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Report

drawn up on behalf of the Committee on Social Affairs and Employment

on the report by the Commission of the European Communities on the
/development of the social situation in the Community in 1972 (Doc. 2/73)

Rapporteur: Mr. R. PÊTRE

The Commission of the European Communities submitted to the European Parliament its report on the development of the social situation in the Communities in 1972 (Doc. 2/73).

The European Parliament referred this report to the Committee on Social Affairs and Employment.

On 26 February 1973 the Committee on Social Affairs and Employment appointed Mr PÊTRE rapporteur. The Committee discussed this report at its meeting of 20 March 1973 and, on the same day, the motion for a resolution and the explanatory statement were unanimously adopted with two abstentions.

The following were present: Mr Bertrand, chairman; Mr Pêtre, rapporteur; Mr Adams, Mr Bermani, Mr Christensen, Lady Elles, Mr Härzschel, Mr de Koning (deputizing for Mr Van der Gun), Mr Marras, Mr Mursch, Lord O'Hagan, Sir John Peel, Mr Schwabe, Mr Vermeulen, Mr Vernaschi.

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The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the report by the Commission of the European Communities on the development of the social situation in the Community in 1972

The European Parliament,

- having regard to the report by the Commission of the European Communities on the development of the social situation in the Community in 1972 (Doc. 2/73),
 - having regard to the report of the Committee on Social Affairs and Employment (Doc. 4/73),
1. Welcomes the marked improvement over previous reports that it has noted in the presentation of the report by the Commission of the European Communities on the development of the social situation and in particular the inclusion of three new features:
 - 'social pointers';
 - a special section giving a brief survey of the development of the social situation in the three new Member States;
 - a policy section dealing with the broad trends noted in the social fields;

In regard to the most important achievements in 1972

2. Expresses its satisfaction at the entry into force on 1 May 1972 of the new provisions of the European Social Fund, which has already proved to be a first-rate instrument for assuring the success of an overall social policy;
3. Approves the entry into force on 1 October 1972 of the new social security arrangements for migrant workers which after adaptations to bring social security legislation in the three new Member States into line, should be applied throughout the enlarged Community from 1 April 1973;

4. Underlines the great importance of the Paris Summit Conference in October 1972 as the outstanding and decisive event for the social future of the enlarged Community, since the Heads of State or of Government emphasized that they attached 'as much importance to vigorous action in the social field as to the achievement of the Economic and Monetary Union' and invited the Institutions to draw up between now and 1 January 1974 a programme aimed at carrying out a coordinated policy on employment and vocational training, improving working and living conditions, ensuring the collaboration of workers in the organs of undertakings, facilitating the conclusion of European collective agreements based on the situation in the various countries, and strengthening and coordinating measures for the protection of consumers;
5. Considers that this social stimulus in the Community is all the more necessary and urgent in view of the fact that during 1972, despite the progress made in some respects, certain problems such as unemployment, especially among young people, inflation and rising prices grew worse, and it was found that the Community authorities did not have sufficient resources to counter these trends and other already perceptible signs of social deterioration;

In regard to the activities of the European Commission

6. Welcomes the large number of measures taken in 1972 by the European Commission, and in particular the many social proposals it has submitted, such as those on the representation of workers on the boards of limited companies, mass redundancies, conflicts of laws, vocational training, statistics on migrant workers, the European social budget, etc.;
7. Approves the political will shown by the European Commission and trusts that it will persevere in order to accomplish the difficult tasks that will face it in 1973;

In regard to the formulation of the new social programme

8. Considers that as a 'Community institution' it should participate in the preparation of the social programme and in particular should take part in the conference with the two sides of industry at which the foundations for a Community programme of action will be laid;
9. Is of the opinion that, on the basis of the priorities already set out in the 'Preliminary guidelines for a Community social policy programme', this programme should lay down a coherent policy combined with adequate measures to ensure that it is fully effective;

10. Underlines, among the most important points to be included in the new programme:
 - achieving full and better employment;
 - improving the quality of life;
 - implementing a Community vocational training policy, especially for young workers;
 - housing;
 - low-cost holidays for workers;
 - wages and incomes policy;
 - improving standards of protection against industrial accidents and co-ordinating, at European level, research into their causes;
 - developing, in establishments and firms, structures based on increased worker participation;
 11. Points to the difficulties that this programme will encounter when the time comes to move from statements of principle to practical action, and in particular the weak legal bases provided by the Treaties if recourse is not had to Article 235, the absence of a genuine political will, dissension within the Council and the differences of opinion regarding the division of responsibilities between Member States, the two sides of industry and the Community institutions;
 12. Urges the Commission and the Council to do their utmost to solve these difficulties;
 13. Urges the Commission to take all the measures necessary to implement Article 119 of the Treaty, which establishes the principle that men and women should receive equal pay for equal work, and in its new programme to give the same opportunities and consideration to women as to men;
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14. Requests its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENT

(1) Introduction : the 1972 social report

1. In its report on the development of the social situation in the Community in 1972, the Commission of the European Communities outlines the problems on which it has worked during the year under review.

The report contains two main sections, Chapter A on the work of the EEC Commission in the social field in 1972 and Chapter B on social developments during the same year.

Chapter C, which concludes the report, contains numerous statistics on the development of the social situation in the Community.

2. The first chapter shows that the main problems covered by the Commission's numerous activities were :

- the social aspects of the common and Community policies;
- activities in connection with employment and vocational guidance and training;
- the Social Fund, readaptation, redevelopment and re-employment;
- the free movement of workers;
- programmes to harmonize social legislation;
- the common health and safety policy.

3. The second chapter (B) of the report on social developments in 1972, is divided into three parts :

- the first part covers the trends in the social situation in the Community;
- the second part examines more closely the social situation in Community countries;
- the third and final part gives a brief survey of the development of the social situation in the United Kingdom, Ireland and Denmark. The Social Affairs Committee must congratulate the EEC Commission on filling a need with this section.

4. The final chapter (C) of the report gives a very interesting statistical survey of social developments in Community countries.

This final chapter is something new as it sets out in the form of a general survey statistics that may be considered as 'social pointers'.

This is a new method of analysis that is an improvement on the earlier statistics appended each year to the social report of the Commission of the Communities.

The Social Affairs Committee fully appreciates the value of this change in the compilation of the statistics as it will provide better information on the social situation and its development.

5. Another important new feature in the structure and presentation of the social report for 1972 is the section devoted to 'policy', the first part of chapter B, which deals with broad trends in social matters. This is a commendable innovation that had been requested on several occasions by the European Parliament. It provides an overall view of the development of the social situation in Member States and makes the social report less of a catalogue of measures taken by the EEC Commission or Member States and more of a genuine policy document. The Social Affairs Committee finds that the structure and presentation of the social report for 1972 are a great improvement over earlier reports.

6. In short, the report by the Commission of the Communities on the development of the social situation in the Community in 1972 can be said to be an important document deserving careful consideration; it should enable the European Parliament and in particular its Social Affairs Committee to make a detailed analysis and critical examination of the social situation so that the measures required to implement a genuine progressive Community social policy can be considered and put into practice.

(2) The main events in the social field in 1972 in the European Communities

7. The main events in the social field in 1972 were as follows :

- the new European Social Fund became operational on 1 May. It is still difficult to review the results of its operations; before 1 July the EEC Commission will submit to the Council and to Parliament a report on the activities of the Fund during the past financial year, pursuant to Article 6 of Regulation 858/72 of 24 April 1972; the financial resources of the new Social Fund are still fairly limited in comparison with requirements.
- in November, the Council adopted a decision making assistance from the Social Fund available to two sectors, agriculture and textiles.
- on 1 October, new Community regulations on social security for migrant workers came into effect. Certain technical adjustments for the three new member countries are now being studied.

- the Heads of State or of Government meeting at the Paris Summit Conference in October decided that a new social stimulus was required. They stressed that they attached as much importance to vigorous action in the social field as to the achievement of the Economic and Monetary Union. Consequently, by 1 January 1974 the Commission is to submit a practical programme for implementation of the principles adopted by the Summit Conference.

- the Council of Ministers for Social Affairs met twice (198th meeting on 12 June and 214th meeting on 9 November). It considered the employment situation in the Community and the Italian memorandum on the subject, unemployment among young people and the survey on living and working conditions for migrant workers, and took the two abovementioned decisions on aid from the European Social Fund.

Moreover, it has taken various decisions designed to give substance to the declaration on social affairs made at the Summit Conference.

8. The two main social problems in 1972 were employment and the tremendous increase in the cost of living.

(a) Employment

9. At the beginning of 1972, the main problem throughout the Community was employment: there were 1.4 million jobless compared with 1.3 million at the end of 1970. This figure rose to 1.6 million at the end of 1972. This unsatisfactory trend can be put down to two main causes: the underdevelopment of certain regions of the Community and the difficulties encountered in employing or re-employing certain categories of people: young persons, older workers, handicapped persons, women etc.

In its social report on 1971, the Commission of the Communities had expressed its conviction that full employment combined with better employment was one of the great aims of society. It outlined its proposed activities to solve the employment problem: implementation of an overall programme, co-ordinated at Community level and embracing the various sectoral policies (regional, agricultural, industrial) and expressed its intention of submitting specific proposals on improving the transparency of the labour market, making data comparable and harmonizing estimating methods at Community level, improving the level of skills, bringing vocational guidance and training systems into line and obtaining pragmatic recognition of professional and vocational qualifications.

10. What is the situation at the beginning of 1973? It is immediately clear that the Community has been unable to take effective action against unemployment and under-employment: the Council of Ministers, which studied the Italian memorandum on the subject, merely decided on 12 June 1972 that it

would examine practical measures likely to help to eliminate structural imbalances in employment, especially in backward regions, to integrate the labour market and to promote geographical and job mobility of workers.

The Commission, for its part, is making improvements to employment services (introduction and development of computerization in labour exchanges) bringing into play the various facilities afforded by the new Social Fund, stepping up its vocational training activities, etc.

Despite all this, a feeling of disappointment with the Community policy on employment in 1972 cannot be concealed.

This very important point has been discussed in detail by the Committee on Social Affairs and Employment.

(b) Prices and inflation

11. The increase in the cost of living in the Community in 1972 varied from 6% (Luxembourg) to about 8½% (Ireland).

The social consequences of this high increase in all Community countries are plain. The steady decline in the purchasing power of the fixed incomes of the worst-off (pensioners, small farmers, small savers, etc.) is sufficient demonstration.

And yet the social report devotes only a few lines to this serious problem. An even more serious point is that Community action in this respect has been far from incisive, despite the formal statements of the Summit Conference. The disappointing results of the efforts made by the Council of Ministers to curb inflation provide further evidence of this failure.

12. In this context, mention must also be made of the serious problem of the cost of housing, which is rising very much faster than the cost of living. The rise in the price of building land and in building costs is far outstripping the increase in the cost of living index or the fall in the value of money, and the various remedies tried by Member States have had practically no effect.

The attention of the Commission must be drawn to the various aspects of the cost of living problem so that it can give its ideas on the subject.

13. The Committee on Social Affairs and Employment deplores the fact that the social effects of the excessive increase in the cost of living have not been adequately underlined in the social report.

(3) The activities of the Commission of the Communities in the social field in 1972

14. The Commission of the Communities was very active in social matters in 1972. It submitted to the Council numerous proposals on various aspects of social policy : environment, mass redundancies, unemployment among young people, vocational training, conflicting laws on labour relations, statistics on foreign workers, European social budget, etc. The European Parliament is now examining these proposals and has already given its views on some of them.

In addition, the Commission had to tackle the organizational problems arising when the new Social Fund became operational. Because of the enlargement of the Community, much work had to be done on technical adjustments to all the Community secondary legislation in force.

15. As explained in the Report, the Commission's social activities were marked by 'an increasing tendency to consider social policy in an overall context as opposed to the too generally compartmentalized view', 'emphasis... on an active policy to facilitate continuity of employment without hindering the mobility necessary for economic and social progress' and 'the desire to associate the two sides of industry more closely with Community policy'.

Our committee must congratulate the Commission of the Communities on the political will that it showed in 1972 and will undoubtedly need in formulating and implementing the new social programme.

(4) Stimulation of social policy

16. As already mentioned, the Paris Summit Conference advocated vigorous social action in the form of a programme to be drawn up by the Commission. Much of the introduction to the report is devoted to this programme of action, which should take effect on 1 January 1974. The three aspects of this programme are :

- employment
- improvement of living and working conditions
- democratization of economic and social life.

This is a very ambitious programme that has so far gone no further than

statements of principle accepted without difficulty by everyone. The difficulties will start when the time comes to move from principles to practical action.

17. The first criticisms that can be made are as follows :

- The legal bases provided by the Treaty for implementation of a programme of this kind are fairly weak. Recourse to Article 235¹ will have to be considered, but the Council has always appeared reluctant to take that course.
- The Council has never shown great political will when it comes to taking important decisions in the social field, as is shown by the serious difficulties encountered by many proposals from the Commission when they reach the Council. Examples of proposals hampered by such difficulties include workers' participation (European company), mass redundancies, statistics on foreign workers, etc.
- The Commission itself does not find it easy to implement the projects it prepares, mainly because of the shortage of staff in its departments and the limited appropriations available to it (for example, for vocational training, the great importance of which was stressed in the report - the appropriations for 1973 are only 330,000 u.a.!))
- Institutional difficulties hampering the Community social policy must not be forgotten. There is some ambiguity and uncertainty regarding the division of responsibilities between the Community, Member States and the two sides of industry. These last consider that they alone are responsible for certain aspects (for example conditions at work). Consequently, without their prior agreement and cooperation, any Community programme of action is bound to fail.
- It should be pointed out that a Community programme already exists: the 'Preliminary guidelines for a Community social policy programme'. This programme, on which the European Parliament and the two sides of industry have given their opinion, sets out the main Community activities (employment - reabsorption of unemployment - improvement of living and working conditions - women - handicapped workers - social budget - participation

¹ Article 235: If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures.

of the two sides of industry) for which the Commission is planning to submit practical proposals. One might well wonder what the point of a new and even more ambitious programme would be. There is a danger that the Community is wasting its time drawing up one programme after another, since nothing is easier than to draw up very ambitious general programmes which everyone forgets as soon as they are published. In any case, the Commission must be urged not to neglect, on the pretext of drawing up the new programme, the action it is already taking on the basis of the Treaty and existing programmes.

18. Our committee should in any case provide the EEC Commission with useful information on the content of the new programme, on the basis of its future discussions.

The following are amongst the most important points that we wish to emphasize : employment, quality of life, vocational training, especially for young workers (day release), housing, low-cost holidays for workers, wages and incomes, the campaign against industrial accidents, and greater participation of workers in the life and management of companies. Many members of the Committee on Social Affairs and Employment underlined the importance of Article 119 of the Treaty concerning the principle that men and women should receive equal pay for equal work, and urged the Commission to do its utmost to ensure its implementation.

CONCLUSIONS

19. In general, the report by the Commission of the Communities on the development of the social situation in the Community in 1972 contains a number of proposals and measures of a social nature which the Social Affairs Committee particularly approves.

But although it is true that undoubted progress has been made in 1972, there still remain important problems, such as employment, unemployment, inflation, housing, purchasing power - to mention only a few - that call for solutions in keeping with the implementation of a genuine Community social policy.

The European Commission and the Social Affairs Committee are aware of the difficulty of the tasks still to be accomplished and the need to intensify their efforts with the political will that is called for.

The Social Affairs Committee sets great store by the statement made at the Paris Summit Conference in October 1972 by the Heads of State and of Government who attached 'as much importance to vigorous action in the social field as to the achievement of the Economic and Monetary Union'.

The Social Affairs Committee hopes that measures will be taken as soon as possible to bring about the necessary social stimulus in the Community.

While approving the steps taken by the Commission of the Communities, the Social Affairs Committee urges it to do its utmost to attain its objectives.

With that in mind, the European Parliament is asked to approve the motion for a resolution and explanatory statement in the report drawn up on behalf of the Social Affairs Committee.

