and of ideas, and for each country, according to its own priorities and problems, to increase the proportion of its effort directed to social improvement.

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The promotion of common recognition of qualifications and the organisation where appropriate of joint initiatives between two or more countries can contribute to this. From such exchanges will develop a tendency to harmonisation of practice and standards upon the basis of the best. The Community institutions can play a co-ordinating role. In social security schemes the progress towards harmonisation may well have to be more rapid and the role of the Community institutions more positive.

While a definition of precise aims covering the whole Community may be impossible at any rate at present, there can be no doubt of the need for acceleration of the pace of social advance. The contrast between mankind's achievements in such fields as space travel and the failure to meet human requirements in many mundane respects has become so sharp as to make delay more and more difficult to bear. Men and women will no longer accept the old inequalities and inadequacies.

Economic infrastructure and protection of the environment

In addition to social provision there are two further sets of communal requirements which in general the market has proved unable to meet. These are the elements in the economic infrastructure - among them transport services, communications and some sources of energy - and the elements of a satisfactory environment - such as fresh water, pure air, freedom from noise and congestion. Both these sets of communal requirements must be met if society is to develop in a balanced and healthy way.

The importance of the transport services for European integration has been recognised since the foundation of the EEC; but progress in developing a co-ordinated system has been less rapid than was hoped. It is becoming necessary to consider this subject on a wider basis; since a series of important technological possibilities will influence the ways in which European transport services develop. What is the scope of advanced passenger trains? of hovercraft and hover-trains? of a vertical and short take-off aircraft system for Europe?. What moreover are the likely effects of developments in telecommunications and computers upon the future transport requirements of Europe? For example do such developments presage such fundamental changes in, for example, the organisation of a large office or in the relationships in space between a controller and the operations he is controlling as to affect the problem of commuter traffic in large cities? Again, what are the future requirements of Europe likely to be in respect of telecommunications services themselves?

At any rate, it appears that in the economic infrastructure we are concerned with a class of communal requirement where central planning and decision are likely to be required more urgently than in the field of social provision. The sums of money required for research and development will be very large; decisions in respect of the various aspects of communications can hardly be

taken in isolation from one another. The concentration of population and transport facilities in Western Europe is so great that it would be virtually impossible for the countries to take their decisions upon future communications issues separately.

The problem of the protection of the environment has come more recently and more rapidly to the centre of public attention. Pollution of water and air, together with excessive noise, congestion and strain, have come to be recognised as undesirable consequences of rapid economic growth. Already the outlines of a policy have been set out in the First Communication of the Commission on the Community's Policy for the Environment. A co-ordinated effort of great dimensions will be needed partly because of the size of the problem, partly because many of the problems of the environment of their nature involve the disregard of national frontiers, and partly because the requirements upon industry to apply standards which ensure non-polluting products will not be imposed speedily and effectively at a national level if they seem likely to put the manufacturers of the country concerned at a relative disadvantage. Hence it is clear that in this sphere the instructions of the Community will play a substantial part.

Space does not allow the requirements of the economic infrastructure or environmental protection to be discussed at length especially in view of the degree to which they are covered in other papers; but in a consideration of communal requirements the problems to which they give rise must be borne in mind along with those raised by the needs of expanded social provision.

The implications for industry

An examination of the main fields of communal requirement involves the need for the maintenance and indeed the acceleration of industrial growth. This renders more possible both the diversion of a greater share of real resources to education, health, housing and social welfare and progress in redistribution of spendable income. It must however be growth conforming to new conditions - especially in respect of avoidance of pollution of the environment and consistent with regional development - and directed to new ends.

The allocation of resources of manpower, capital and managerial skill between various purposes is constantly changing. It is not possible save in the most general way to indicate how the size of various industries may be expected to change in the next ten years, given policies pursued throughout the Community which emphasise greater social provision and more attention to the improvement of the economic infrastructure and of the environment. Redistribution of income will mean expansion of industries producing consumer goods - foodstuffs, clothing, furniture and domestic equipment; larger programmes of school building and house building (and renewal) together with extended hospital and health centre provision may tend to change the emphasis in the building industry from industrial and commercial construction; an expansion of health, educational and welfare services will necessitate the training of a higher proportion of teachers, doctors and medical and social auxiliary workers. These however are no more than obvious trends which can at present be indicated in the broadest way and which are likely to be manifest at the national rather than the Community level.

One key - if not the key - to changes in the rate and direction of economic growth is to be found in technological advance; and it is by new directions for technological advance that a programme of emphasis on communal requirements is likely to be assisted.

At present however there is a scepticism about technology as profound as the scepticism about growth. As with growth the criticism should be directed not against technology but rather against the way in which it has been used.

Much research and development is of course privately and not publicly financed. Indeed company financed research and development has consistently grown because it can contribute to economic success. When all research and development, however financed, is taken into account the predominance which is now being assumed by spending on purposes other than defence and prestige can be seen.¹

Percentage of Gross National Expenditure on
Research & Development by Main Objectives (1967)

	<u>National Security and Prestige</u>	<u>Economic Development</u>	<u>Public Welfare</u>	<u>Other</u>
Belgium	5	68	11	16
France	41	43	5	11
Germany	21	62	7	10
Italy	16	60	10	13
Netherlands	4	70	10	15
UK	30	56	5	9
Denmark	8	59	17	16
Ireland	-	84	5	11
Norway	11	58	12	19
USA	55	32	6	7

During the fifties and early sixties much of the emphasis in technological progress - particularly as measured by the expenditure on publicly financed research and development - was, in almost all advanced countries, on projects which contributed little to meeting human needs; the emphasis was on defence, space and nuclear projects. By the end of the sixties however it had come to be put to a greater extent on economic, agricultural, welfare, environmental and similar purposes.

¹ Figures extracted from table in paper The Goals of Research and Development in the 1970s (published by Science Policy Unit of University of Sussex 1971) based on OECD Statistics 1971.

The shaping of industrial development which social considerations require will be assisted by continuing the change in emphasis of Research and Development towards satisfaction of genuine consumer needs and the promotion of welfare, safety and environmental improvement. To some degree the Research and Development effort in private industry - as exemplified particularly by the work of Research Associations - already takes account of these needs; but not yet to a sufficient degree.

It is unlikely that the change in emphasis will be effected by normal market forces. The interests of consumers are generally too weakly organised for this; and indeed in a number of cases, as already indicated, there is not yet nor is there likely to be a sufficiently clear consumer demand expressed through the normal forces of the market. The change of emphasis in industrial development and growth which a programme of meeting communal needs necessitates will depend on the use of collective regulation and initiative. Methods of public procurement will have to be used to further the direction of Research and Development towards projects specially addressed to the needs of lower income groups and to other social aims. Similarly positive public action by the planning of Research and Development contracts will be necessary to secure increasing attention to problems of communal needs. In some cases this will involve national action; but in other fields close technological co-operation on a Community basis - which has so far made relatively little progress - will be required.

To these subjects the proposals for the creation of Community Industrial Development Contracts are very relevant. Such contracts are not a substitute for the efforts of industrialists or of separate member states. They can, however, as at present envisaged, serve one of two purposes. The first is that of providing development with the aim of raising efficiency in industry - particularly in the sense of industrial co-operation and integration between the countries of the Community - and facilitating its adaptation to the social aims of economic

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development; the second that of promoting development projects related to goods or equipment which will meet a public need - defined at Community level - but which are not produced in response to market forces alone.¹

¹See Memorandum on the Creation of Community Industrial Development Contracts, E.E.C. Brussels 15.10.1971.

Elements in a Social Strategy

The foregoing sections suggest that to assist the achievement of the objectives quoted from the Third Medium Term Programme will require a willingness to change attitudes, adopt new policies and modify institutions. It will require a new consciousness of the intimate ways in which social and industrial policy continuously interact. It will require the maintenance, even the acceleration, of economic growth; but a radical change in the ways in which the results of that economic growth are put to use.

(1) The accepted objectives in the major fields of social policy - education, health, housing, welfare, social security and distribution of income - need to be reviewed (even where the objectives are at present implied rather than explicit ones) so that an assessment may be made of how far the progress envisaged over the next ten years is adequate. Such a reassessment must embrace not only an examination of how far the resources which are at present explicitly or implicitly earmarked for these purposes are adequate or should be larger, but also an examination of the principles on which these resources are to be used. Thus in education, to take an example, it is not merely a question of asking whether the expected rate of enrolment in 1980 is large enough but also whether within the programme of educational expansion enough emphasis is put on the diminution of present inequalities of opportunity.

(2) The objective must be a clear one - that in framing future policies the emphasis be put not on growth for its own sake, nor on the enhancement of prestige, but on the creation of a society which is genuinely designed to cater for individual human needs and to give the fullest scope for individual human development.

(3) Some of the work of reassessment must be done in industry itself. Here the most important steps are the encouragement of a higher living standard for workers and of greater influence by them on the control of their working lives. A striking feature of

advanced industrialised societies over the last fifteen to twenty years, no less than of the developing societies, has been the "revolution of rising expectations". Men and women are constantly reminded of the advances of science and technology; they are subjected more systematically than ever before to sophisticated advertisement pressure - particularly in those countries which have commercial radio and television - designed to encourage them to acquire a wider and wider range of goods. It is hardly surprising therefore that they should expect to see science and technology making possible a standard of living which improves in real terms year by year.

(4) In order that this desire may be articulated and constructively expressed all practical steps should be taken to encourage the development of trade unions and their recognition by employers. The primary drive in this direction must of course come from the trade unions themselves. Since the most satisfactory way of conducting industrial relations is on the basis of collective bargaining between employers on the one hand and strong representative trade unions on the other, trade union organisation should be facilitated and employers encouraged to accord recognition. Unions should also be ensured a more substantial position vis a vis the formal European institutions and in appropriate ways the principle accepted that workers should have through their unions a place in industrial affairs which assures them an effective influence on the whole range of matters with which industry is concerned.

(5) In the field of social policy a greater emphasis should be placed on the involvement of the public in all matters of concern to them - consideration of plans for the development of particular areas; administration of hospitals and other health institutions; participation by parents and teachers in the reshaping of education; and so on.

(6) The social purpose of industry will be strengthened if more attention is given to protection of the consumer; not only by legislation and inspection where that is necessary, but by the encouragement of organisations of consumers who may establish or control facilities for the testing and evaluation of consumer products.

(7) A profound influence can be exerted on industry and society by the change of emphasis of research and development. The US declaration in the early sixties that it would before the seventies place a man on the moon caught public imagination and provided the spur for an immense programme of research and technological application. There is much to be said for a Community commitment to a series of equally bold declarations about goals to be achieved by given dates in the future. Such goals however must be ones much more clearly related to human needs or to environmental improvement - designed, for example, to achieve a given housing target throughout the Community or to free all its waterways of pollution. Such commitments have dangers since they may divert effort and resources from other equally valuable purposes; but a balanced programme of such declared social and environmental goals, always provided that their human purpose was clear, could give a focus to technological and social aspirations.

(8) As a counterpart to such a declaration of goals there would be equal advantage in establishing at Community level an institution - as recommended in the OECD Report "Science, Growth and Society" - which "would be responsible for anticipating the likely effects, threatening or beneficial, of technological initiatives and developments".

(9) There are gaps in social policy and administration which could be identified and filled. In respect of sickness, unemployment and pensions, events may force a greater degree of simplification and uniformity to reduce the complexity of accounting. Attention needs to be given both to the possibility of provision being comprehensive, covering all inhabitants of the Community and filling any gaps in coverage; and to the degree to which the financing of such schemes
/by

by a greater contribution from general taxation, along with the contribution income from employers and employees, can have a valuable redistribution effect.

(10) In education, health and housing professional qualifications need to be harmonised. The maximum exchange of information between countries of the Community can lead to better definition of aims in these fields of social policy and evolution of the best methods of achieving them. This can lay the basis for general advance and progressive harmonisation. The appropriate institutions of the Community can play initially a co-ordinating role but will increasingly themselves stimulate improvement.

(11) Special importance attaches to educational advance and the concept of lifelong education. This relates also to the need to ensure adequate industrial programmes of training - and of retraining as the needs of industry change. The success of programmes of vocational and general education in adult life will substantially depend on industry recognising the need to co-operate in releasing and reabsorbing men and women in accordance with such programmes.

(12) The industrial policy will require institutions of the Community with powers of supervision and initiative. The form of these institutions - and how far those already existing can be adapted for this purpose - will require examination. It will, however, be essential for such institutions to have the confidence of and involve the participation of the social partners.

Chapter IV of the document Preliminary Guidelines for a Community Social Policy Programme discusses the scope for the implementation of such a policy through the institutions of the Community and the ways in which financial resources can be made available. It also sets out a programme of priorities which provide a basis for discussion and decision. Immediate steps can best be determined in the context of action to draw up a Social Budget of the Community and to formulate as speedily as possible a "medium term social forecast" at Community level.

So far as other priorities set out in the document are concerned greater emphasis might well be given to the following points -

(a) the importance of regional planning and of full employment policies as a means of ensuring the spread of employment opportunities and the minimisation of such movement of workers as may have detrimental personal or family consequences;

(b) the achievement of higher real wage standards and better working conditions (together with the identification of areas of low pay and poor working conditions) by the encouragement of collective bargaining over a wide range of subjects;

(c) in connection with improvement of health and safety standards a consideration of the effects of work of a repetitive and monotonous character;

(d) improvement not only of working conditions and relative remuneration of women but study of the ways in which their opportunities, particularly in the field of education should be widened.

(e) measures for promoting the integration of handicapped people into active life, to be seen not merely in terms of possible employment - important though that is - but also in terms of the most rewarding human contacts and constructive community care for all categories of handicapped and disabled;

(f) steps to identify groups and areas where for any reasons the provision of health care, educational facilities and social security arrangements fall below the general standard;

(g) consideration of the possible announcement of goals in the field of social and human improvement for which dates might be fixed so that the emphasis of technological advance and social administration on the meeting of human needs can be the more clearly seen.

"The changing collective and individual needs of European
society"

Paper read by Dr. Giorgio Ruffolo, Secretary-General
for Planning in the Italian Ministry of the Budget
and Economic Planning

at the

Conference on "Industry and Society in the Community"

Venice, 20th-22nd April 1972.

Economic growth and the quality of life

1. One of the most distinguished casualties of May 1968 was undoubtedly the GNP (gross national product) (1) This idol of economic success, which was burned in the squares of Paris, has since been rehabilitated as far as possible, but it is no longer the same. Faith in the fallen god has been shaken. The optimistic belief in economic growth which has marked the last twenty years, is now giving way to equally uncritical and mystical pessimism.

In twenty years, national product per capita has doubled in the countries of the European Economic Community. If the quantity of goods produced were a true indicator of social well-being, we should now be living in a Europe twice as prosperous and twice as happy.

This is not so. European industrial society, shaped by twenty years of economic progress is incomparably more affluent than the society which emerged in confusion from the ruins of the war; but it is no longer human or rewarding.

2. The economic progress of Western Europe has been

(1) I prefer to use the English initials. Every religion has its own jargon.

enormous in many respects. For twenty years the EEC countries have maintained something like a 5% growth rate in their national product; in comparison, the United Kingdom's figure of 3%, which would have seemed miraculous during the inter-war years, is almost shameful. Almost full employment has been achieved in virtually every country. The real income of workers has increased by an annual average of around 7%. There has also been a considerable measure of stability: the general level of prices has risen on average by about 3.5% per annum. There have however been steeper increases over the last few years.

From the economic standpoint, the last twenty years have been a golden age for the Continent.

Between 1968 and 1970, however, the spectres of a forgotten past have reappeared on the horizon. They include inflation, the international monetary crisis, and the upsurge of social unrest. A feeling of malaise is disturbing men's consciences and is casting doubts on the experts optimistic forecasts for the next ten years which are presented as a mirror image of the last decade (1).

(1) Recent OECD forecasts anticipate increases of 5.2% for the "small" Community, 3.2% for the United Kingdom, 4.2% for the United States but 10% for Japan.

The econometricians are therefore neither worried nor wildly optimistic. Not so the man in the street who is beginning to wonder what these indices and figures really mean.

At the end of last year (2), the Economist published a semi-serious table. The chief countries of the world were ranked in a single list based on twelve social indicators, which were either "positive" (e.g. the percentage of seventeen-year-olds still at school) or "negative" (e.g. the percentage of road deaths).

Among European countries, the United Kingdom had the highest social rating (+8) but the lowest economic performance (0); at the other end of the scale, Italy had the highest economic rating (+7) but the lowest social performance (-15).

It goes without saying that these figures are arbitrary and misleading (particularly in this semi-serious form of generalisation). I shall return to this point later in my paper. At the same time, it cannot be disputed that the national accounts are becoming an increasingly unreliable indicator of prosperity and even more so of happiness. While Pigou's "law" that general well-being increases with economic prosperity

(2) 25th December 1971

could reasonably be accepted in times of general economic scarcity, this proposition becomes increasingly doubtful when, as more goods are produced, more of other kinds have to be made to remedy the damage caused by the first, and the process continues in a sequence which seriously threatens the sources of human life and the mental stability of all mankind.

3. In short, the outward signs of economic well-being are increasingly offset by signs of social ills.

It is quite useless to ask whether the ills of our society are greater or less than those of the African races, who are not exposed to pollution, or of the country-dwellers of the 18th century, who were not a prey to mental illness.

Every society has its own special troubles. No weighted index has yet been invented which can measure them in absolute terms. In every society there are those who regard such evils as the necessary and even acceptable cost (1) of the attendant, overriding and inherent advantages (Paradise or the GNP); on the other hand there are those who seek to reduce and combat these evils.

(1) In this connection, see the "open enthusiasm" for the happy confusion of Las Vegas, attacked by Maldonado in "La speranza progettuale", Turin, 1970, pp. 114 et seq.

All the ills of modern industrial society can be traced to a single common factor - uncontrollable development. Industrial society has achieved the incredible tour de force of continuously increasing the technical and economic resources at its disposal. It has not yet succeeded in planning this growth deliberately or rationally.

The evidence of this shortcoming is now obvious in the Western Europe of the seventies.

4. First and foremost, Europe seems to be incapable of spreading economic growth evenly over its various regions and of narrowing the gap between the different levels of society.

Over the last twenty years of economic growth, the inequalities between the different regions of Europe have unquestionably increased. Despite the efforts made particularly in Italy and the United Kingdom to help Southern Italy, and Northern Ireland and Scotland respectively, these peripheral regions are still depressed. To a lesser extent, all the areas to the west, east and south of the "golden quadrilateral" bounded by Milan, Paris, the Midlands and the Ruhr (1) have lost and are still losing economic importance to these high-pressure areas. There is still a large dose of unhealthy laissez-faire in the location of economic activity.

(1) See J. Pinder. Economic Growth, Social Justice and Political Reform in AA. vv Europe to-morrow, 1972.

It is obvious that, so long as firms are completely free in the matter of location, the tendency to concentrate will become even stronger and the economic and social imbalances between the various regions of the Continent will become worse.

As regards incomes, it would seem that the trend towards a fairer distribution which marked the period from 1920 to about 1950, was halted shortly afterwards (2).

In a world where all incomes are rising, everyone has higher aspirations and social differences become more and more frustrating. This situation is perhaps less immediately explosive than a sharp division between a few well-to-do and masses of poor; but there is more "creeping" social jealousy, encouraged by the continuous stimulus of advertisements and the powerful example of ostentatious consumption.

The final consequence is that poverty, which has ceased to be general, is now concentrating in intractable social areas, many of which are the preserve of foreigners and immigrants.

It would seem that the richest societies cannot do

(2) J. Tinbergen, Population, *ibid.* page 74

without these ghettos where the rejects of prosperity accumulate.

5. Huge city growth is another manifestation of the entropy and of the high degree of disorder and disorganisation which accompany uncontrolled development.

No matter how this phenomenon is plotted on the map of Europe (golden quadrilateral, Lotharingian axis), North-West Europe is unquestionably becoming a densely-populated "strong" area, with a marked tendency towards faster city growth.

The conurbations of the Midlands and South-East in England, round Paris in France, in Rhineland-Westphalia and along the Rhine in Germany, in Switzerland and in North-West Italy form a potential European megalopolis, with a population which has already reached about 150 million. This very-densely populated area (about 460 persons per square km. already) forms the most powerful magnet to both population and economic resources in Europe. If its power of attraction is not reduced, the European megalopolis of the future will be the undoubted equal of similar concentrations in Japan and along the north-east seaboard of the United States (1).

It is estimated that 30% of the population of the European Economic Community is to-day concentrated in 9% of its area.

If the present trend continues, this figure is likely to rise to 40% by 1990. Quite apart from the gradual decay of population and of economic growth in the areas outside the "megalopolis", to which reference has already been made, this would mean increasing congestion and a decline in the quality of urban life inside the metropolitan area.

On any objective view, living conditions in our cities are being increasingly dominated by the workings of an absurd fate. The facts, for example, that streets are being increasingly used to park vehicles instead of a means of speedy and comfortable transport, that the cost of such parking is rising continuously (it has been estimated that the capital outlay for each parking space is about 70 million lire) and that, despite all this, motor vehicle sales are still rising rapidly, are symptomatic of how the public are losing control of their cities.

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- (1) See "Vers une 'megalopolis' européenne? in D.P. No. 43 (11-71)
See also "CEE: Travaux du groupe 1985-2000 - Urbanisation"
May 1971, and Philipponeaux : "The environment in Europe
to-morrow" op. cit.

6. There is an even greater danger of men losing control over their environment. The "snare of entropy" as Kenneth Boulding calls it, is perhaps less apparent

in Europe, which now depends on the other continents for most of its raw materials. But the trapdoor of pollution is already open.

The broad stream of history down the centre of Lorraine has already transformed the gold of its legends into mud. The same threat hangs over the Mediterranean coast. The still green forests of the North menaced by the spread of the urban fungus. What is more, vast areas which are abandoned by an over-hasty agricultural industry, are invaded every week end by people from the cities, who are trying to get away and leave behind them the fumes, dirt and din of the city.

There are, of course, some people who laugh at those who talk of ecological disaster and say that this is a new form of millenary pessimism as the year 2000 draws near. Or that it is the aristocracy again expressing its contempt for mass democracy.

In other words, the battle for the environment, as for the nuclear threat - which is now out of fashion - is between hawks and doves.

One side argues that progress must have its way; the other forms pressure groups and calls for bans.

But organised planning of environmental resources, laying down the terms of a balanced solution, is still in its infancy.

7. The lack of balance in the economy, the location of industry, city growth and the environment is closely linked with the fundamental political imbalance of industrial society, whose institutions are incapable of meeting its desire to participate. This is the real nub of our social ills.

Economic growth has itself created the demand to participate through the unprecedented mobilisation of social forces; of young people, enrolled for mass education, of women, now semi-emancipated from the home, of citizens, flung together in huge urban concentrations, of workers, exposed to the stresses of continuously-changing processes and the uncertainties of mobility.

It is only a half-truth to interpret this demand for participation as a demand for social services. This is only a partial statement of the issue. There is a danger of presenting the problem as one of reallocating economic resources between private consumption and the satisfaction of collective needs (which can be solved by raising taxes for example) and not as a problem of structures and the distribution of power in the community. This brings me to the heart of my subject.

The growth of social expenditure

8. Galbraith's ideas are well known. He argues that in a situation where economic resources are relatively

abundant, we continue to live as in conditions of scarcity, and give the production of goods and services for the market - for the satisfaction of our personal needs - a priority which they have lost, now that everyone lives above the subsistence level; we ignore our higher needs, predominantly of a collective nature, which cannot be satisfied by goods produced for sale but only by social services organised by the State. The result is the paradox of public squalor in the midst of private affluence, and this affluence is the more illusory the more it is based on the invention of non-existent needs and useless frivolities.

This happens because, in our market economy, goods which can be sold to the public have a strategic advantage, since their market price automatically provides the income which "commands labour, capital and raw materials for production" (1)

(1) J. Galbraith, "The Affluent society", 1958 page 320.

Failing outside intervention, private production can therefore monopolise all the market's available resources. To prevent this from happening and to make some of these resources available for public services, laws have to be passed and institutions independent of the production process have to be set up.

In other words, the market is the rule and State intervention is the exception.

In these circumstances, the supply of public services cannot compete with the supply of private goods and services. A "Social imbalance" is created between the number of cars produced and the space available for them, between tourist services and road safety and so on. The imbalance is aggravated by the fact that the coefficients linking private consumption and public services are tending to rise.

Galbraith's problem is to build into the system some kind of machinery to restore structural balance; for example, "a taxation system which will automatically make a percentage of increased earnings available to the authorities for public use".

But is the problem of social ills in an affluent society really a matter of increasing taxation to meet the demand for goods and services for collective use; or in other words of increasing social expenditure to meet social demand? Or does it depend on the logically preliminary, and politically more complex, problem of creating social demand?

Before trying to answer this question, we must first consider the relationship between the growth of social expenditure and of the gross national product.

9. Figures taken from a study made by the
Centro Studi e Ricerche Economiche (Economic Research

and Planning Centre) on the trend of social expenditure in a number of industrialised countries will be found in the appendix.

Some of the terms used require a brief explanation. Public investment means gross fixed capital formation as normally used in Government accounts. Public consumption is also the concept used in the national accounts. However, while housing is reckoned as a public service, both because public management and financing of housing are increasing in many countries and because of the purpose of the service, a new aggregate has been introduced; in the classification used for the Italian economic plan it is defined as the social uses of income.

The concept of public interest will, however, have to be further expanded to allow for current appropriations of income for social purposes (contributions to health services, insurance payments, etc.) with the inclusion of such transfers, we arrive at the concept of social expenditure. This gives an idea of the overall resources mobilised in a particular country to meet predominantly social needs, as distinct from individual requirements or directly productive investments. Incidentally, under the heading of "social expenditure", the distinction between consumption and investment loses much of its significance.

The figures in the appendix clearly show that from 1959 to 1969 social expenditure tended to rise faster than the gross national product in virtually all the countries studied, the share of social expenditure in national income rose from 32 to 43% in the Netherlands, 31 to 41% in Sweden, 34 to 39% in France, 34 to 38% in West Germany, 31 to 38% in Italy, 30 to 36% in Belgium, 27 to 35% in Norway, 31 to 34% in the United States, 27 to 32% in the United Kingdom and 24 to 29% in Denmark. In Japan only, the figure remained practically unchanged at around 22%.

The tendency of social expenditure to rise faster than income extends, in general, to all components of the aggregate i.e. public investment, public consumption, housing (and, therefore, "social uses") and current appropriations. Elasticity is almost always greater than 1.

While aggregates of this kind, covering such a short period, cannot be regarded as highly significant, they do indicate a clear tendency to channel more resources to the provision of social goods and services.

This would suggest that the real problem is not the appropriation of resources from individual to collective uses but rather the way those resources are employed. The expansion of social expenditure derives its impetus from the same source as the

growth of private consumption. But this expansion is so chaotic, unplanned and subordinate to "private" demand, that costs in terms of resources used per unit of service provided are rising and the quality of the service is tending to deteriorate as its scale increases.

The quantitative growth of social expenditure conceals a rise in its costs instead of reflecting an improvement in the quality of the service provided.

10. The uncontrolled growth of cities, as a result of decisions left mainly to private enterprise, involves rising social costs for building and transport.

It has been estimated, for example, that if the trend towards urban concentration which has marked the last twenty years continues, the rate of building will have to be doubled from 1 to about 2 million dwellings per year over the next twenty years in the countries of the European Economic Community.

The educational system has felt the impact of industry's demand for skilled workers and of the entry of massive new waves of students, due to the increase in personal incomes. In every country in Europe, expenditure on education has risen steadily by an average of more than 10% per annum. Numbers at school have increased. But both fixed costs and current expenditure on education have grown faster than the service provided. To judge from recent experiences, moreover, education cannot be said to be greatly "enjoyed" in most European countries.

Much the same may be said of the health services. In Western Europe, all forms of expenditure on these services have risen swiftly almost everywhere (direct payments or appropriations and the overall percentage is now somewhere between 5 and 10% of national income. Here again, the increase cannot be said to have been deliberately planned on the basis of research into the state of health and the needs of the population, but rather a hasty and anguished response to pressure from private demand, the general public and the medical profession. In every country, the cost of health services is rising to a greater or lesser extent.

On the other hand, expenditure on conservation and urban reconstruction is still on a very small scale. There is no basic pressure from "private" demand to give the necessary impetus; and, like other races and peoples throughout the world, Europeans seem so far to have taken an implicit decision to let their geography and history go by the board.

I think it is fair to say that social expenditure has been increasing and will continue to do so, not in opposition to the growth of "private" demand, but as an indirect and minor consequence of that growth. The real problem is not how much money must be diverted to collective needs by more automatic tax deductions. The enormous resources mobilised for building homes and for the education and health services have given decreasing returns. The real problem is the quality of the services provided; and no solution can be found without considering

the question of the administering agency.

Bureaucratic inefficiency.

11. The agency responsible for dealing with constantly rising collective needs which cannot be properly satisfied through the normal market processes, is, of course, the State.

The result has been a vast expansion of the administrative machine and a more important role for the administering bureaucracy.

The bureaucratic form of organisation, which Weber recommended as ideal for rational action, is now more or less discredited. There are complaints on all sides that bureaucracy is "inefficient" in meeting the demand for public services. Administrative reforms are demanded to speed up, decentralise, and "streamline" procedures, and so on.

But the problem of bureaucratic administration seems to go deeper; in addition to the charge of inefficiency, critical consideration must be given to the bureaucracy's ability to meet the needs of a modern industrial society and to its position in the pattern of power.

Government services are still reasonably efficient in their own traditional sphere of administration. It is precisely this type of administrative activity which does not fit in with the needs of a modern, go-ahead and varied industrial society.

By administrative action I mean action taken within

limits from which all doubt is excluded by the strict application of rules and the rigid demarcation of duties in discharge of an objectively-determined function and in conditions not subject to sudden change.

The hall-marks of a modern industrial society are constantly-changing conditions and an atmosphere of uncertainty.

This is true of "private" needs which are expressed through the market; it is also increasingly true of collective economic and social needs. These needs cannot be fixed as norms but must be treated as magnitudes which vary with the community's requirements.

Because of its authoritarian and hierarchical nature, the administrative machine crystallises its objectives into rules of conduct, which it follows and applies uniformly, regardless of the way the public reacts. The civil service has functions, not objectives, rules rather than alternatives and rigid procedures rather than options.

Administration on the Weberian pattern is perfectly rational in a relatively static and "certain" situation but becomes irrational in uncertain and rapidly-changing circumstances, when the problem is to identify objectives after first studying what is needed and feasible, to provide the necessary means and to modify both objectives and means continuously according to the reactions aroused.

It is not, therefore, a matter of restraining the excesses and curbing the unhealthy features of bureaucracy but of questioning the bureaucratic organisation of the social services as such.

The bureaucratic structure which is strictly functional within its sphere (with clearly specified powers) and formal in its administration (with standard, uniform rules) cannot, without disowning itself, be transformed into machinery for dealing with objectives.

Quite understandably therefore, it resists any attempt not so much at decentralisation which within limits, is quite compatible, with a functional pattern, but rather at planning, in the sense of action directed to the achievement of specific objectives.

There is also the well-known tendency of the bureaucracy to become a closed corporation, to "eliminate the end-purpose" of its action (1), which is to serve the public and to become an end in itself, thus widening further the gulf between the administration and the public (2); it is thus ceasing to be the "responsible and responsive" structure it has been said to be (Robson) (3)

- (1) C.M.M. Joad : "Decadence ; a philosophical enquiry",
London, 1948.
- (2) R.K. Merton : "The unanticipated consequences of
purposive social action".
Am. Soc. Rev. 1936 pp. 894/904 and
"Bureaucratic structure and personality,"
Social Forces XVIII (1940;
- (3) A. Gouldner : "Patterns of Industrial Bureaucracy",
Glencoe, 1954.

12. In modern society, therefore, bureaucracy is not irrational because it is inefficient but because of what it actually is.

In the case of public services, the problem is not so much the amount of money the State can provide for the purpose but the illogical way that money is administered; there is no link with the political demand which can only be determined by completely rational, democratic planning, but administrative rules which have become wholly arbitrary with the passage of time are applied.

These rules are of course regularly adjusted by what has been called "parallel bureaucratic administration" by which is meant, using the considerable discretionary powers available to the civil service to meet the demands of economic pressure groups and political clients (Giovanni Giolitti said that rules are interpreted for friends and applied to enemies).

While this may be a "malfunction" from the Weberian point of view, it is still no remedy for the illogical character of administrative action.

The bureaucracy therefore has no subjective responsibility and there may be no need to reform it as such. Armoured cavalry in close formation was a wonderful invention. At Agincourt it fought bravely as always. The blame for its defeat lay not with itself but with the English archers, against whom the cavalry was impotent. We must ask ourselves, therefore, whether the ineffectiveness of administrative action in the specific case of the demand for

economic and social collective services does not stem from the nature of the State itself; and whether the State should not get down from its horse and learn to live in a different way.

The two linked problems which emerge are the rationalisation of decisions and greater democracy in administration.

Rationalisation of decisions

13. Things which are completely reasonable in the earthly paradise of bureaucracy become unreasonable in our restless purgatory. It is now universally recognised that resources for collective needs are irrationally administered. The vast sums entrusted to the State are applied according to established patterns and the relative strengths of the various branches of the administration, in dealing with each other and with other pressure groups. They are allocated in accordance with ancient rules which are both inflexible and arbitrary.

The traditional method of drawing up the State budget is common knowledge. It involves a process of decision which one student of public finances has called "muddling through" (1). The spending authorities come to the political market and strike a bargain; as in every oligopolistic market, there is no point in trying to change everybody's share by starting a fight if the relative strengths engaged are not substantially changed. The result is ^a kind of order which is highly instructive to observe without enquiring into its basis in logic.

This method has been extrapolated from the State budget to the national economic budget when various needs have driven some governments to adopt national economic planning.

National economic planning springs from the need to maintain a short-term balance between supply and demand or to ensure faster general economic development or more balanced development between regions and sectors. As the more general economic objectives and the planners' "aggregates" are broken down into more specific objectives, they reveal the inadequacy of the available instruments for analysis and the strong dislike of the administrative machine for any attempt to define objectives.

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- (1) C.L. Schultz, "The politics and economics of public spending", Washington 1968.

There is thus a danger of economic planning becoming the victim of a conspiracy between the civil service and the keepers of the nation's accounts.

The nation's accounts in fact fit perfectly into the favourite image of a cake to be divided; a bit for you and a bit for you, but be careful not to take more than there is (1). The basic problem is presented as one of dividing a finite quantity wisely between a number of uses. In other words, as a typical traditional "budget" problem.

This leads to a number of mysterious rules. For example, the rule that defence takes 6% of the national

income. Why 6% This seems to have been laid down in some international agreement. Then 1.1% for aid to developing countries, for the same reason. 5% for health services; "that's what they do in other countries" and so on. Within these compartments, however, the usual methods of oligopolistic bargaining between ministries, departments and offices apply.

As a result, there is a danger that irrationality may be planned and approved by law.

(1) See Dow, quoted by F. Caffé, *Politica economica*

14. Planning is at present passing through a period of criticism and self-criticism. The realisation that decision-making processes are open, continuous and many-centred has revealed the inadequacy of the theoretical pattern of national accounting on which planning is based and, in particular, its inadequacy as an instrument for reaching operational decisions (and not simply a table for checking the overall compatibility of decisions which are discounted to some extent).

At the same time, realisation of the arbitrary nature of decisions concerning the use of Government funds has encouraged efforts to find new methods of "rational planning" based on the application of systems analysis.

At the moment, the old methods of "planning expenditure" are found side by side with the new methods, which are still in the experimental stage; and this co-existence

is likely to continue because of the different approaches and scope of the two techniques (1).

However, unless the decision-making process is rationalised by the progressive introduction of "objective planning" or "project planning" methods, expenditure on collective

(1) Such co-existence is made possible by applying rational planning the microplanning of separate projects - to the instrumental variables of the plan only (decisions) and by applying macroplanning to aggregates in the general compatibility table.

needs is liable to increase out of all proportion, with a colossal amount of waste (2) without any corresponding increase in human well-being; on the contrary, the present confusion and hardship will become worse.

"Unless we are to risk an uncontrolled explosion of expenditure, it is inconceivable that activities such as education, which sometimes absorb over one twentieth of the nation's resources should be administered by a system and rules which in some cases are over one hundred years old. Again, unless we accept the possibility of sacrificing arbitrarily some of the hopes and essential needs of modern communities, it is illusory to try to arrest the progress of social departments by imposing ceilings arrived at by intuition (1) "

Project planning involves a systematic and continuous study of the condition, needs and aspirations of society, in order to define the aims

- (1) As already noted, social expenditure rises faster than total income. Some types of expenditure are highly elastic.

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- (2) J.M. Collette, "Etude sur les systèmes de décision", Institut de recherche des Nations Unies pour le développement social, Geneva 1970

of social action within an overall plan; it involves identifying and costing the various alternatives and then deciding between them.

This does not assume the existence of a set scale of social priorities or of objectively-determined needs which must be met; it means working out a scale of priorities and a social plan, on the basis of systematic research and exploration. It is a rational method of seeking the views of the public (reducing, as far as possible, the weight of emotive factors or of downright inertia). It is a method of arousing social demand, by analysing the confused aspirations which at present find no backing or expression either in the political system or in the bureaucratic machine.

Galbraith's "social balance" can only be restored by a rationally-expressed social demand, which will give precise direction and first priority to resources for the satisfaction of collective needs.

More democracy in decision-making

15. Project-planning is therefore much more than a technical problem. The choice of a system of social indicators and the introduction of systems analysis techniques do not mean simply the replacement of the old bureaucratic machine by teams of experts and technicians; more democracy must be injected into the decision-making process.

Failure to understand that the problem of rationalising decisions concerning public expenditure is essentially political, is perhaps the main cause of the slow progress which the new techniques are making, after the first flush of enthusiasm, in the very countries which were the first to adopt them.

The identification of social policy targets involves recruiting the services of experts and technicians, but the problem cannot be solved by experts and technicians on behalf of society. In his book "Lo choc del futuro" (The impact of the future), Alvin Toffler recapitulates the numerous attempts made in America to define in systematic terms the problem of setting social targets and taking reasoned decisions : they include the study "Aims for Americans" commissioned by President Eisenhower in 1960, the great PPBS experiment launched by Johnson and, lastly, Nixon's very recent solemn declarations: "The time has come for us to dedicate ourselves, consciously and systematically, to the problem of what kind of nation we want to be.... I have to-day ordered, here in the White House, the setting up of a group to study national aims.."

"The problem is always "Who is to determine these aims? (1). From whom does he derive his authority? How is he to win the consent of the people who will have to put those aims into effect?

The idea that the choice should be entrusted to "qualified" experts stems from the belief that the problems of modern society have become too complicated to be dealt with by democratic methods. In reality, this belief is as old as the hills. Society has always been too immature and its government's problems have always been too complicated for those who start from the belief that ordinary men and women have neither the capacity nor the right to decide their own destiny.

These long-held elitist ideas, which have been refurbished with a coat of technocratic paint, are in reality becoming more and more out of date in our changing industrial society. In this kind of society, with its complexity, variety and constantly-changing structure, there is a very high degree of social interaction, calling for a flow of information to all points of the compass. Every "directive" is an outgoing item of information which requires a reply, and so on. The claim that this flow should be channelled in the single traditional direction "from the top downwards"

(1) A. Toffler, op. cit pp. 468-469

blocks any feedback and gives the elite a distorted image of a society moving in directions unknown to it.

The technocratic elite thus finds itself having to cope with a society which is incomprehensible, improbable and unforeseeable. Even with all their sociologists and their costly sophisticated forecasting instruments, they are still bewildered by the surprises which a silent society conceals in the depths of its being.

The complexity of modern industrial society is certainly not reflected in the institutions of parliamentary democracy which have come down to us almost unchanged from the 19th century. But the whole problem is to change these political institutions. For a society which is more affluent, better educated and potentially freer than its predecessors, the change must be in the direction of wider and more radical democracy.

The existing institutions of democracy are criticized for the sake of a more modern and articulate democracy, which must plan rather than be planned, and not for the sake of authoritarian solutions, inspired by the barracks or the factory, which reveal, even more than their conservatism, the sterile imaginations of the everlasting inventors of "police-whistle" republics.

16. Modern society is making ever-increasing demands for planning and self-government. "In a super-industrialised society, democracy is not a political luxury but an absolute necessity" (1)

It is of course utopian to dream of attaining a perfectly rational and democratic model society. But it is not in the least utopian to try and find solutions as close to that model as possible.

Self-government can be pursued as an ideal through a practical search for more and more advanced forms of participation. The aim is in no way to achieve the impossible pattern of a completely anarchic society, but to answer the demand for participation whenever circumstances so permit.

Not all branches of society are equally amenable to the "socialisation of power". Businesses are among the least amenable because of their rigid technological determinism. The same applies to the main security services - the police, defence forces and to a lesser extent justice - for which the administrative machine is essential because they are

(1) A. Toffler, *op. cit.*, page 471

indivisible, and strictly objective, and have powers of compulsion.

On the other hand, there are intermediate areas, where the degree of freedom of expression, variety and independence enjoyed by society at large is less than it might be.

In the ever-widening field of collective needs - welfare, education, health, culture and leisure - there is vast scope for varied forms of participation in control.

In these cases, administration can be rationalised and objectives planned only through greater democracy, with less state control and less bureaucracy.

The individual social services are not divisible but they can be made available in optimum "amounts" to social groups, whose size should be determined by reference to "satisfactory" standards of efficiency and participation. In other words, manageable, planned systems must be created. The existing main headings under which collective services like education, health, etc. are classified, have become unmanageable for any decision-making process based on planned objectives and for the attainment of the degree of participation needed to ensure that the service provided is efficient.

Intermediate groupings (communities) must be established between the State and the citizen to expand the demand for social services and take over their administration.

17. On a territorial basis, an obvious intermediate level is the region or city. The present trend towards the reconstitution of regional political authorities in Europe clearly demonstrates the intractability of the problem of territorial structures, the environment and urban growth in these days of centralisation and political apathy among the communities directly concerned with the use of the territory.

But modern means of communication are so swift, and in some cases immediate, that communities not linked with territorial divisions can be formed by voluntary association, on the basis of plans aimed at common objectives; these might be called "planning communities" Going further, plans can be limited to a single aspect of social life— permanent educational centres, health schemes, tourist routes, and so on - or to a number of related aspects, leading finally to complex, well-articulated communities; these would be "planning universities" and new "cities " (polis) round which the fabric of social relations, now threatened with disruption, could be reformed. In contrast with "technostructures" characterised by the mobilisation of mankind in the service of production, they might be called "polistructures".

18. The decentralisation of social services to such communities would naturally require new institutions capable of maintaining a fair balance between the central government, the community and the citizen.

Relations between central governments and communities would have to be in some contractual form (possibly similar to a concession) defining the communities' sphere of independence and retaining overall planning and supervisory powers for the central government. Agreements of this kind would have to be sufficiently flexible to adapt to changing circumstances. The central governments would thus become planning and control centres for public economic

and social services. Rather than by rigid rules their relations with the communities would be governed more by the "variable constitution" of the National Plan, which would embody and consolidate all the plans worked out at the different levels.

The communities would, naturally, enjoy a considerable measure of autonomy in the matter of finance. The principle of a single budget, like that of a uniform structure, is no longer compatible with the conditions of modern society. It should be retained for the indivisible sectors of the public services - such as the security services - which need a uniform, centralised administration. The economic and social services could be financed partly from the central plan, through an equalisation fund, to ensure a minimum service for every citizen, and partly by direct contributions from the members of the particular community.

19. Each community would also enjoy wide autonomy as regards its own internal organisation and would set up institutions which would have to be recognised by the central government. The "incorporation" of the community would guarantee its members' rights and a democratic form of organisation.

The participation of members in the government of the community would be ensured by the direct link established between the services provided and the source of the necessary funds; it would be given concrete expression through the community's representative bodies.

Within such representative bodies the principle of "no taxation without representation" would regain its original, historical meaning.

Furthermore, in a community responsible for putting a plan into effect, the relationship between governors and governed would no longer be one of uncontested authority but one of two-sided discussion, with the administrators acting increasingly as experts in the service of the community, vested with powers closely linked with their duties under the plan.

The most forceful example is in the teacher-pupil relationship. It is quite ridiculous to call for its replacement by an impossible self-taught community, as demanded by the wildest and noisiest of protesters. It is equally anachronistic that schools should continue to be a kind of cultural barracks where well-drilled regiments of disciplined pupils are taught uniform ideas, mental habits and forms of behaviour. A proper balance can be achieved in a community of teachers and pupils, on the basis of critical collaboration, this relationship accepts the master's authority based on knowledge and uses it to the benefit of his critical students; on this basis, many decisions concerning the life of the community are taken jointly.

In these circumstances, the "government" of the community becomes the opposite of a bureaucratic administration; it is a light and flexible structure which is modified continuously by the community "plan";

it is linked with the aims of the plan and sanctioned by the consent of the members of the community.

The principle of free association with the community naturally means that its members can join and withdraw at will. This also opens the way to competition and emulation in seeking effective and efficient methods of management; where the administration has a complete monopoly there can be no such competition.

20. It may well be argued that machinery of this kind would require a different breed of men from those whom nature has evolved by a lengthy process of selection. Here again, however, the pessimism of conventional wisdom should be put to the test. Only rural communities living in the past can allow themselves the luxury of living by proverbs. Industrial communities are constantly having to solve new problems.

One such problem is that at a certain stage in the satisfaction of individual needs, the selfish acquisitive instinct ceases to be a powerful incentive to action. It is supplemented and replaced by other equally selfish, but more sophisticated motives. Among these, pride in good work, professional esteem, pleasure in having one's ideas shared and determination to carry through a joint enterprise are all gaining in strength and importance. Mandeville's provocative juxtaposition of private vice and public virtue, which so scandalised the detractors of the "dismal science", is now losing its significance.

It would seem rather that the new, younger generations of society are showing certain healthy disaffection for all forms of encouragement to individual competition; such rivalry no longer finds its expression in the harsh and bracing climate of industrial production, in the good old days of the Victorian entrepreneur, but in the harassing and invigorating atmosphere of consumer competition when the motto is "to keep up with the Jones".

Willingness to take part in joint, creative activities and to work towards a common goal is not just a philosophical hypothesis. It is a need which is already finding expression, as yet in distorted and largely unconscious forms (1), but still in forms which are clear to everyone but lovers of old proverbs.

The European Economic Community: opportunities and dangers

21.

A few words in conclusion.

The last twenty years have shown us that economic growth does not automatically lead to greater happiness. Social needs and aspirations which cannot easily be financially quantified must be satisfied, in order to ensure that economic progress does not ultimately lead to social ills. But these needs and aspirations call for more than the mobilisation of increased resources. They

(1) See E. Fromm, "Psicanalisi della vita moderna, Community.

also call for a plan of action which will give a definite direction and precise meaning to social measures. Furthermore, neither "objective" nor "project" plans can be implemented by the old bureaucratic administrations or by teams of technocrats. Such planning must be based on constant, direct participation by the general public. This will involve the redistribution and "socialisation" of power, the progressive dismantling of the bureaucratic structure and the direct transfer to communities of citizens, formed for particular projects, of responsibility for determining the "demand" for social services and for their management.

22. Potentially at least, the creation of the European Economic Community offers a great opportunity for reducing the role of the State and for directing the economic development of the members of the Community towards a genuine improvement in the "quality of life".

In other words, the EEC could be a European "Grand Design" to which its structures should be geared.

Unfortunately, it must be admitted that things have turned out differently so far.

The kind of development towards which the EEC seems to be directed has an economic rather than a community bias. Much more than the quality of life, economic and technological development would so far appear to have been its driving force.

From the political angle, the Community's institutions seem to be moving towards the pattern of a super state, seeking for itself powers at present exercised by the

national States.

These trends have accentuated the two negative features which have gone hand in hand with the otherwise enormous expansion of Europe's economy over the last two decades; these are, first, technological and productive growth without any social purpose to provide the necessary justification, direction and standard of appraisal; and secondly, a greater measure of bureaucracy in those fields of human activity - the social services, education and cultural activities - which should constitute the freest and most direct expression of a society rich in resources and energies.

The worst possible result of this process would be the combination of Japanese-style technocratic laissez-faire with a Russian-style bureaucracy. A "mixed" society born of the union of these two partners would decidedly be a monstrosity.

The Europe of to-morrow can be a strong and remote "Administration", bereft of purpose and obsessed with standardisation and harmonisation, with the unification of means it does not know how to use and with the accumulation of abstract power to do goodness knows exactly what; or it can be a "Grand Design" capable of bringing together and unifying national and regional communities, which will keep their individuality and will seek to attain their goals in different ways; which will have strong political structures and light administrative machinery; which will put politics before economics and culture before politics.

A P P E N D I X

Data relating to social expenditure in certain countries of the Western World during the period 1959/69.

Notes :

- a) Absolute figures are expressed in the currency of the country
- b) Social investments are obtained by adding together public and housing investment
- c) Public consumption is shown for the Forces and for Civilians. The information is available only in this form for purposes of international comparisons
- d) Social costs are obtained by adding social investments to public consumption
- e) Social expenditure is obtained by adding together social costs and current transfers from the Public Administration consolidated account
- f) Changes between the various items of social expenditure and national income are calculated for the periods concerned by relating the rate of variation of the items to the rate of variations of national income at market prices
- g) All information is given at current prices
- h) Countries are listed in decreasing order of importance of the national income portion earmarked for social expenditure for 1969.

Table 1 - DEVELOPMENT IN THE SHARE OF NATIONAL INCOME EARMARKED
FOR SOCIAL EXPENDITURE DURING THE PERIOD 1959/69 IN
CERTAIN COUNTRIES OF THE WESTERN WORLD

Countries	1959	1964	1969	1959	1964	1969	1959	1964	1969
	<u>Social investments</u>			<u>Social costs</u>			<u>Social expenditure</u>		
	National income			National income			National income		
Netherlands	7,8	8,5	9,4	21,3	24,1	25,1	31,5	36,8	42,6
Sweden	5,9	6,8	7,0	23,4	25,1	29,0(1)	31,4	34,4	41,1
France	7,6	9,6	10,2	21,0	22,4	22,5	34,0	38,0	39,3
German F.R.	8,3(2)	11,0	9,0	21,9(2)	25,7	24,5	34,3(2)	38,2	37,7
Italy	7,6	9,0	8,9	19,7	22,5	22,4	30,6	34,0	37,6
Belgium	6,5	9,3	8,4	19,2	22,1	22,6	30,4	33,0	36,3
Norway	4,4	4,1	4,9(1)	18,6	19,6	23,1(1)	27,0	28,6	35,0(1)
USA	8,3	7,4	6,3	26,3	25,9	27,3	31,3	31,1	33,6
UK	3,5	4,8	5,6	20,3	21,8	23,7	26,8	28,6	32,4
Denmark	3,5	4,4	4,2(1)	16,3	19,2	19,8	23,7	26,8	29,3(1)
Japan	9,0	10,7	10,0(1)	18,3	19,5	18,2	22,3	23,5	21,9(1)

(1) Figures for 1968

(2) Figures for 1960

Source : National Accounts of OECD countries

Table 2 - RATIO OF EXPENDITURE EARMARKED FOR SOCIAL PURPOSES
RELATED TO NATIONAL INCOME DURING THE PERIOD
1959/69 IN CERTAIN COUNTRIES OF THE WESTERN WORLD

Countries	1959/64 1964/69 1959/69			1959/64 1964/69 1959/69			1959/64 1964/69 1959/69		
	Social investments			Social costs			Social expenditure		
	National income			National income			National income		
Netherlands	1,2	1,2	1,2	1,3	1,1	1,2	1,3	1,3	1,3
Sweden (1)	1,3	1,1	1,2	1,2	1,5	1,3	1,2	1,6	1,4
France	1,5	1,1	1,3	1,1	1,0	1,1	1,2	1,1	1,2
German R.F. (2)	1,9	0,4	1,1	1,5	0,9	1,2	1,3	1,0	1,2
Italy	1,3	1,0	1,2	1,3	1,0	1,1	1,2	1,3	1,2
Belgium	2,0	0,7	1,4	1,4	1,1	1,2	1,2	1,3	1,2
Norway	0,9	1,5	1,2	1,1	1,4	1,3	1,2	1,5	1,3
USA	0,6	0,6	0,6	0,9	1,1	1,1	1,0	1,2	1,1
UK	2,1	1,5	1,8	1,2	1,3	1,2	1,2	1,4	1,3
Denmark	1,5	0,9	1,2	1,4	1,1	1,2	1,3	1,2	1,2
Japan	1,2	0,9	1,1	1,1	0,9	1,0	1,1	0,9	1,0

(1) Results of the periods 1959/64, 1964:68, 1959/68

(2) Results of the periods 1960/64, 1964,69, 1960/69

Source : National Accounts of CECD countries

Table 3.1 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959
TO 1969 IN THE NETHERLANDS

	Million Florins			Average annual			Ratio related		
	at current prices:			tax			to income		
	1959	1964	1969	59-64	64-69	59-69	59-64	64-69	5969
Public investments	1140	2330	4060	15,4	11,8	13,6	1,5	1,1	1,3
Housing	1820	2897	5510	9,8	13,7	11,7	1,0	1,3	1,1
<u>Social investments</u>	<u>2960</u>	<u>5227</u>	<u>9570</u>	<u>12,0</u>	<u>12,9</u>	<u>12,5</u>	<u>1,2</u>	<u>1,2</u>	<u>1,2</u>
Public consumption:	5086	9560	16020	13,4	10,9	12,2	1,3	1,0	1,2
(Military)	(1397)	(2573)	(3300)	(13,0)	(5,1)	(9,0)	(1,3)	(0,5)	(0,9)
(Civilian)	(3689)	(6987)	(12720)	(13,6)	(12,8)	(13,2)	(1,3)	(1,2)	(1,3)
<u>Social costs</u>	<u>8046</u>	<u>14787</u>	<u>25590</u>	<u>12,9</u>	<u>11,6</u>	<u>12,3</u>	<u>1,3</u>	<u>1,1</u>	<u>1,2</u>
Transfers	3889	7863	17820	15,1	17,4	16,5	1,5	1,6	1,6
<u>Social expenditure</u>	<u>11935</u>	<u>22650</u>	<u>43410</u>	<u>13,7</u>	<u>13,9</u>	<u>13,8</u>	<u>1,3</u>	<u>1,3</u>	<u>1,3</u>
Gross national expenditure at market prices	<u>37829</u>	<u>61463</u>	<u>101880</u>	<u>10,2</u>	<u>10,6</u>	<u>10,1</u>			

Percentage in respect of national income at market prices

Public investments	3,01	3,79	3,99
Housing	4,81	4,71	5,41
<u>Social investments</u>	<u>7,82</u>	<u>8,50</u>	<u>9,40</u>
<u>Public consumption</u>	<u>13,44</u>	<u>15,56</u>	<u>15,72</u>
(Military)	(3,69)	(4,19)	(3,24)
(Civilian)	(9,75)	(11,37)	(12,48)
<u>Social costs</u>	<u>21,26</u>	<u>21,06</u>	<u>25,12</u>
Transfers	10,28	12,79	17,49
<u>Social expenditure</u>	<u>31,54</u>	<u>36,85</u>	<u>42,61</u>

Source : National Accounts of OECD Countries

Table 3.2 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959 TO 1969
IN SWEDEN

	Million kronas at current prices			Average annual tax			Ratio related to income		
	1959	1964	1968	59-64	64-68	59-68	59-64	61-68	59-68
Public investments	287	669	1091	18,5	13,0	16,0	1,99	1,57	1,82
Housing	3389	5893	8188	11,7	8,6	10,3	1,26	1,04	1,17
<u>Social investments</u>	<u>3676</u>	<u>6562</u>	<u>9279</u>	<u>12,3</u>	<u>9,1</u>	<u>10,8</u>	<u>1,32</u>	<u>1,10</u>	<u>1,23</u>
Public consumption	10827	17572	29002	10,1	13,4	11,5	1,09	1,61	1,31
(Military)	(2822)	(4064)	(5215)	(7,6)	(6,4)	(7,1)	(0,82)	(0,77)	(0,81)
(Civilian)	(8005)	(13508)	(23787)	(11,0)	(15,2)	(12,8)	(1,18)	(1,83)	(1,45)
<u>Social costs</u>	<u>14503</u>	<u>24134</u>	<u>38281</u>	<u>10,7</u>	<u>12,2</u>	<u>11,4</u>	<u>1,15</u>	<u>1,47</u>	<u>1,30</u>
Transfers	4953	9038	16109	12,8	15,6	14,0	1,38	1,88	1,59
<u>Social expenditure</u>	<u>19456</u>	<u>33172</u>	<u>54390</u>	<u>11,3</u>	<u>13,1</u>	<u>12,1</u>	<u>1,22</u>	<u>1,58</u>	<u>1,38</u>
Gross national expenditure at market prices	<u>61879</u>	<u>96328</u>	<u>132195</u>	<u>9,3</u>	<u>8,3</u>	<u>8,8</u>	—	—	—

Percentage in respect of national income at market
prices

Public investments	0,46	0,69	0,83
Housing	5,48	6,12	6,19
<u>Social investments</u>	<u>5,94</u>	<u>6,81</u>	<u>7,02</u>
Public consumption	17,50	18,24	21,94
(Military)	(4,56)	(4,22)	(3,95)
(Civilian)	(12,94)	(14,02)	(17,99)
<u>Social costs</u>	<u>23,44</u>	<u>25,05</u>	<u>28,96</u>
Transfers	8,00	9,38	12,19
<u>Social expenditure</u>	<u>31,44</u>	<u>34,44</u>	<u>41,14</u>

Source : National Accounts of OECD Countries

DEVELOPMENT IN SOCIAL EXPENDITURE
Table 3.3 FROM 1959 TO 1969 IN FRANCE

	Million francs at current prices			Average annual tax			Ratio related to income		
	1959	1964	1969	59-64	64-59	59-69	59-64	64-69	59-69
Public invest- ments	6,05	14,33	23,60	18,8	10,5	14,6	1,74	1,08	1,42
Housing	14,55	29,31	50,36	15,0	11,4	13,2	1,39	1,18	1,28
<u>Social invest- ments</u>	<u>20,60</u>	<u>43,64</u>	<u>73,96</u>	<u>16,2</u>	<u>11,1</u>	<u>13,6</u>	<u>1,50</u>	<u>1,14</u>	<u>1,32</u>
Public consump- tion	36,71	58,33	89,12	9,7	8,8	9,3	0,89	0,91	0,90
(Military)	(15,97)	(19,14)	(25,43)	(3,7)	(5,9)	(4,8)	(0,34)	(0,61)	(0,47)
(Civilian)	(20,74)	(39,19)	(63,69)	(13,6)	(10,2)	(11,9)	(11,26)	(1,05)	(1,16)
<u>Social costs</u>	<u>57,31</u>	<u>101,97</u>	<u>163,08</u>	<u>12,2</u>	<u>9,9</u>	<u>11,0</u>	<u>11,13</u>	<u>1,02</u>	<u>1,07</u>
Transfers	35,35	71,49	121,74	15,1	11,2	13,2	11,40	1,15	1,28
<u>Social expen- diture</u>	<u>92,66</u>	<u>173,16</u>	<u>284,82</u>	<u>13,4</u>	<u>10,4</u>	<u>11,9</u>	<u>1,24</u>	<u>1,07</u>	<u>1,16</u>
Gross national expenditure at market prices	272,56	455,99	725,00	10,8	9,7	10,3	-	-	-

Percentage in respect of national income
at market prices

Public invest- ments	2,22	3,14	3,25
Housing	5,34	6,43	6,95
<u>Social invest- ments</u>	<u>7,56</u>	<u>9,57</u>	<u>10,20</u>
Public consump- tion	13,47	12,79	12,29
(Military)	(5,86)	(4,20)	(3,51)
(Civilian)	(7,61)	(8,59)	(8,78)
<u>Social costs</u>	<u>21,03</u>	<u>22,36</u>	<u>22,19</u>
Transfers	12,97	15,68	16,79
<u>Social expen- diture</u>	<u>34,00</u>	<u>38,04</u>	<u>39,28</u>

Source : National Accounts of OECD Countries

Table 3.4 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959 TO 1969
IN THE GERMAN F.R.

	Million D. Marks at current prices			Average annual tax			Ratio related to income		
	1960	1964	1969	60-64	64-69	60-69	60-64	64-69	60-69
Public investments	7,96	19,51	23,21	25,1	3,5	2,6	2,9	0,5	1,6
Housing	17,09	26,81	30,77	12,0	2,8	6,8	1,4	0,4	0,9
<u>Social investments</u>	<u>25,05</u>	<u>46,35</u>	<u>53,98</u>	<u>16,7</u>	<u>3,1</u>	<u>8,9</u>	<u>1,9</u>	<u>0,4</u>	<u>1,1</u>
Public consumption	41,12	62,24	93,17	10,9	8,4	9,5	1,3	1,2	1,2
(Military)	(9,64)	(15,87)	(19,05)	(13,3)	(3,8)	(7,9)	(1,5)	(0,5)	(1,0)
(Civilian)	(31,48)	(46,37)	(74,12)	(10,2)	(9,8)	(10,0)	(1,2)	(1,3)	(1,3)
<u>Social costs</u>	<u>66,17</u>	<u>108,59</u>	<u>147,15</u>	<u>13,2</u>	<u>6,3</u>	<u>9,3</u>	<u>1,5</u>	<u>0,9</u>	<u>1,2</u>
Transfers	37,61	52,86	79,64	8,9	8,5	8,7	1,0	1,2	1,1
<u>Social expenditure</u>	<u>103,78</u>	<u>161,45</u>	<u>226,79</u>	<u>11,7</u>	<u>7,0</u>	<u>9,1</u>	<u>1,3</u>	<u>1,0</u>	<u>1,2</u>
Gross national expenditure at market prices	302,55	422,14	601,40	<u>8,7</u>	<u>7,3</u>	<u>7,9</u>			

Percentage in respect of national income at market
prices

Public investments	2,63	4,62	3,86
Housing	5,65	6,36	5,12
<u>Social investments</u>	<u>8,28</u>	<u>10,98</u>	<u>8,98</u>
Public consumption	13,59	14,74	15,49
(Military)	(3,19)	(3,76)	(3,17)
(Civilian)	(10,40)	(10,98)	(12,32)
<u>Social costs</u>	<u>21,87</u>	<u>25,72</u>	<u>24,47</u>
Transfers	12,43	12,52	13,24
<u>Social expenditure</u>	<u>34,30</u>	<u>38,24</u>	<u>37,71</u>

Source : National Accounts of OECD Countries

Table 3.5 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959 TO 1969

IN ITALY

	Million Lire at current prices			Average annual tax			Ratio related to income		
	1959	1964	1969	59-64	64-69	59-69	59-64	64-69	59-69
Public investments	319	612	847	11,9	6,7	9,3	1,7	0,8	0,9
Housing	1172	2453	3713	15,9	8,6	12,2	1,4	1,0	1,2
<u>Social investments</u>	<u>1521</u>	<u>3065</u>	<u>4560</u>	<u>15,0</u>	<u>8,3</u>	<u>11,6</u>	<u>1,3</u>	<u>1,0</u>	<u>1,2</u>
Public consumption	2416	4594	6876	13,7	8,4	11,0	1,2	1,0	1,1
(Military)	(502)	(811)	(1902)	(10,1)	(18,6)	(14,2)	(0,9)	(2,2)	(1,4)
(Civilian)	(1914)	(3783)	(4974)	(14,6)	(5,6)	(10,0)	(1,3)	(0,7)	(1,0)
<u>Social costs</u>	<u>3937</u>	<u>7659</u>	<u>11436</u>	<u>14,2</u>	<u>8,4</u>	<u>11,2</u>	<u>1,3</u>	<u>1,0</u>	<u>1,1</u>
Transfers	2196	3912	7777	12,3	14,7	13,6	1,1	1,7	1,4
<u>Social expenditure</u>	<u>6133</u>	<u>11571</u>	<u>19213</u>	<u>13,5</u>	<u>10,7</u>	<u>12,1</u>	<u>1,2</u>	<u>1,3</u>	<u>1,2</u>
Gross national expenditure at market prices	<u>20029</u>	<u>34027</u>	<u>51066</u>	<u>11,2</u>	<u>8,5</u>	<u>9,8</u>	-	-	-

Percentage in respect of national income at market prices

Public investments	1,74	1,80	1,66
Housing	5,85	7,21	7,27
<u>Social investments</u>	<u>7,59</u>	<u>9,01</u>	<u>8,93</u>
Public consumption	12,06	13,50	13,46
(Military)	(2,50)	(2,38)	(3,72)
(Civilian)	(9,56)	(11,12)	(9,74)
<u>Social costs</u>	<u>19,65</u>	<u>22,51</u>	<u>22,39</u>
Transfers	10,96	11,50	15,23
<u>Social expenditure</u>	<u>30,61</u>	<u>34,01</u>	<u>37,62</u>

Source : National Accounts of OECD Countries

Table 3.6

DEVELOPMENT IN SOCIAL EXPENDITURE
from 1959 TO 1969 IN BELGIUM

	Million francs at current prices			Average annual tax			Ratio related to income		
	59	64	69	59-64	64-69	59-69	59-64	64-69	59-69
Public investments	9,8	19,5	33,3	14,7	11,3	13,0	1,9	1,4	1,6
Housing	24,5	52,2	61,8	16,3	3,4	9,7	2,1	0,4	1,2
<u>Social investments</u>	<u>34,3</u>	<u>71,7</u>	<u>95,1</u>	<u>15,9</u>	<u>5,8</u>	<u>10,7</u>	<u>2,0</u>	<u>0,7</u>	<u>1,4</u>
Public consumption	67,5	98,9	161,6	8,0	10,3	9,1	1,0	1,3	1,2
(Military)	(17,6)	(23,6)	(31,6)	(6,1)	(6,0)	(6,0)	(0,8)	(0,8)	(0,8)
(Civilian)	(49,9)	(15,3)	(130,0)	(8,6)	(11,5)	(10,1)	(1,1)	(1,4)	(1,3)
<u>Social costs</u>	<u>101,8</u>	<u>170,6</u>	<u>256,7</u>	<u>10,9</u>	<u>8,5</u>	<u>9,7</u>	<u>1,4</u>	<u>1,1</u>	<u>1,2</u>
Transfers	59,5	84,2	155,4	7,2	13,0	10,1	0,9	1,6	1,3
<u>Social expenditure</u>	<u>161,3</u>	<u>254,8</u>	<u>412,1</u>	<u>9,5</u>	<u>10,1</u>	<u>9,8</u>	<u>1,2</u>	<u>1,3</u>	<u>1,2</u>
Gross national expenditure at market prices	531,1	773,4	1136,4	7,8	8,0	7,9	-	-	-

Percentage in respect of national income
at market price

Public investments	1,85	2,52	2,93
Housing	4,61	6,75	5,44
<u>Social invest- ments</u>	<u>6,46</u>	<u>9,27</u>	<u>8,37</u>
Public consumption	12,71	12,79	14,22
(Military)	(3,31)	(3,05)	(2,78)
(Civilian)	(9,40)	(9,74)	(11,44)
<u>Social costs</u>	<u>19,17</u>	<u>22,06</u>	<u>22,59</u>
Transfers	11,20	10,89	13,67
<u>Social expenditure</u>	<u>30,37</u>	<u>32,95</u>	<u>36,26</u>

Source : National Accounts of OECD Countries

Table 3.7 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959 TO 1969

IN NORWAY

	Million kroner at current prices			Average annual tax			Ratio related to income		
	1959	1964	1968	59-64	64-68	59-68	59-64	64-68	59-68
Public investments	26	81	112	25,5	8,4	17,6	3,0	0,8	1,8
Housing	1314	1816	3354	6,7	16,6	11,0	0,8	1,5	1,1
<u>Social investments</u>	<u>1340</u>	<u>1897</u>	<u>3466</u>	<u>7,2</u>	<u>16,3</u>	<u>11,2</u>	<u>0,9</u>	<u>1,3</u>	<u>1,2</u>
Public consumption	4363	7124	12770	10,3	15,7	12,7	1,2	1,4	1,3
(Military)	(1031)	(1483)	(2448)	(7,5)	(13,4)	(10,1)	(0,9)	(1,2)	(1,1)
(Civilian)	(3332)	(5641)	(10322)	(11,1)	(16,3)	(13,4)	(1,3)	(1,5)	(1,4)
<u>Social costs</u>	<u>5703</u>	<u>9021</u>	<u>16236</u>	<u>9,6</u>	<u>15,8</u>	<u>12,3</u>	<u>1,1</u>	<u>1,4</u>	<u>1,3</u>
Transfers	2595	4415	8321	11,2	17,2	13,8	1,3	1,5	1,4
<u>Social expenditure</u>	<u>8298</u>	<u>13436</u>	<u>24557</u>	<u>10,1</u>	<u>16,3</u>	<u>12,8</u>	<u>1,2</u>	<u>1,5</u>	<u>1,3</u>
Gross national expenditure at market prices	30701	45929	70256	8,4	11,2	9,6			

Percentage in respect of national income at market prices

Public investments	0,08	0,18	0,16	
Housing	4,28	3,95	4,77	
<u>Social investments</u>	<u>4,36</u>	<u>4,13</u>	<u>4,93</u>	
Public consumption	14,21	15,51	18,18	
(Military)	(3,36)	(3,23)	(3,49)	
(Civilian)	(10,85)	(12,28)	(14,69)	
<u>Social costs</u>	<u>18,57</u>	<u>19,64</u>	<u>23,11</u>	
Transfers	8,45	9,61	11,84	
<u>Social expenditure</u>	<u>27,03</u>	<u>28,60</u>	<u>34,95</u>	

Source : National Accounts of OECD Countries

Table 3.8 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959 TO 1969
IN THE U.S.A.

	Million dollars at current prices			Average annual tax			Ratio related to income		
	1959	1964	1969	59-64	64-69	59-69	59-64	64-69	59-69
Public investments	113570	18670	25760	6,6	6,7	6,7	1,2	0,8	1,0
Housing	26800	28280	38680	1,1	3,5	2,3	0,2	0,4	0,3
<u>Social investments</u>	<u>40370</u>	<u>46950</u>	<u>59440</u>	<u>3,1</u>	<u>4,8</u>	<u>3,9</u>	<u>0,6</u>	<u>0,6</u>	<u>0,6</u>
Public consumption	88190	118562	198135	6,1	10,8	8,4	1,1	1,3	1,2
(Military)	(46809)	(51862)	(82126)	(2,1)	(9,6)	(5,8)	(0,4)	(1,2)	(0,9)
(Civilian)	(41381)	(66700)	(116009)	(10,0)	(11,7)	(10,9)	(1,8)	(1,4)	(1,6)
<u>Social costs</u>	<u>128560</u>	<u>165512</u>	<u>257575</u>	<u>5,2</u>	<u>9,2</u>	<u>7,2</u>	<u>0,9</u>	<u>1,1</u>	<u>1,1</u>
Transfers	24264	33053	59165	6,4	12,4	9,3	1,2	1,5	1,4
<u>Social expenditure</u>	<u>152864</u>	<u>198565</u>	<u>316740</u>	<u>5,4</u>	<u>9,8</u>	<u>7,6</u>	<u>1,0</u>	<u>1,2</u>	<u>1,1</u>
Gross national expenditure at market prices	189065	638878	943534	5,5	8,1	6,8			

Percentage in respect of national income at market
prices

Public investments	2,77	2,92	2,73
Housing	5,48	4,43	3,57
<u>Social investments</u>	<u>8,25</u>	<u>7,35</u>	<u>6,30</u>
Public consumption	18,03	18,56	21,0
(Military)	(9,57)	(8,12)	(8,70)
(Civilian)	(8,46)	(10,44)	(12,30)
<u>Social costs</u>	<u>26,28</u>	<u>25,91</u>	<u>27,30</u>
Transfers	4,96	5,17	6,27
<u>Social expenditure</u>	<u>31,26</u>	<u>31,08</u>	<u>33,57</u>

Sources : National Accounts of OECD Countries

Table 3.9

DEVELOPMENT IN SOCIAL EXPENDITURE
FROM 1959 TO 1969 IN THE U.K

	Million Pounds St. at current prices			Average annual tax			Ratio related to income		
	1959	1964	1969	59-64	64-69	59-69	59-64	64-69	59-69
Public invest- ments	175	378	669	16,7	12,1	14,4	2,6	1,8	2,2
Housing	661	1211	1839	12,9	8,7	10,8	2,0	1,3	1,6
<u>Social invest- ments</u>	<u>836</u>	<u>1589</u>	<u>2508</u>	<u>13,7</u>	<u>9,6</u>	<u>11,6</u>	<u>2,1</u>	<u>1,5</u>	<u>1,8</u>
Public consump- tion	4035	5566	8176	6,6	8,0	7,3	1,0	1,2	1,1
(Military)	(1512)	(1928)	(2267)	(5,0)	(3,3)	(4,1)	(0,8)	(0,5)	(0,6)
(Civilian)	(2523)	(3638)	(5909)	(7,6)	(10,2)	(8,9)	(1,2)	(1,5)	(1,3)
<u>Social costs</u>	<u>4871</u>	<u>7155</u>	<u>10684</u>	<u>8,0</u>	<u>8,4</u>	<u>8,2</u>	<u>1,2</u>	<u>1,3</u>	<u>1,2</u>
Transfers	1555	2257	3930	7,8	11,8	9,7	1,2	1,8	1,5
<u>Social expendi- ture</u>	<u>6426</u>	<u>9412</u>	<u>14614</u>	<u>7,9</u>	<u>9,2</u>	<u>8,6</u>	<u>1,2</u>	<u>1,4</u>	<u>1,3</u>
Gross national expenditure at market prices	<u>23993</u>	<u>32873</u>	<u>45174</u>	<u>6,5</u>	<u>6,6</u>	<u>6,6</u>			

Percentage in respect of national income
at market prices

Public invest- ments	0,73	1,15	1,48	
Housing	2,75	3,68	4,07	
<u>Social invest- ments</u>	<u>3,48</u>	<u>4,83</u>	<u>5,55</u>	
Public consomp- tion	16,82	16,93	18,10	
(Military)	(6,30)	(5,86)	(5,02)	
(Civilian)	(10,52)	(11,07)	(13,08)	
<u>Social costs</u>	<u>20,30</u>	<u>21,76</u>	<u>23,65</u>	
transfers	6,48	6,87	8,70	
<u>Social expen- diture</u>	<u>26,78</u>	<u>28,63</u>	<u>32,35</u>	

Source : National Accounts of OECD Countries

Table 3.10 - DEVELOPMENT IN SOCIAL DEVELOPMENT FROM 1959 TO 1969

in Denmark

	Million kroner at current prices			Average annual tax			Ratio related to income		
	1959	1964	1968	59-64	64-68	59-68	59-64	64-68	59-68
Public investments	110	206	359	13,4	18,0	15,4	1,3	1,3	1,3
Housing	1220	2570	3995	16,1	11,7	14,1	1,5	0,8	1,2
<u>Social investments</u>	<u>1330</u>	<u>2776</u>	<u>4394</u>	<u>15,9</u>	<u>12,2</u>	<u>14,2</u>	<u>1,5</u>	<u>0,9</u>	<u>1,2</u>
Public consumption	4877	9215	16456	13,6	15,6	14,5	1,3	1,1	1,2
(Military)	(955)	(1790)	(2372)	(13,4)	(7,3)	(10,6)	(1,3)	(0,5)	(0,9)
(Civilian)	(3922)	(7425)	(14084)	(13,6)	(17,3)	(15,3)	(1,3)	(1,2)	(1,3)
<u>Social costs</u>	<u>6207</u>	<u>11991</u>	<u>20850</u>	<u>14,1</u>	<u>14,8</u>	<u>14,4</u>	<u>1,4</u>	<u>3,1</u>	<u>1,2</u>
Transfers	2826	4762	10009	11,0	20,5	15,1	1,1	1,5	1,3
<u>Social expenditure</u>	<u>9033</u>	<u>16753</u>	<u>30859</u>	<u>13,2</u>	<u>16,5</u>	<u>14,6</u>	<u>1,3</u>	<u>1,2</u>	<u>1,2</u>
Gross national expenditure at market prices	<u>38085</u>	<u>62529</u>	<u>105205</u>	<u>10,4</u>	<u>13,9</u>	<u>12,0</u>	-	-	-

Percentage in respect of national income at market prices

Public investments	0,29	0,33	0,38
Housing	3,20	4,11	3,80
<u>Social investments</u>	<u>3,49</u>	<u>4,44</u>	<u>4,18</u>
Public consumption	12,61	14,74	15,64
(Military)	(2,51)	(2,86)	(2,26)
(Civilian)	(10,30)	(11,88)	(13,38)
<u>Social costs</u>	<u>16,30</u>	<u>19,18</u>	<u>19,82</u>
Transfers	7,40	7,62	9,51
<u>Social expenditure</u>	<u>23,70</u>	<u>26,80</u>	<u>29,33</u>

Source : National Accounts of OECD Countries

Table 3.11 - DEVELOPMENT IN SOCIAL EXPENDITURE FROM 1959 TO 1969

IN JAPAN

	Million yen at current prices			Average annual tax			Ratio related to income		
	1959	1964	1968	59-64	64-68	59-68	59-64	64-68	59-68
Public investments	601	1495	2592	20,0	14,7	17,6	1,16	0,74	0,95
Housing	575	1608	3439	22,5	21,0	22,0	1,30	1,05	1,19
<u>Social investments</u>	<u>1176</u>	<u>3103</u>	<u>6031</u>	<u>21,5</u>	<u>18,1</u>	<u>19,9</u>	<u>1,24</u>	<u>0,91</u>	<u>1,08</u>
Public consumption (Military) (Civilian)	1209	2554	1921	16,2	17,8	16,9	0,94	0,89	0,91
<u>Social costs</u>	<u>2385</u>	<u>5657</u>	<u>10955</u>	<u>18,9</u>	<u>18,0</u>	<u>18,5</u>	<u>1,09</u>	<u>0,90</u>	<u>1,00</u>
Transfers	517	1163	2208	17,6	17,4	12,5	1,01	0,87	0,95
<u>Social expenditure</u>	<u>2902</u>	<u>6820</u>	<u>13163</u>	<u>18,7</u>	<u>11,9</u>	<u>18,3</u>	<u>1,08</u>	<u>0,90</u>	<u>0,99</u>
Gross national expenditure at market prices	<u>12993</u>	<u>28936</u>	<u>60070</u>	<u>17,3</u>	<u>20,0</u>	<u>18,5</u>	-	-	-

Percentage in respect of national income at market prices

Public investments	4,62	5,16	4,32	
Housing	4,42	5,55	5,72	
<u>Social investments</u>	<u>9,04</u>	<u>10,71</u>	<u>10,04</u>	
Public consumption (Military) (Civilian)	9,30	8,82	8,20	
<u>Social Costs</u>	<u>18,34</u>	<u>19,53</u>	<u>18,24</u>	
Transfers	3,97	4,01	3,68	
<u>Social expenditure</u>	<u>22,31</u>	<u>23,54</u>	<u>21,92</u>	

Source : National Accounts of OECD Countries

