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EUROPEAN ECONOMIC COMMUNITY
EUROPEAN ATOMIC ENERGY COMMUNITY

COMMISSION

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The following currency abbreviations are being used in all language versions of the General Report and of the other reports published in conjunction with it.

BFR	=	Belgische frank / franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
FF	=	Franc français
IRL	=	Irish pound
LIT	=	Lira italiana
LFR	=	Franc luxembourgeois
HFL	=	Nederlandse gulden (Hollandse florijn)
UKL	=	Pound sterling
EUA	=	European unit of account
USD	=	United States dollar

A — Political and general introduction

I — Present situation and prospects

1. The employment situation continues to be adversely affected by the economic problems, which for more than five years have beset the Community: there were over 6 million registered unemployed at the end of 1979 and there is little prospect of any significant improvement in the near future.

The Commission's main goal will therefore remain the improvement of the employment situation. That's why action will be needed to stimulate investment and the restructuring of undertakings if recruitment is to be encouraged and redundancies prevented. One other priority in this connection is the short-term introduction of measures designed to promote the reorganization of working time and other measures supporting the labour market.

Special efforts must be made on behalf of certain groups of workers, industries and regions which are particularly affected by the crisis. As a matter of fact it has been observed that unemployment in 1979 has more particularly affected not only young people—whose unemployment was a matter of everyday concern during the year—but also women and workers in the steel, textile and clothing and shipbuilding industries.

However, the improvement of levels of employment is not an aim which can be attained by the Community and national governments acting alone: it is vital that the two sides of industry develop their relationships with a view to reaching a consensus at both national and Community level.

2. The Commission is pursuing its work in connection with the reorganization of working time on the basis of the Council Resolution of 22 November 1979. It is proposed that after meetings with the two sides of industry, the Commission will put before the Council of Ministers of Employment and Social Affairs its conclusions as regards the scope for Community guidelines concerning:

- (i) restrictions on systematic overtime work;
- (ii) reducing effective annual working time.

In addition, the Commission will present special memoranda to the Standing Committee on Employment on the following subjects:

- (i) the promotion of part-time work;

- (ii) the progressive introduction of flexible retirement schemes;
- (iii) action to curb abuses in temporary work.

3. An active policy to combat the qualitative mismatch between the supply of and demand for labour which currently hinders the operation of the labour market constitutes a necessary but not a sufficient condition for the re-establishment of full employment under optimum conditions. In line with the conclusions drawn by the President of the Standing Committee on Employment at its 16th meeting on 9 October 1979, the Commission will continue, in conjunction with the Working Parties of Senior Employment Officials and Directors of Employment Services, to look for measures likely to be implemented.¹

The Commission will present to the Council a communication setting out 'Guidelines for a Community labour market policy'.

With a view to tackling the repercussions of technological change and facilitating the adjustments in jobs and training made necessary, in particular, by the development of microprocessors, the Commission will, as requested by the European Council, send the Standing Committee on Employment a memorandum on the employment and social problems raised by new technologies to enable the main lines of the Community solution to be formulated with the help of the two sides of industry.

To implement the Council Resolution on training work experience schemes for young people, the Commission is proposing to support various activities through financing from the European Social Fund. For this purpose, it intends to improve the selection criteria established for the management of the Fund and support certain experimental projects aimed at speeding up the work of improving training systems.

4. The Commission will continue its efforts to ensure that measures are taken to deal with the social repercussions of restructuring in certain industries which have been in difficulties for some years. Following on its communication on 'The social aspects of the iron and steel policy' transmitted to the Council in October 1978,² the Commission transmitted a draft Decision relating to the creation of special temporary allowances to help workers affected by the restructuring operations. Statements were also made on this point by the Commission representative at the meeting of the Council of Ministers of Employment and Social Affairs on 15 May and 22 November.

As this draft Decision provides for the implementation of social measures accompanying the restructuring of the iron and steel industry—which will render such restructuring more acceptable—the Commission has insisted that the Council's acceptance be given with the

¹ Point 52 of this Report.

² Social Report 1978, point 4.

least possible delay. As soon as it has obtained the assent of the Council, the Commission will begin negotiations with the Member States on new bilateral agreements to put this aid into operation.

Concurrently with the implementation of its industrial restructuring measures in the shipbuilding industry and in accordance with the Council Resolution of 19 September 1978, the Commission will, after consultation with the two sides of industry, work out guidelines for measures to resolve certain social problems in this sector, making use of the funds available for this purpose. The Commission will also organize systematic contacts with management and labour in the textile sector to examine in detail the special employment problems in this industry.

5. The Commission will continue its efforts to ensure the strict application of Community provisions prohibiting discrimination against workers from other Member States with respect to employment and living/working conditions. To this end, it will put before the Council a proposal aimed at eliminating the remaining restrictions concerning the exercise of trade-union rights, including the right to participate as a trade-union delegate in the administration of bodies governed by public law and the right to hold public office.

In connection with social security for migrant workers, the Commission will endeavour to persuade the Council to reach a decision on the proposal to extend the Community rules to self-employed persons and certain categories of persons not pursuing an occupation. In addition, the Commission will make proposals to the Council regarding the improvement of arrangements for paying unemployment benefits to persons leaving the country where they were last employed and the modification of the system for calculating pensions in the light of cases decided by the Court of Justice.

6. In accordance with Article 10 of Council Directive 76/207/EEC of 9 February 1976, a report will be drawn up on the application of the provisions of this Directive concerning equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions. Special attention will be given to discrimination arising from protective legislation.

To supplement the Directive on equal treatment for men and women under statutory social security schemes, the Commission will take appropriate steps with a view to ensuring that the same principle is observed in the case of occupational schemes.

7. As regards living and working conditions, independently of its efforts in connection with the reorganization of working time,¹ the Commission will begin consultations with the social partners in the various sectors to seek a solution to certain problems connected with shift work, regarding the workers' health and welfare.

¹ Point 2 of this Report.

After looking into the situation in the Member States as regards maternity leave (ban on dismissal, length of leave, remuneration), the Commission will put proposals before the Council, bearing in mind the possibilities offered by new concepts such as 'parental leave'.

In the context of efforts to improve safety at work, the Commission will propose specific Directives on asbestos, cadmium, and other carcinogenic substances on the basis of the outline Directives on the protection of workers from harmful exposure to chemical, physical and biological agents at work. The Directive specifically concerned with lead has already been presented in 1979 to the Council.

The Commission will also submit two proposals for Directives to the Council in respect of medical irradiation and of microwaves respectively.

As regards the protection of workers in the steel and coalmining industries, a new programme of research in ergonomics is to be initiated. The research will be carried out both in specialized institutes and on the spot in relation to jobs of key significance for the adaptation of machines to men.

8. The Commission will endeavour to improve the coherence of its activities in the public health field and will draw up a programme of priorities covering, in particular, health education, pharmaceuticals consumption, major investments, manpower planning in relation to the medical professions and the harmonization of definitions and statistics. The central theme of this programme will be 'Better health at less cost'.

II — Summary of the social actions of the Community in 1979

Economic activity

9. The process of gradual economic recovery in the Community has, in the last year, been upset by the turbulent situation on the world oil market. It has led to a somewhat poorer growth than anticipated: gross domestic product in the Community increased by slightly over 3% in 1979, the same figure as that recorded in 1978. It is expected that growth will continue to slow down in 1980 (the GDP growth rate is expected to be only about 2%).

Following the deterioration in the terms of trade due to oil price increases, inflation increased throughout the Community in 1979: the implicit consumer price index for the Community rose from 6.8% in 1978 to about 9% in 1979, even exceeding 10% in four Member States. No improvement in this area is expected in 1980.

The substantial current account surplus in the Community in 1978 (14 000 million EUA) gave way to a slight deficit in 1979, partly attributable to the effect of higher prices for oil and other raw materials on the terms of trade and also, at least in equal part, to the deterioration of the trade balances in certain member countries.

The situation on the labour markets

10. Economic growth in 1979 went hand in hand with an increase of about 0.9% in the employment level. However, given that the total working population increased still more—partly as a result of the increase in the number of women job-seekers—unemployment has not declined: in 1979 the number of unemployed registered with the labour offices in the 9 Member States averaged 6.05 million, against 5.97 million in 1978.

One salient aspect of the unemployment problem is the growing imbalance between the supply of and demand for labour. Although there are 6 million unemployed, there exists, at the same time, a substantial number of job vacancies. The unemployment level can partly be ascribed to a qualitative mismatch between job applications and vacancies, brought about by such factors as the reduced geographical mobility of labour, inadequate skills

among job-seekers and unfavourable working conditions, such as a pace of work leading to excessive physical or mental fatigue, unhealthy work, long hours, etc.

Principal activities in regard to employment policy

11. In view of the circumstances, the Governments and the Community continued to concentrate on efforts to combat unemployment. Governments tended to focus their attention on hard-core unemployment problems, with particular emphasis on support for workers affected by restructuring measures in certain industries.

In addition, they continued to promote the creation of jobs, giving priority to young people. In this connection, various member countries offered premiums to employers for the recruitment of new workers, total or partial relief from social charges for undertakings in respect of (young) workers recruited, and other measures.

Lastly, the question of whether work-sharing would make a genuine contribution to solving the unemployment problem continued to be the subject of discussion. In the course of the year, Member States' positions with regard to certain aspects became crystallized. Most seemed to favour the introduction of earlier (or more flexible) retirement and restrictions on overtime working rather than shortening the working week.

12. The Community also adopted several employment promotion measures in line with those discussed or adopted at national level. To this end, on two occasions the Commission placed before the Standing Committee on Employment a staff paper on the 'Reduction of the qualitative mismatch between the supply of and demand for labour'¹ setting out its position on the problem and laying the foundations for concerted conclusions between the parties represented on the Standing Committee.

The 15th meeting of the Standing Committee on Employment was called on 22 May 1979 to discuss the problem of the qualitative mismatch on the labour market. After the Chairman had informed participants of the discussions—especially as regards work-sharing—at the last Council meeting on Employment and Social Affairs on 15 May 1979, the representatives of the European Trade-Union Confederation submitted draft conclusions embodying an undertaking to begin negotiations on working time and to adopt relevant decisions by 1 October 1979.

The employers' representatives having declared, however, that they could not commit themselves on the question of working time, the item not being on the Agenda for that meeting, no agreement could be reached on a joint text. The ETUC representatives then withdrew from the meeting leaving only the representatives of the other organizations

¹ Doc. SEC(79) 634 final.

present to express their preliminary views on the paper on the qualitative mismatch on the labour market.

13. The Standing Committee on Employment held its 16th meeting on 9 October 1979. Once again, the problem of the qualitative mismatch on the labour market was central to the discussions. The Committee took note of the Commission's analysis, commenting that this was the very first time this subject had been tackled at Community level. Having recalled that one of the principal means of restoring employment levels was to pursue a dynamic economic growth policy, participants presented a number of specific proposals to rectify mismatching problems, which were summed up in the Chairman's conclusions.

In addition, the Standing Committee on Employment took note of a verbal report by the Commission representative on the progress of the Commission's work on the reorganization of working time. He noted that in November 1979 the Council of Ministers of Employment and Social Affairs was to examine the results of the Commission's work to date and any other developments in the area with a view to achieving tangible progress in this sector.

14. The question of employment, in particular the reorganization of working time, was also one of the main concerns of the two European Councils and the two meetings of the Council of Ministers of Employment and Social Affairs held in 1979.

The European Council held in Paris on 12 and 13 March 1979 acknowledged that priority should be given to improving the employment situation, which continued to give rise to concern. It requested the Council to look into certain measures which should contribute to improving the employment situation. In addition, the European Council asked the Commission to present a communication on the social and economic implications of concerted work-sharing.

In response to this request and following the fourth tripartite conference,¹ the Commission drafted a Communication on work-sharing which was discussed at the meeting of the Council of Ministers of Employment and Social Affairs held on 15 May 1979. Having noted the Communication from the Commission, the Council took the view that the approach to the problem of work-sharing should take account of the need to maintain internal and external competitiveness in the Community and to establish close cooperation with the two sides of industry in preparing and implementing any measures relating to working time. It requested the Commission to continue its studies and analyses in this area and to make proposals, taking account of the discussions of the European Council and the guidelines indicated by the Council meeting on social affairs, with a view to establishing a Community framework for the reorganization of working time and submitting proposals at an appropriate time.

¹ Social Report 1978, point 13.

15. After several discussions with employers' and workers' organizations, the Commission revised its initial Communication which was then re-submitted to the Council of Ministers of Employment and Social Affairs on 22 November 1979 in the form of a draft resolution.

After a thorough discussion, the Council adopted a 'Council Resolution on the reorganization of working time', thus committing itself to a Community approach along the proposed guidelines.¹

In this Resolution the Commission is requested to carry further the contacts it has made which are essential for the implementation of measures at Community level referred to in the Resolution.

Also at the meeting on 22 November, the Council approved another Resolution on linking work and training for young persons in the Community.² Under this Resolution, the Council established a set of guidelines to promote the development of linked work and training schemes.

Lastly, at its meeting on 29 and 30 November 1979 in Dublin, the European Council looked into the serious unemployment situation in the Community. It took the view that a better coordinated approach to employment problems should be defined and requested the Commission to present proposals on specific measures designed to promote more incisive action to deal with the unemployment problem. It took note of the adoption by the Council of Ministers of a Resolution on the reorganization of working time and requested the Commission and the Council to continue holding consultations with the two sides of industry.

Actions in support of sectors facing structural problems

16. In 1979, the Commission continued to devote special attention to certain sectors which have been facing serious structural difficulties. Having already submitted to the Council, at the end of October 1978, a Communication on the social aspects of the iron and steel policy, together with a Resolution adopted by the ECSC Consultative Committee,³ the Commission set out detailed proposals in a 'Communication on the social aspects of the restructuring of the steel industry', together with a 'Draft Decision of the Commission relating to the creation of special temporary allowances to help workers in the iron and steel industry in the framework of the Community restructuring plan'.⁴ The draft Decision constitutes the social frame which needs must accompany the restructuring of the iron and steel industry. Its objective is to contribute, by all adequate means, to as harmonious as

¹ Point 52 of this Report.

² Point 73 of this Report.

³ Social Report 1978, point 14.

⁴ Doc. COM(79) 199 final, of 4.5.1979.

possible a transition between the time the worker is laid off and the time a new job becomes available. The European Parliament and the ECSC Consultative Committee have both issued favourable opinions on this draft Decision.

Other Community measures

17. At two meetings of the Council of Ministers of Employment and Social Affairs, several other decisions were adopted:

- (i) at the meeting of 15 May 1979, the Council adopted certain conclusions on the improvement of relations with the two sides of industry, stressing that such improvements should lead to more thorough preparation of tripartite meetings, greater commitment on the part of all parties participating in such meetings and the practical implementation of the conclusions resulting from the meetings;
- (ii) at the same meeting, the Council took note of a report by the Commission on the extent to which the Directive on the application of the principle of equal pay for men and women had so far been incorporated in national law. As a result of this report, the Commission started infringement procedures against seven Member States;
- (iii) after an introductory statement by the Commission representative on a Communication on consultation within the Community on migration policy on 15 May 1979, the Council adopted certain conclusions at its meeting of 22 November 1979;
- (iv) at the meeting on 15 May 1979, pending receipt of the opinion of the Economic and Social Committee and before adopting a definite position, the Council noted that agreement existed on the setting up of the second joint programme to encourage exchanges of young workers within the Community. The final decision was adopted on 17 July 1979;¹
- (v) in 1979 two amendments were made to Community Regulations on social security arrangements for migrant workers:
 - (a) Regulation 1517/79¹ amends Regulations Nos 1408/71 and 574/72 to bring them into line with changes in Member States' legislation, in particular as regards the United Kingdom social security system;
 - (b) Regulation 2615/79² concerns the adaptation of the procedure to be followed for the conversion of currencies in the light of the mechanisms laid down for calculating the ECU under the European Monetary System.

¹ OJ L 185 of 21.7.1979.

² OJ L 301 of 28.7.1979.

Lastly, the Council of 22 November 1979 took note of the following:

- (i) a memorandum from the Commission on employee participation in asset formation, and delegates' initial reactions on this subject;
- (ii) the third annual report (1978) of the Advisory Committee on Safety, Hygiene and Health Protection at Work;
- (iii) the Commission's Report on the Activities of the European Social Fund in 1978.

**B — Outline of activities by the institutions
of the European Communities in the
social field in 1979**

Main developments

18. In the social field the main concern of all Community authorities has been to continue the process of directing efforts towards combating the persistent employment problems caused by current economic difficulties. With this in mind, the Commission sought ways of improving the distribution of work through the reorganization of working time and counteracting employment reductions in the most severely affected areas, such as the steel industry. In addition, the activities of the European Social Fund were stepped up and, again with the employment situation in mind, steps were taken towards consultation between the Member States on migration policies vis-à-vis workers from non-member countries.

The Commission also directed its attention to enforcement of the Community provisions designed to promote equality between men and women as regards remuneration and access to employment and to the improvement of relations with the two sides of industry.

Lastly, several significant decisions were taken concerning exchanges of young workers, the launching of a ninth scheme of ECSC aid for the construction of housing, health protection at places of work and a new research programme on the control of nuisances and pollution in the steel industry.

Employment

Reorganization of working time

19. The fourth Tripartite Conference, held in November 1978,¹ focused on problems connected with the reduction of working time. In response to this concern, the Commission prepared a communication on work-sharing² which was sent to the Council on 7 May. This was discussed fully at the Council meeting on 15 May,³ when the Commission was asked

¹ Social Report 1978, point 20.

² Bull. EC 5-1979, point 2.1.52.

³ Bull. EC 5-1979, point 2.1.53.

to continue its studies and analyses with a view to establishing a Community framework for work-sharing, covering in particular the annual duration of work, the restriction of systematic overtime, the development of vocational training and schemes combining training with work experience, flexible retirement arrangements, voluntary part-time work, temporary work and continuous shift-work.

The Commission concentrated on three priority topics: the annual duration of work, overtime and schemes combining training with work experience. After several meetings with or between the two sides of industry,¹ including the meetings of the Standing Committee on Employment, the Commission sent to the Council a proposal² to be used as a basis for the discussions it held on 22 November; at the end of this meeting the Council approved a Resolution—which it formally adopted on 18 December—on the reorganization of working time, which contained guidelines on a number of specific measures to be taken.³ Combined work and training schemes were dealt with in a separate Resolution⁴ approved on the same day.

Concerting of the Member States' employment policies

20. The Working Party of Senior Employment Officials gave its attention to assessing the implications of measures taken in the member countries and the possibilities of concerted action. At the same time, steps were taken to extend cooperation between the heads of public employment agencies: joint work was carried out in particular on the mismatch between the demand for and supply of labour, vocational training and long-term unemployment.⁵ Action to support the reform of the employment services in Italy was continued.⁶

Labour market policy

Employment of women⁷

21. The Commission was obliged, by virtue of its responsibility for monitoring the application of Community law, to initiate infringement proceedings⁸ against the Governments of the Federal Republic of Germany, Luxembourg and the Netherlands, which have

¹ Bull. EC 5-1979, point 2.1.50; Bull. EC 10-1979, point 2.1.44.

² Bull. EC 10-1979, point 2.1.48.

³ OJ C 2 of 4.1.1980; Bull. EC 11-1979, point 2.1.41.

⁴ Point 23 of this Report.

⁵ Bull. EC 4-1979, point 2.1.31.

⁶ Bull. EC 3-1979, point 2.1.44.

⁷ Point 34 of this Report.

⁸ Bull. EC 3-1979, point 2.1.42.

not yet adopted all the measures necessary to transpose into national law the provisions of the Directive of 9 February 1976¹ on the implementation of the principle of equal treatment of men and women as regards access to employment, vocational training and promotion, and working conditions. The appropriate letters were sent to these Member States. In the light of the replies received, it was decided to deliver a reasoned opinion concerning Luxembourg. The other two countries were asked for further information.

With a view to reinforcing the Community strategy to promote the employment of women, the Commission increased its support for vocational training measures for female job seekers with the help of the European Social Fund.

Vocational training

22. Work on the approximation of training levels was stepped up. For certain sectors, investigations were carried out and views exchanged on the implications of technological developments for vocational training. The European Centre for the Development of Vocational Training made a major specialist contribution to these activities,² as was recognized by Parliament in a Resolution adopted on 9 May,³ and expanded its role as a forum for discussion between the various parties interested in training problems. Collaboration between the services responsible for vocational guidance and information for workers in the Member States was increased.

Linking work and training (sandwich courses)

23. In March and May respectively, the European Council⁴ and the Council⁵ requested the Commission to present proposals concerning 'alternance' training (schemes combining training with work experience). A draft Resolution setting out guidelines for the promotion of schemes linking work and training was laid before the Council on 31 October.⁶ On 18 December the Council adopted a Resolution in which it asked the Commission to examine the conditions in which the European Social Fund might assist measures carried out by the Member States.⁷

¹ OJ L 39 of 14.2.1976.

² Bull. EC 5-1979, point 2.1.57.

³ OJ C 140 of 5.6.1979.

⁴ Bull. EC 3-1979, points 1.1.5 and 2.1.40.

⁵ Bull. EC 5-1979, point 2.1.53.

⁶ Bull. EC 10-1979, point 2.1.49.

⁷ OJ C 1 of 3.1.1980; Bull. EC 11-1979, point 2.1.42.

Employment of young people

24. Youth unemployment continued to be one of the Community's major concerns. Despite some improvement in the employment situation in the Federal Republic of Germany and the United Kingdom, the youth unemployment figures worsened slightly over the Community as a whole.

The Commission encouraged the Member States to set up vocational preparation programmes for young people in line with its Recommendation of 6 July 1977.¹ Financial assistance was provided by the European Social Fund. In collaboration with the Member States, the Commission reviewed the measures adopted. Progress was found to have been achieved in varying degrees—the evidence showed an increase in vocational preparation provision, but many young people are clearly still not receiving adequate preparation for work.

Exchanges of young workers

25. On 13 March the Commission put before the Council a second programme to encourage the exchange of young workers.² Having received favourable Opinions from both Parliament³ and the Economic and Social Committee,⁴ the Council formally adopted the programme on 16 July.⁵ Exchanges under the new programme began during the second half of the year.

Freedom of movement for workers

26. In the light of the falling-off in the movement of labour between the Member States, the Commission increased its efforts to ensure the strict application of Community provisions prohibiting discrimination against workers from other Member States with respect to employment and living/working conditions. Many instances of *de facto* discrimination connected with the right of residence were eliminated.⁶ However, the Commission's efforts are still mainly directed towards studying problems connected with public service posts not entailing the exercise of official authority.

The Commission continued to work towards bringing the Community's international vacancy clearance system (SEDOC)⁷ into full operation—firstly by establishing a network

¹ OJ L 180 of 20.7.1977.

² OJ C 81 of 28.3.1979; Bull. EC 3-1979, point 2.1.45.

³ OJ C 127 of 21.5.1979; Bull. EC 4-1979, point 2.3.15.

⁴ OJ C 247 of 1.10.1979; Bull. EC 6-1979, point 2.3.47.

⁵ OJ L 185 of 21.7.1979; Bull. EC 5-1979, point 2.1.59.

⁶ Point 49 of this Report.

⁷ Social Report 1977, point 24.

of officials to take charge in the member countries; secondly by organizing training seminars for these officials; and thirdly by linking the exchanges of employment service officials with SEDOC.¹ These exchanges were continued successfully between Italy, France, Belgium and the Federal Republic of Germany and extended to the United Kingdom.

Readaptation of workers in ECSC industries

27. The social repercussions of restructuring in the Community steel industry became yet more acute during the year. Faced with this situation, the funds available for redeployment and early retirement were increased both in real terms and as a percentage of the total readaptation appropriation. The French and Luxembourg steel industries in particular continued with their programmes of closures and modernization. To cushion the social effects of these programmes, the Commission agreed to contribute towards new aid measures more suited to the present situation and providing better income support for workers. On the other hand, fewer coalmines and coking plants were closed than in 1978.

TABLE I
Readaptation of workers (ECSC credits)

	Coal industry		Steel industry and iron-ore mining		Total	
	Amounts made available (EUA)	Workers	Amounts made available (EUA)	Workers	Amounts made available (EUA)	Workers
Belgium	1 758 000	812	536 000	472	2 294 000	1 284
FR of Germany	7 081 750	5 062	4 190 500	7 691	11 272 250	12 753
France	4 277 750	1 022	26 505 250	4 223	30 783 000	5 245
Italy	—	—	—	—	—	—
Luxembourg	—	—	1 062 250	894	1 062 250	894
Netherlands	—	—	—	—	—	—
United Kingdom	—	—	21 609 250	14 366	21 609 250	13 366
Total	13 117 500	6 896	53 903 250	27 646	67 020 750	34 542

¹ Bull. EC 3-1979, point 2.1.44.

Social aspects of restructuring and conversion in priority industries

28. On 4 May the Commission transmitted to the Council a communication on the social aspects of restructuring in the steel industry together with a draft Decision relating to the creation of special temporary allowances to help workers affected by the restructuring operations.¹ The draft Decision was later revised to take account of the ECSC Consultative Committee's suggestions² and referred to the Council for its assent in July.³ Parliament was also consulted.⁴ The aim of the Decision is to supplement Community intervention under Article 56(2)(b) of the ECSC Treaty.

European Social Fund

29. The appropriations available for commitment in 1979 amounted to 767.5 million EUA⁵ and were allocated as shown in the table below.

TABLE 2

Appropriations for commitment (ESF)

	<i>(million EUA)</i>
Operations to assist agriculture and the textiles industry	35
Operations to assist young persons	230
Operations to assist migrant workers	23
Operations to assist women	18
Effects of industrial conversion	—
Aid to improve the employment situation in specific regions, industries or groups of firms	326
Operations to assist handicapped persons	61
Pilot schemes and preparatory studies	2.5
New operations for young persons	72
Total	767.5

¹ OJ C 142 of 7.6.1979; Bull. EC 5-1979, point 2.1.55.

² OJ C 193 of 31.7.1979; Bull. EC 7/8-1979, point 2.3.74.

³ Bull. EC 7/8-1979, point 2.1.41.

⁴ OJ C 309 of 10.12.1979; Bull. EC 11-1979, point 2.3.15.

⁵ Full information on the Social Fund will be given in its Annual Report, to be published in July 1980.

The applications approved for each Member State were as shown below. (The total shown here includes appropriations for commitment which were reimbursed and were available for re-use; this is why the total is different from that for the appropriations for commitment in the above table.)

TABLE 2a
Applications approved (ESF)

Member States	Amount (million EUA) ¹	% per State
Belgium	15.93	2.00
Denmark	15.41	1.93
FR of Germany	51.81	6.50
France	133.29	16.72
Ireland	58.62	7.36
Italy	289.71	36.35
Luxembourg	0.99	0.12
Netherlands	19.11	2.40
United Kingdom	212.13	26.62
Community	797.00	100.00

¹ September 1969 rates.

Overall demand for Fund assistance continued to rise, reaching a total of 1 320 million EUA, thus exceeding by 72% the appropriations available. The greatest discrepancy between the volume of applications and available resources occurred in the areas of migrant workers (+439%), women (+72%), young people (+70%) and regions (+66%).

The Commission was therefore obliged, after consulting the Fund Committee, to apply the more rigorous selection criteria laid down in the guidelines for the management of the Fund during the period 1979-81. ¹ Priority was given to those programmes with the best employment prospects.

Appropriations for payment entered in the 1979 budget amounted to 527.5 million EUA, to which should be added 299.5 million EUA carried over from 1978. The total amount of payments made at 31 December 1979 is estimated at 520 million EUA (compared with 284.3 million EUA in 1978).

¹ OJ C 116 of 19.5.1978.

Financial aid was granted to studies and pilot schemes with a view to rendering Fund intervention more effective. These studies and schemes are mainly concerned with young people, women, migrant workers, handicapped persons and the setting-up of businesses.

Social protection

Social security, the European social budget and the fight against poverty

30. The second European social budget (1976-80), which the Commission had presented to the Council on 28 July 1978,¹ was the subject of a Resolution by Parliament² and an Opinion from the Economic and Social Committee.³

A second report on the European programme of pilot schemes and studies to combat poverty was sent to the Council on 29 October.⁴ And on 27 November the Commission presented to the Council a proposal for a decision concerning an interim poverty programme.⁵

Social security for migrant workers

31. The Commission transmitted two proposals on the application of social security schemes to employed persons and their families moving within the Community, one on 11 April⁶ and the other on 6 July.⁷

The Council adopted the first of these proposals on 16 July,⁸ after receiving the Opinions of Parliament⁹ and the Economic and Social Committee.¹⁰ The new Regulation aligns the Community rules with changes in the legislation of the Member States, in particular the social security system in the United Kingdom. The second, adopted by the Council on 23 November¹¹ after Opinions had been received from Parliament¹² and the Economic and Social Committee,¹³ amends the procedure used to establish currency conversion rates.

¹ Bull. EC 7/8-1978, point 2.1.59.

² OJ C 127 of 21.5.1979; Bull. EC 4-1979, point 2.3.16.

³ Bull. EC 10-1979, point 2.3.93.

⁴ Bull. EC 10-1979, point 2.1.53.

⁵ OJ C 307 of 7.12.1979; Bull. EC 11-1979, point 2.1.49.

⁶ OJ C 115 of 8.5.1979; Bull. EC 4-1979, point 2.1.36.

⁷ OJ C 249 of 3.10.1979; Bull. EC 7/8-1979, point 2.1.44.

⁸ OJ L 185 of 21.7.1979; Bull. EC 7/8-1979, point 2.1.45.

⁹ OJ C 140 of 5.6.1979.

¹⁰ OJ C 247 of 1.10.1979.

¹¹ OJ L 301 of 28.11.1979; Bull. EC 11-1979, point 2.1.47.

¹² OJ C 309 of 10.12.1979.

¹³ OJ C 297 of 28.11.1979; Bull. EC 9-1979, point 2.3.54.

The Council has not yet reached a decision on the Commission proposals¹ to extend the Community rules to self-employed persons and insured persons not pursuing an occupation.²

The Administrative Commission and the Advisory Committee on Social Security for Migrant Workers examined various questions relating to the application of the rules currently in force. The Court of Justice delivered 15 judgments³ in cases involving references for preliminary rulings on the interpretation or validity of certain provisions enacted under Article 51 of the EEC Treaty.

On 29 May the Commission sent to the Council a communication on the implementation of the provisions concerning cooperation in the sphere of social security contained in the Cooperation Agreements with the Maghreb countries and the Additional Protocol to the Agreement with Portugal.⁴

Activities on behalf of migrant workers and their families

32. Pursuant to the action programme in favour of migrant workers and their families and the Council Resolution of 9 February 1976,⁵ a communication setting out the Commission's views regarding the principles for consultation on the Member States' migration policies *vis-à-vis* non-member countries was sent to the Council on 23 March.⁶ The Economic and Social Committee delivered its Opinion on this communication at its 24-25 October meeting,⁷ and on 22 November⁸ the Council asked the Commission to organize consultation along the lines suggested.

The Technical Committee and the Advisory Committee on Free Movement continued their discussions on the employment of migrant workers; they also considered the question of 'second-generation' migrant workers and assessed the implications of measures taken to assist migrant workers returning to their country of origin.

The European Centre for the Development of Vocational Training continued its activities in connection with vocational training for migrant workers on the basis of the conclusions reached at the European symposium on vocational training held in Berlin in December 1978.

¹ Social Report 1978, point 32.

² Bull. EC 5-1979, point 2.1.62.

³ Point 50 of this Report; Cases 100/78, 129/78, 139/78, 144/78, 173/78, 174/78, 176/78, 180/78, 182/78, 207/78, 236/78, 237/78, 266/78, 268/78, 9/79.

⁴ Bull. EC 5-1979, point 2.1.64.

⁵ OJ C 34 of 14.2.1976; Supplement 3/76 - Bull. EC.

⁶ Bull. EC 3-1979, point 2.1.43.

⁷ Bull. EC 10-1979, point 2.3.94.

⁸ Bull. EC 11-1979, point 2.1.43.

Natural disasters

33. In 1979 the Commission granted 2.5 million EUA in Community aid to the victims of natural disasters in Martinique and Guadeloupe (France),¹ Umbria (Italy) and Orkney, Shetland and the Western Isles (United Kingdom).

Living and working conditions*Wages and the organization of work*

34. The Commission sent a report on the application of the principle of equal pay for men and women² to the Council on 18 January, and Parliament adopted a Resolution in the same connection on 9 May.³ The main objective of the Commission's report was to examine progress made in transposing into national law the provisions of the Council Directive of 10 February 1975.⁴ As a result of its findings, the Commission decided to initiate infringement proceedings.⁵ The appropriate letters were sent to seven Member States: Belgium, Denmark, Federal Republic of Germany, France, Luxembourg, Netherlands and the United Kingdom.

On 7 September the Commission presented a memorandum on employee participation in asset formation⁶ to the Council, Parliament and the Economic and Social Committee. The memorandum outlines the aims, problems and choices involved in the implementation of such a policy and is based on a description of the systems applied or under consideration in the Member States. In its conclusions, the Commission sets out guidelines favouring certain formulas and procedures which it hopes will form the basis for a broad debate and give fresh impetus to asset-formation policy.

Labour law, industrial relations and participation of the two sides of industry

35. In order to take account of the Opinions of Parliament⁷ and the Economic and Social Committee,⁸ the Commission sent an amendment⁹ to its proposal for a Directive on the

¹ Bull. EC 9-1979, point 2.2.24.

² Bull. EC 1-1979, point 2.1.49.

³ OJ C 140 of 5.6.1979; Bull. EC 5-1979, point 2.3.7.

⁴ OJ L 45 of 19.2.1975.

⁵ Bull. EC 3-1979, point 2.1.42.

⁶ Bull. EC 7/8-1979, points 1.2.1 to 1.2.5; Supplement 6/79 - Bull. EC.

⁷ OJ C 39 of 12.2.1979; Bull. EC 1-1979, point 2.3.17.

⁸ OJ C 105 of 26.4.1979; Bull. EC 11-1978, point 2.3.65.

⁹ OJ C 125 of 18.5.1979; Bull. EC 3-1979, point 2.1.51.

protection of employees in the event of the insolvency of their employer¹ to the Council on 23 March. The proposal was then approved in principle on 15 May.² However, a list of exceptions to the field of application of the Directive requested by some Member States is currently under discussion.

On 27 April the Commission laid before the Council a communication on the improvement of relations with the two sides of industry in the context of the Tripartite Conferences.³ This communication formed the subject of a Resolution adopted by Parliament on 9 May.⁴

The European employers' and workers' organizations were consulted frequently both at meetings of the existing advisory committees and *ad hoc* meetings on the formulation and implementation of Commission proposals on the various aspects of social policy. Consultation was particularly important in the context of preparations for the tripartite meetings of the Standing Committee on Employment.

36. The difficult economic situation highlighted the importance of joint consultations at industry level, which enable the two sides to maintain an overview both of general problems and of questions specific to their particular industry.

Housing

37. All the funds available under the eighth scheme of financial aid for the construction of low-cost housing for workers in the ECSC industries (25 million EUA for the first instalment and 30 million EUA for the second) have been committed, and by 31 December 1979 the majority (53 265 000 EUA) had already been allocated to help finance about 24 400 dwellings. The balance should be sufficient to enable the Community to contribute towards financing some 600 dwellings, making a total of 25 000 for the eighth scheme as a whole. In addition, on 29 June the Commission approved the launching of a ninth scheme. Appropriations under the first instalment (1979-81) will amount to 30 million EUA to be allocated in accordance with the selection criteria laid down in the Commission Decision of 19 November 1979.⁵

¹ Social Report 1978, point 36; OJ C 135 of 9.6.1978.

² Bull. EC 5-1979, point 2.1.69.

³ Bull. EC 4-1979, point 2.1.39.

⁴ OJ C 140 of 5.6.1979; Bull. EC 5-1979, point 2.3.6.

⁵ OJ C 299 of 30.11.1979; Bull. EC 6-1979, point 2.1.45.

TABLE 3

Financing of the eight ECSC low-cost housing schemes
(situation at 31 December 1979)

(million EUA)

Member States	Commission funds		Additional funds ¹	Total aid	Other sources	Total cost of construction and modernization
	Own resources	Borrowed funds				
Belgium	10.87	23.04	2.30	36.21	67.56	103.77
Denmark	1.56	—	0.66	2.22	8.35	10.57
FR of Germany	80.68	13.24	159.68	253.87	1 098.70	1 352.48
France	44.68	0.43	24.46	69.57	338.37	407.94
Ireland	0.87	—	0.72	1.59	1.73	3.32
Italy	24.60	24.71	11.18	60.49	64.12	124.61
Luxembourg	4.35	1.70	3.36	9.41	18.26	27.67
Netherlands	9.02	2.14	8.47	19.63	58.91	78.54
United Kingdom	13.19	—	9.90	23.09	30.70	53.79
Total	189.82	65.26	220.91	475.99	1 686.70	2 162.69

¹ Made available through ECSC action.

TABLE 3a

**Work on the eight normal
and three experimental low-cost housing schemes**
(situation at 31 December 1979)

Member States	Number of dwellings financed			
	In preparation	Under construction	Completed	Total
Belgium	145	215	7 990	8 350
Denmark	35	10	490	535
FR of Germany	2 296	1 372	93 477	97 145
France	2 064	721	31 360	34 145
Ireland	24	—	187	211
Italy	251	789	7 275	8 315
Luxembourg	21	52	1 210	1 283
Netherlands	131	106	5 736	5 973
United Kingdom	1 587	279	7 688	9 554
Total	6 554	3 544	155 413	165 511

38. The Commission financed 15 pilot schemes on adapting housing to the needs of the handicapped. In addition, on the basis of the findings of a survey on migrant workers' housing conditions,¹ it granted financial aid to pilot schemes aimed at improving housing for these workers or assisting the reception services. Lastly, in connection its work on the European Habitat Competition, the Commission selected 16 projects from various countries.

Health and safety

Public health

39. In compliance with the wishes of the Health Ministers, who had met in Brussels on 16 November 1978,² the Commission consulted the Member States with a view to establishing a coherent health education policy, the main aims of which would be to reduce tobacco consumption and improve the eating habits of the public at large. At the same time, studies and surveys on motivation, behaviour and admissibility of health publicity were undertaken.

40. As regards mutual medical assistance in the event of catastrophes, major accidents or exceptionally serious outbreaks of disease, a survey had to be conducted among the Member States' health authorities before any specific projects could be contemplated. The findings of this survey were the subject of an initial examination.

Radiation protection

41. On 29 January the Commission proposed to the Council that there should be a revision of its 1976 Directive which lays down the basic standards for the protection of health against the dangers of ionizing radiation.³ The proposal was endorsed by Parliament⁴ and the Economic and Social Committee.⁵ On 14 December the Commission also adopted a proposal for a Directive laying down the basic measures applicable to the radiation protection of persons undergoing medical examination or therapy.⁶

¹ Social Report 1977, point 36.

² Social Report 1978, point 40.

³ OJ C 86 of 2.4.1976; Bull. EC 11-1978, point 2.1.51.

⁴ OJ C 140 of 5.6.1979.

⁵ OJ C 128 of 21.5.1979; Bull. EC 12-1978, point 2.3.53.

⁶ Bull. EC 12-1979, point 2.1.71.

Health aspects of the environment

Radioactive effluents

42. In accordance with Article 37 of the Euratom Treaty, the Commission has delivered two opinions on projects for the discharge of radioactive effluents from the nuclear power station at Fessenheim and the HAO + UP2 spent nuclear fuel reprocessing plant at the Cap de la Hague. Three other projects covering a reprocessing plant at Dounreay, the nuclear power station at Gravelines and a fission product vitrification unit at Marcoule (AVM) are being examined.

Effects of pollutants on health

43. Documents laying down criteria (exposure effect on health ratio) have been prepared for arsenic and chlorinated organic solvents. Work on asbestos has been continued, especially on the carcinogenic effects on man, and agreement has been reached at expert level on the pathological definition and the interpretation of the image of mesotheliomas.

As regards the Directive on the biological screening of the population for lead,¹ the initial campaign of measurements involving 30 000 human blood samples has been completed. The results are now being interpreted.

The Scientific Advisory Committee to examine the toxicity and ecotoxicity of chemical compounds,² set up in 1978, held its first general meeting in October, which was followed in December by an initial meeting of the toxicology section.

Safety, hygiene and health protection at work

44. The first step in implementing the action programme approved by the Council on 29 June 1978³ was a proposal for a Directive on the protection of workers from harmful exposure to chemical, physical and biological agents at work, which was transmitted by the Commission to the Council on 6 March.⁴ This Directive will open the way for the gradual harmonization of national provisions governing health and safety at work; it will also enable individual Directives on lead to be drawn up, the first of which was in fact proposed to the Council on 10 December.⁵

¹ OJ L 105 of 28.4.1977.

² OJ L 198 of 22.7.1978.

³ OJ C 165 of 11.7.1978; Bull. EC 6-1978, point 2.1.39.

⁴ OJ C 89 of 5.4.1979; Bull. EC 3-1979, point 2.1.52.

⁵ OJ C 324 of 28.12.1979; Bull. EC 12-1979, point 2.1.70.

On 19 July¹ the Commission sent the Council a proposal for a Directive on the major accident hazards of certain industrial activities. On 21 June it adopted a Directive² amending the annexes to the Council Directive of 25 July 1977³ on the provision of safety signs at places of work.

Another important feature of the implementation of the programme consisted in the organization of a joint seminar, held with the American authorities—in line with the Cooperation Agreement concluded by the Commission and the United States—and the ILO on the implementation of an early warning system for safety and health at work (Hazard Alert System).

The Advisory Committee on Safety, Hygiene and Health Protection at Work held three full meetings, prepared by 16 meetings of the working parties and gave its opinion on proposals for directives and draft directives.

ECSC social research

45. The ECSC's research policy has been developed on the basis of preceding programmes. The new programme on industrial hygiene in mines, which was decided in 1978, has been put into effect. A research programme on the prevention of nuisances at the place of work and in the environment of iron and steelworks was decided by the Commission on 22 May.⁴ Three information meetings have been held to discuss rescue work in mines, in coking plants and the epidemiology of pneumoconiosis in coalminers.

Mines Safety and Health Commission

46. The Commission held four plenary meetings. In addition to the information reports which it adopted, it proposed a method for controlling the neutralization of flammable dust to member governments and continued its regular statistical work. In view of the extension of its terms of reference, special attention was paid to safety in offshore gas and oilfields as regards production equipment, well reconditioning and staff training. In addition, safety campaigns were organized for open-air occupations, a code of practice for deep-sea divers was published,⁵ and seminars were held for miners' unions.

¹ OJ C 212 of 24.8.1979; Bull. EC 7/8-1979, point 2.1.50.

² OJ L 183 of 19.7.1979; Bull. EC 6-1979, point 2.1.49.

³ OJ L 229 of 7.9.1977.

⁴ OJ C 147 of 13.6.1979; Bull. EC 2-1979, point 2.1.34; Bull. EC 5-1979, point 2.1.71.

⁵ Bull. EC 10-1979, point 2.1.60.

Handicapped persons

47. On 30 October,¹ the Commission forwarded to the Council its report on the initial Community action programme for the vocational rehabilitation of handicapped persons (1974-79). This report was drawn up in the light of the results of the projects aided by the Social Fund, which were reviewed at seminars held in Luxembourg on 21, 22 and 23 March.² Representatives of the network of rehabilitation and training centres continued work on the preparation of guidelines or the further training of staff involved in rehabilitation.

Paul Finet Foundation

48. During the 1979 academic year, the Paul Finet Foundation examined 1 354 applications and awarded 991 scholarships, for a total of BFR 9 481 609, to schoolchildren and students whose fathers had been employed in ECSC industries and had lost their lives as a result of an industrial accident or occupational disease.

Interpretation and application of the social provisions by the Court of Justice

49. The Court has had the opportunity to state its views on the range of persons covered by the Community rules governing free movement of persons.

In two decisions the Court laid down the principle that provisions of the EEC Treaty relating to the free movement of persons cannot be applied to situations which are purely internal to a Member State. In Case 175/78³ the Court held that, although the rights conferred upon workers may lead the Member States to amend their legislation even with respect to their own nationals. Article 48 of the Treaty does not aim to restrict the power of the Member States to lay down restrictions, within their own territory, on the freedom of movement of all persons subject to their jurisdiction in implementation of domestic criminal law. In Case 115/78⁴ the Court held that Article 52 of the Treaty cannot be interpreted in such a way as to exclude from the benefit of Community law a given Member State's own nationals when the latter, owing to the fact that they have lawfully resided on the territory of another Member State and have there acquired a trade qualification which is recognized by the provisions of Community law, are, with regard to their State of origin, in a situation which may be assimilated to that of any other persons enjoying the rights and

¹ Bull. EC 10-1979, point 2.1.61.

² Bull. EC 3-1979, point 2.1.56.

³ CJEC 28.3.1979 (*Regina v Saunders*), 175/78: [1979] ECR 1129.

⁴ CJEC 7.2.1979 (*Knoors v Secretary of State for Economic Affairs*), 115/78: [1979] ECR 399.

liberties guaranteed by the Treaty. This applies, however, only if specific Community measures for securing complete freedom of establishment, according to Articles 54 and 57 of the EEC Treaty, have been adopted. The Court has, for example, held in another case¹ that if no such measure exists, Article 52 of the EEC Treaty, in so far as it is intended to ensure the benefit of national treatment, can only concern, in each Member State, the nationals of other Member States.

50. In the field of social security for migrant workers, the year has been marked by a particularly large number of decisions given on requests for preliminary rulings. As in the past, the questions of interpretation raised have been concerned with a variety of provisions of Regulation No 1408/71²—for instance, the range of persons³ or matters⁴ covered, aggregation and the overlapping of benefits,⁵ unemployment⁶ or invalidity benefit:⁷ in only one case⁸ has the validity of a provision of the Regulation been questioned. The Court has again emphasized that the social security regulations—to be interpreted in a uniform manner in the various language versions⁹—are to be considered in the light of the aims pursued by the provisions of the EEC Treaty (Articles 48 to 51) under which they are made,¹⁰ provisions which are limited to ensuring the coordination of the different national social security laws.¹¹

This year has also been marked by three cases¹² in which the referring court has felt itself obliged to refer again to the Court of Justice, notwithstanding the replies given to the questions originally raised.

¹ CJEC 7.2.1979 (*Ministère Public v Auer*), 136/78: [1978] ECR 437.

² OJ L 149 of 5.7.1971.

³ CJEC 12.7.1979 (*Caisse régionale d'assurance maladie de Lille v Toia*), 237/78: not yet reported.

⁴ CJEC 8.3.1979 (*Bestuur van de Sociale Verzekeringsbank v Lohmann*), 129/78: [1979] ECR 853.

⁵ CJEC 5.10.1978 (*Institut National d'Assurance Maladie-Invalidité v Viola*), 26/78: [1978] ECR 1771.

⁶ CJEC 20.3.1979 (*Coccioli v Bundesanstalt für Arbeit*), 139/78: [1979] ECR 991.

⁷ CJEC 19.6.1979 (*Brouwer-Kaune v Bestuur van de Bedrijfsvereniging voor het Kledingsbedrijf*), 180/78: not yet reported.

⁸ CJEC 22.2.1979 (*Tinelli v Berufsgenossenschaft der Chemischen Industrie*), 144/78: [1979] ECR 757.

⁹ CJEC 12.7.1979 (*Koschinske v Raad van Arbeid*), 9/79: not yet reported.

¹⁰ CJEC 6.3.1979 (*Rossi v Caisse de Compensation pour Allocations Familiales des Régions de Charleroi et Namur*), 100/78: [1979] ECR 831.

¹¹ CJEC 12.7.1979 (*Brunori v Landesversicherungsanstalt Rheinprovinz*), 266/78: not yet reported.

¹² CJEC 5.4.1979 (*Schaap*), 176/78; CJEC 16.5.1979 (*FNROM v Mura*), 236/78; CJEC 31.5.1979 (*Pierik*), 182/79: not yet reported.

C — Social developments in 1979

Chapter I

Employment

(Including migrant workers)

Trends within the Community

51. The gradual economic recovery in the Member States, which began to take shape at the end of 1978, was held back by the rise in oil prices and some tendency for inflation to pick up once more. However, a GDP growth rate of about 3.3% was recorded for the year as a whole and as a result the employment level rose by about 0.9%.

The total number of registered unemployed for the whole of the Community remained static between December 1978 and December 1979. However, this overall figure reflects different national situations, ranging from a rapid increase in France (+ 10.6%) to a sharp fall in Denmark (-22.8%), as can be seen from Table 4.

In 1979, the public authorities efforts to combat unemployment were directed to solving the problem of the existence of 'hard cores' of unemployed workers ill-prepared for the structural changes taking place in the European economies. These problems, which concern both the capacity to adapt of those affected by the consequences of the crisis and the ability of young workers to integrate into working life, demand radical measures which will only show results in the medium and long term. For example, provision has been made in the majority of countries for additional vocational training and retraining facilities. Greater emphasis is also being placed on the links between school and the working world.

52. At Community level, efforts were concentrated on the reorganization of working time (see Introductory Chapter, in particular points 14 and 15) and the difficulties affecting the operation of the labour market due to the extent of the qualitative mismatch between supply and demand (mobility problems, skills and working conditions offered and required).

This problem was stressed in the working paper provided by the Commission as background for the discussions of the Standing Committee on Employment on 9 October 1979.

In most Member States, the effectiveness of policies to restimulate growth was—and still is—limited by the qualitative mismatch between job seekers' qualifications and the type of vacancies offered by employers, in addition to the weaknesses still to be found in certain public employment services and vocational training systems.

The organization of working time cannot be considered only in relation to curbing production costs. It must also be considered in the light of the sensitive problems of adjustment that would certainly affect the labour market, particularly as regards the supply of and demand for certain skills.

Lastly, reducing qualitative mismatching on the labour market is one of the prerequisites—though not in itself sufficient—for a return to full and better employment.

In his conclusions, the Chairman of the Standing Committee on Employment emphasized the need to reinforce labour market policies.

Firstly, vocational and career guidance for both young people and adults should be further developed and should not be confined only to the unemployed.

Secondly, vocational training facilities should be expanded and brought into line with the current and foreseeable needs of the Community economies. In particular, access for girls to certain training courses and certain jobs traditionally reserved for men should be made easier; more extensive use should be made of schemes based on the combined training/work experience principle at all stages of working life (see Council Resolution of 22 November 1979 and point 73 of this Report).

Thirdly, job prospection and placement activities should be stepped up and more emphasis given to liaison between undertakings and job-seekers. Employment agency staff should be qualified and trained to ensure such liaison and public employment services should be given the means to improve their credibility in the eyes of employers and workers.

Lastly, the demand for temporary workers on the part of certain undertakings and the demand for part-time jobs on the part of certain workers should be satisfied in conditions ensuring equity and providing social protection.

These conclusions and guidelines are under study by the group of Directors-General of Employment and the group of Directors of Employment Agencies. After consultation with the two sides of industry this work should lead, in the first half of 1980, to a communication to the Council on guidelines for a Community labour market policy.

53. Statistics on migratory flows for the first six months of 1979 indicate that the numbers of both Community (+6%) and non-Community workers (+21%) entering employment for the first time will show a slight upward trend. In volume terms, however, movements between Community countries since 1974 have been on a modest scale.

Community-level estimates for workers returning home are still not very reliable. However, the total number of foreign workers in the Community (including the unemployed) had dropped to an estimated 5 900 000 at the end of 1978. Some 1 600 000 of these workers were Community nationals.

The existence of a considerable number of illegal migrant workers in the Community should not be forgotten. The restrictions introduced in the last five years may even have led to an increase in the number of workers entering the clandestine labour market following the non-renewal or withdrawal of their work permits by the Member States. Since the nature of the problem makes it impossible to assess the precise number of these workers in the Community, the Commission has no reason to depart from the opinion expressed in December 1974 in its action programme in favour of migrant workers and their families, when it assessed the number at about 600 000 (families excluded)—i.e. one-tenth of the regular work force.

Development of the situation in the member countries

Belgium

54. In 1979, the gradual economic recovery beginning early in the year has continued. The GDP growth rate increased very slightly compared with the previous year, rising from 2.6% in 1978 to 3.0% in 1979. Thanks to government measures (regions, special temporary work scheme, etc.) this low growth-rate was accompanied by a slight net creation of jobs, with the total number in employment rising from 3 732 000 in 1978 to 3 740 000 in 1979.

Despite the improvement in the general situation, the number of job seekers had risen to 366 752 in December 1979, a 5.5% increase compared with December 1978.

At end 1979, the respective shares of women, young people and foreign workers in total unemployment were as follows:

Women: 63.4% (60.5% end 1978);

Young people under 25: 38.6% (39.4% end 1978);

Foreign workers: 13.7% (14.2% end 1978).

It can be seen that women's share in the total rose slightly, while the figures for the other two groups declined. This is accounted for by the greater increase in the number of women job-seekers (+10.5%); in the case of the other two categories the year-to-year change was small (+3.2% and +1.6%).

Despite the success of the second 'Spitaels Plan' in reabsorbing unemployment¹ (net result at end November: 137 984 workers had benefited from the plan), the unemployment rate reached 9.0% (5.2% for men and 15.8% for women). The employment situation is, therefore, still bad; job applications are poorly matched to vacancies, and the outlook is far from reassuring.

In this connection reference should be made to the increasing influence of structural factors on the labour market. In the major branches, employment in the tertiary sector is no longer offsetting the loss of jobs in industry.

In October 1979 measures were introduced to amend and strengthen the regulations on unemployment. These changes are expected to have a direct influence on the number of job seekers by eliminating certain abuses, increasing occupational mobility and broadening the concept of 'suitable employment', which an unemployed person cannot refuse. However, the anticipated effects will only be felt in the medium and long term. The principal measures involved are as follows:

- (i) unemployed workers carrying out unpaid activities for another person must inform the regional employment office beforehand; if they do not, the activity in question will be regarded as clandestine work;
- (ii) unemployed persons who claim to be unavailable for employment offered will lose entitlement to unemployment benefits for 26 weeks;
- (iii) checks on unemployed persons carrying out unpaid activities for others and on short-time working will be stepped up;
- (iv) lastly, stricter penalties will be imposed on unemployed persons who have improperly obtained stamps on their cards. In such cases, it will be assumed that remunerations has been received.

A number of other changes to the Ministerial Decree of 4 June 1964 on unemployment are also planned, namely:

- (i) abolition of the time limit for lodging a complaint against an employer in the event of failure to deduct unemployment insurance contributions;
- (ii) broadening of the scope of the concept of 'suitable employment', which an unemployed person may not refuse. This would mean that a job requiring secondary level qualifications might be offered to young persons who had completed higher education provided that there were no other job-seekers available at the corresponding level. Moreover, an unemployed person would not be able to turn down a job on the grounds

¹ Social Report 1978, point 54.

that he lives too far from the place of work. Time spent away from the home has been reduced to a maximum of 12 hours, instead of 14 hours for men and 13 for women.

In view of the persistent unemployment, the Minister for Labour and Employment presented a draft proposal for a Royal Decree (De Wulf Plan) on 4 September. On 18 September the Government and the two sides of industry adopted a 'draft outline agreement' designed to promote employment, reduce working time and induce wage restraint.¹

The agreement embodies a basic principle which will have great bearing on future relations between the two sides of industry. It emphasizes that priority should be given to employment problems and improving working conditions rather than to increasing individual incomes. The agreement takes the form of a recommendation and the various sectors and undertakings are allowed extensive powers as regards the means of achieving the objectives set out.

However, the consultations initiated in May with a view to concluding a broad-based outline agreement between the Government and the two sides of industry on economic and social matters were not brought to a successful conclusion. The draft outline agreement was given a mixed reception by the organizations representing employers and workers.

Following this setback the Government on its own initiative adopted certain undertakings or recommendations included in the draft; others were incorporated in a Government statement of 3 December 1979 relating to the promotion of employment, working hours and wage restraint, which broadly reflects the draft outline agreement of 18 September.

The most significant passage in the declaration concerns the recommendation that 'every effort should be made to reduce working time to a maximum of 38 hours a week on average by the end of 1980; ways and means to achieve this reduction should be decided at sectoral or undertaking level...'

A Royal Decree of 15 October 1979 (Moniteur Belge of 23 October 1979) provides for special subsidies amounting to BFR 250 000 per year or BFR 62 500 per quarter for a maximum of two years to undertakings which:

- (i) have introduced an average working week of 38 hours or intend to do so by the end of 1980;
- (ii) expand their work force by taking on unemployed persons or young persons entering the labour market for the first time, thereby increasing their net staffing level.

The provisions of this Royal Decree apply only to undertakings in the private business or industrial sector. It is estimated that 20 000 new jobs could be created in this way.

¹ Point 154 of this Report.

55. The unemployment crisis has also affected foreign women workers, in particular those from the Mediterranean area holding unskilled jobs in declining or vulnerable industries.

Article 13 of the 6 November 1967 Royal Decree which deals with those entitled to an 'A' work permit has been modified by the 5 October 1979 Royal Decree but otherwise Belgian immigration policy remains unchanged and may be summed up as follows:

- (i) continuing ban on immigration with exceptions for the families of workers whose qualifications are not available on the national labour market; asylum for political refugees;
- (ii) efforts to assist social integration;
- (iii) absence of repatriation policy for immigrant workers.

At the end of 1978, the total number of foreign workers was estimated at 310 000, of whom 169 000 were Community nationals.

Denmark

56. In 1979 there was some growth in economic activity in Denmark. Gross domestic product (GDP) rose by 3.1% (at constant prices), a rate which compares favourably with that in the two previous years. This was accompanied by a net increase in jobs: total numbers in employment rose from 2 444 000 in 1978 to 2 482 000 in 1979, i.e. by 1.5%.

There was an appreciable drop in unemployment, with about 147 000 registered unemployed in December 1979 compared with about 185 000 at end 1978, while the 1978 average fell back from 170 000 to 138 000 in 1979. Apart from the increase in the number of jobs available, this trend was greatly aided by measures to promote early retirement between 60 and 66. More than 44 500 persons (including some already unemployed whose retirement has not, consequently, had any effect on employment) took advantage of these measures in the first nine months of the year. In addition, 10 000 long-term job-seekers were able to benefit under the law on the job offer programme for the long-term unemployed.¹ Based on previous experience, it can be expected that about 70% of those concerned will accept a job offer.

Unemployment amongst young people accounts for a significant proportion of the total, with the 15 to 24 age group representing 30% of the overall figure in December 1979. Girls were particularly hard hit by the situation. In December 1979 registered vacancies amounted to 1 040.

¹ For these two schemes, see Social Report 1978, point 56.

As stated in the 1978 Social Report¹ a total of DKR 1 400 million was set aside for the period 1977-80 under the employment promotion plan, to combat youth unemployment. In 1978, 32 000 young unemployed persons are estimated to have benefited from at least one of the special employment or training measures. Two-thirds found work or took up a training course immediately after taking part in the programme, with about one-third therefore remaining unemployed.

Despite the continued high rate of unemployment there was strong demand for labour and 28% of industrial undertakings reported a shortage of manpower in September 1979, according to a regular survey; the proportion of employers in this situation rose through the year. According to a report from the Labour Commission, submitted in June, the shortage is mainly accounted for by the inadequate qualifications of job seekers. The Directorate-General for Employment has undertaken a wide-ranging survey to look into the question of the simultaneous existence of unemployed workers and unfilled vacancies.

The Government coalition has agreed to allocate the sum of DKR 1 300 million, set aside under the August 1977 employment promotion plan and still outstanding, as follows: DKR 254 400 000 for measures to promote employment; DKR 175 000 000 to support ship-building; DKR 272 900 000 for energy saving measures; DKR 353 400 000 for various labour market measures; DKR 132 400 000 for urban renewal; and DKR 111 900 000 for various measures involving the building sector, public works, the development of public transport systems and improvements in public services.

Some of these measures especially concern the employment of women workers and part of the appropriations will be set aside for sectors traditionally employing a large proportion of female labour.

In the context of the overall plan adopted in December 1979, a proposal will be presented during the year under which DKR 4 500 million will be allocated to industrial policy, energy and employment during the 1981/82/83 financial years with a view to extending and developing the present job creation programme, which dates from August 1979 and is due to expire at the end of 1980.

57. On 1 January 1979, the number of foreign workers in Denmark (excluding Finnish, Icelandic, Norwegian and Swedish nationals) was 43 877, of whom 14 400 were Community nationals. Questions relating to foreign workers, particularly as regards expulsion, unemployment benefit and the renewal of work and residence permits, have been discussed at length by the media, while Parliament held a general debate on the subject. At end March 1979, unemployed foreign workers numbered 7 552, of whom 1 412 were Community nationals.

¹ Social Report 1978, point 56.

Federal Republic of Germany

58. In 1979 practically all sectors participated in the upturn to which various supporting programmes have contributed.

The real gross domestic product (GDP) increased by 4.4% over 1978, while the employment situation developed more favourably than had been expected at the beginning of the year. The number of workers employed was up by about 340 000 over the figure for the previous year. This positive trend has been evident since the middle of 1977. The increase in the numbers employed in the building trade, the motor vehicle industry and the private services sector was especially marked.

The economic upturn was clearly evident on the labour market. The annual average number of registered job-seekers was 876 000 (compared with 993 000 in 1978). During the summer months the unemployment rate—for the civilian working population—hovered around 3.5%. This fall in unemployment was accompanied by a striking reduction in short-time working and an increase in the number of vacancies notified to the employment offices.

In contrast to the unmistakable easing of the labour market situation as a whole, the employment problems of certain population groups have worsened. These problem groups primarily include older workers and unemployed persons with certain health drawbacks. In addition, an above average number of persons without any qualifications or training and of women are registered as unemployed. On the other hand, the risk of unemployment declined considerably for young people under 20, and the unemployment rate in this group is now slightly below the overall average.

Regional labour market discrepancies have tended to become more pronounced. While full employment came almost within reach in Baden-Württemberg, Hesse and Southern Bavaria, where the unemployment rate was around 2% and there was an even greater shortage of specialist workers than elsewhere, the structural and employment problems in the other regions are very slow to improve.

In an attempt to iron out regional differences, the Federal Government adopted a special employment promotion programme. The programme, in effect since 1 August 1979, covers 23 employment office zones in which the average unemployment rate exceeded 6% in 1978.

The aim is to improve the skills of workers employed by firms undergoing reorganization, to facilitate the reintegration of the long-term unemployed by assuming responsibility for part of their wage costs, and promote the recruitment of unemployed persons under job creation schemes designed to improve social services and infrastructures. By its effectual date, the programme was already over-subscribed: altogether, applications involving a sum

of DM 963 million were received. For this reason the DM 500 million originally set aside for the programme will be supplemented so that all eligible applications can be approved.

In addition, on 1 August 1979 the 5th amendment to the Employment Promotion Law (AFG) entered into force. The new law, which contains many improvements, concentrates on the following:

- (i) Improvement and intensification of vocational training, particularly for problem groups on the labour market;
- (ii) Intensification of vocational guidance and placement in order to ensure and reinforce unemployed persons' ability and willingness to take employment;
- (iii) Selective development of efforts to promote employment in specific areas depending on the situation in each case.

There were long discussions as to what might reasonably be expected of workers in such situations. According to the new rules issued by the Federal Labour Office, in future the employment offices will continue to expect unemployed persons who are difficult to place to accept lower-paid jobs, to commute at weekends between their places of employment and their homes, or even to move to another district. At the same time, great care must be taken to ensure that the family circumstances and occupational status of the workers concerned allow them to comply with such requirements.

59. As a result of the firm application of the consolidation policy as regards the employment of non-Community workers, there was a slight increase in the demand for workers from EEC countries.

Efforts to integrate foreigners continued, with particular stress on the problems of second generation immigrants (there were more than half-a-million children of school age). Other problems tackled were pre-school education, compulsory schooling, entry to working life and the poor prospects of going on to higher education. The rule banning young people from entering the labour market if they had arrived in the Federal Republic of Germany after 31 December 1976 was rescinded on 1 April 1979; instead, a waiting period of two years was imposed, which may be reduced if a full-time training course has been attended for at least six months.

At end March, the total number of foreign workers in employment was 1 902 000, including an estimated 425 000 Community nationals. Between March 1977 and March 1978, the number of Community workers had thus increased by 4.4%. In 1979, the annual average number of foreign job-seekers was 93 500; this average unemployment rate (4.7%) shows that these workers were relatively worse hit by the employment situation than nationals.

France

60. In France economic growth in 1979 was only moderate. The gross domestic product (GDP) rose by about 3.4% as against an average of 4% per year over the period 1970-76.

This low rate of growth was, however, accompanied by a slight net increase in employment, the total number of employed persons rising by 0.5% in 1979 (0.2% in 1978). As in each year since 1974, there has been no net increase in the number of jobs in industry; only the private services sector and the public authorities have once again taken on more workers.

The rapid rise in unemployment continued in 1979. From December 1978 to December 1979 the number of officially registered job-seekers rose by 10.6% to reach almost 1 500 000, or some 7% of the working population. At the end of the year, the proportion of young people under 25 in the total was virtually unchanged (45% against 44.1% in December 1978). On the other hand, the share of the total figure accounted for by women rose from 52% at the end of 1978 to nearly 55% in December 1979.

The tendency for the average length of time spent unemployed to increase also continued in 1979. For those still unemployed at the end of the year, the average length of time spent seeking work had increased to 244 days, against 225 in December 1978. Short-time working, however, declined by nearly 50% (annual average numbers of days for which benefits are payable) from 1978 to 1979.

As regards structural policy, 1979 was marked by various measures on behalf of workers and regions affected by the crisis in the steel and shipbuilding sectors. In July, the 'social contract' for the steel industry was signed; it will remain in force until 30 June 1981. The aim of this agreement is to alleviate the effects of the steel industry restructuring plan, which involves the loss of 21 000 jobs. The most important measures adopted concerned the possibility of early retirement at the age of 55 (or 50 in certain cases), the payment of a FF 50 000 premium for voluntary retirement, and arrangements for transfers of employees (affecting 4 000 persons), preferably within the same undertaking and the same industrial zone, taking into account the wishes of the persons concerned.

Otherwise, since it was set up in 1978 the Industrial Adaptation Fund has up to 30 July 1979, helped to launch 74 investment projects involving the creation of 15 000 jobs in the iron and steel industry reconversion zones (about 12 000 jobs in northern and eastern France) and the areas affected by the shipbuilding crisis (about 3 000 jobs in western and south-eastern France).

As regards economic policy, anti-crisis measures were implemented in the late summer. To bolster activity in the building and public works sectors, supplementary programmes involving an expenditure of FF 2 000 million (or 0.1% of the GDP) were authorized. This is expected to lead to the creation of 30 000 jobs. To support consumer spending and go some

way towards cushioning the impact of the increase in social security contributions, various special benefits were granted to low-income families and elderly persons.

Finally, labour market policy was strengthened in 1979 by the renewal of the 'employment pact' and the reform of the national employment agency.

The third employment pact (Law of 10 July 1979) extends and amplifies the measures adopted under the two earlier 'pacts' concluded in 1977 and 1978. Its provisions apply from 1 July 1979 to 31 December 1981. Each year about 450 000 people could benefit from this pact, at an annual cost of FF 3 500 million (0.2% of the GDP), while the second pact only concerned 275 000 people at a cost of FF 2 500 million.¹

The provisions of the new pact are as follows:

- (i) exemption from half the employers' social security contributions for all undertakings (except temporary employment agencies) engaging young people aged under 26 or single women with at least one dependent child for at least six months;
- (ii) apprenticeship subsidies;
- (iii) in-service training courses for young people aged 18 (or 16) to 26—the State will pay 70% of their remuneration (corresponding to 90% of the SMIC);
- (iv) training courses for young people and women, as above; the State will pay 25%, or 90% of the SMIC according to category;
- (v) employment training contracts.²

According to information available on 31 December, the first results of the application of the pact show that 300 000 persons had been placed out of a total expected to reach 470 000 by 31 December 1981.

On 26 September, the Minister of Labour and Industrial Democracy presented to the Cabinet the main features of the proposed reform of the national employment agency (ANPE) for which, however, the implementing decrees had not yet been published on 31 December 1979.

The ANPE's primary tasks in future will be the placement and vocational guidance of job-seekers.

Employers and employees will be represented on the Agency's administrative bodies in order to forge closer links with firms, trade organizations and unions. This drastic reorganization will also entail decentralizing powers towards the departmental level so that local aspects of employment problems can be given priority.

¹ 550 000 young people benefited under the first pact, at a cost of FF 5 000 million.

² Point 85 of this Report.

61. The ban on immigration also put a stop to short stays, whilst the financial incentives offered to workers returning home seem to have been claimed chiefly by those who had in any case been planning this move for some time. The labour market situation and the employment crisis were important but not decisive factors influencing requests for aid.

In 1978, the number of seasonal workers entering the country increased by 10% over the 1977 figure, bringing the total to 122 658 (83.8% were Spanish workers).

The total number of foreign workers is estimated at 1 643 000, of whom 242 000 are Community nationals. This estimate is based on a survey conducted in October 1976, which showed that in all there were about 1 642 800 foreign workers in France (unemployed persons included), of whom 89.2% were manual workers. At end June 1979, unemployed foreigners numbered 132 736, of whom 12 817 were Community nationals.

Ireland

62. Although the rate of economic growth fell from 6% in 1978 to 3.2% in 1979, Ireland remained one of the fastest growing economies in the Community. The absolute level of employment increased by about 1.0% with the net number of new jobs created exceeding the net increase in the size of the labour force. The total labour force went from 1 148 000 to 1 155 000 persons and the number in employment from 1 048 000 to 1 058 000.

Unemployment fell steadily throughout the year: the number of unemployed declined from 98 400 in December 1978 to 88 600 in December 1979, a drop of 10%. The high level of job creation was blunted, however, by the large number of redundancies and the continued decline in agricultural employment.

The Government's jobs target for 1979 was a reduction of 25 000 in the numbers out of work. However, this target was not reached due in part to the oil crisis but also to the effects of the postal dispute and its impact on tourism and other sectors.

The Employment Incentive Scheme continued in 1979 to provide for the payment of premiums (IRL 20 a week for adults and IRL 14 for school-leavers) to employers for up to 24 weeks in respect of each worker employed. An employment maintenance scheme providing IRL 10 a week in respect of each worker also continued to operate to help firms in certain sectors cope with the employment problems arising from increased competition.

During the year, in the context of discussions between the Government and the two sides of industry with a view to producing and endorsing a 'National understanding for economic and social development', further developments took place in the field of labour-market policy.

On 1 November 1979 the Tripartite Committee on Employment, set up under the 'National understanding', approved as a first step in the implementation of the employment guarantee

a programme for the provision of 1 000 jobs in the public sector. The new jobs arise in a number of areas including infrastructural improvements, environmental works, educational services, provision of tourist amenities and projects to be undertaken by State enterprises.

On 6 December 1979, the Tripartite Committee concluded that the Employment Incentive Scheme could be developed as a particularly suitable instrument for the purpose of encouraging recruitment generally, but especially of those unemployed for a prolonged period. Consequently it was decided to pay a temporary supplementary premium of IRL 10 in the case of persons who have been registered for at least 26 weeks in the previous twelve months. The cost of the operation will be met from the IRL 20 million set aside under the job creation programme.

In addition, under the Work Experience Programme the Government presented a programme of environmental improvement schemes aimed exclusively at school-leavers, who cause the labour force to grow by about 9 000 every year.

The Government set a target of 6 000 placements of young people in its Work Experience Programme and 1 000 man/years in the programme of environmental improvement schemes.

A special effort has been made to identify labour market shortages and organize courses to relieve them. It is intended to provide over 1 000 extra places for these courses; attendance leads to almost certain employment. Courses set up in the fourth quarter of 1979 concentrated on advanced training of highly skilled jobs (e.g. engineering, data processing, electronics, programming analysis).

63. Available statistics would suggest a continuing trend of net immigration in 1979, although the figure is quantitatively small.

The majority of permits given to immigrants from third countries are related to employment at upper management/technical/skilled level in industry, and to employment in the medical/nursing/research sectors. There exists a shortage in the hotel/restaurant and catering sector, for which permits have been delivered to trained workers.

Italy

64. The employment situation in Italy was favourably influenced in 1979 by the dynamism of economic performance. Except for the few months slowdown—during the end of spring and the beginning of summer—which was due to strikes in connection with the renewal of collective agreements for more than 50% of the work force, economic activity followed up the 1978 boost and growth was rapid. This performance was due not only to

continued internal demand but also and above all to growing exports. GDP over the year rose by nearly 5%.

In 1979 the working population rose by about 370 000 and the activity rate increased from 39.6% in 1978 to 40.3%. Of these only 228 000 persons actually entered the working world, whilst the remainder joined the ranks of the unemployed.

As regards the major sectors, the decline in the agricultural working population continued, with the sector's share in total employment falling from 15.5% to 14.9%; there was also a slight decline in industry (37.5% instead of 37.8%). On the other hand, there was a noteworthy expansion in the tertiary sector which, for the same reference period, accounted for 47.6% of total employment, compared with 46.7% in 1978.

The employment situation again worsened during the year, with the unemployment rate rising from 7.3% at end 1978 to 7.6% in December 1979.

The structure of unemployment is becoming increasingly familiar. Firstly, among job seekers two age-groups are even more apparent than in the past:

- (i) unemployed adults or elderly persons, including some migrants who have recently returned to Italy, generally without adequate educational qualifications and occupational skills;
- (ii) young persons within the broad 14 to 29 age bracket, often with a much higher educational level, who show a marked preference for office work. Numerically speaking they constitute a large majority (estimated at 73%) of the total number of unemployed.

As regards the improvement in employment levels, it may be noted that those who found jobs were mostly women. This trend is probably linked to the marked spread in part-time working.

All this would appear to stem from a basic mismatch between job applications and vacancies, which the various sectors dealt with extemporaneously, by-passing the inflexibilities inherent in the institutional framework.

A long period of parliamentary inactivity resulting from the political crisis which afflicted the country for the greater part of the year has precluded any new labour market measures apart from the reintroduction of a scheme to charge to general taxation part of the social security contributions of industrial and craft undertakings, extended for the second time since its entry into force in February 1977.

At the year end, however, the Government issued a Decree Law¹ containing a series of measures with various objectives:

¹ Decree Law of 11 December 1979 - Official Journal of 15.12.1979. The Decree Law of 11 December 1979 must be adopted by Parliament within 60 days of its publication, otherwise it will lapse.

- (i) a network of regional and local employment committees is to be superimposed on the present structure of the employment services. These committees will be the decision-making bodies as regards placement and will combine several functions (liaison with the Ministry of Education departments, organization of regional retraining courses for workers in danger of losing their jobs, checking vocational qualifications). A specific task will be to protect workers in crisis industries by establishing priority lists;
- (ii) the payment of benefits to workers ('in redeployment') from crisis industries by the Wage Integration Fund will in future be subject to the obligation to attend retraining courses or carry out community service tasks determined by the regional committees;
- (iii) payment of benefits by the Wage Integration Fund is strictly limited to 6 months (9 months over two consecutive years) in the case of 'ordinary' measures (undertakings in temporary difficulties); and to 9 months, with a possible extension to 2 years, in the case of 'extraordinary' measures.

However, in no case may benefits exceed 80% of the beneficiary's former gross earnings.

65. Emigrants continued to be outnumbered by those returning home (net immigration). However, the period 1975-77 which was marked by an inflow of returning immigrants has now been succeeded by a year in which both departures and returns were lower, giving an approximate net balance (there were 2.6% fewer departures and 12.7% fewer returns in 1978). At the same time, there has been an increase—probably temporary—in emigration to third world countries (+19%). In 1978, 36 837 Italian workers found employment in the other EEC countries and 37 925 returned home from those countries.

At Government level and in the country at large there was concern over the number of foreigners working illegally in Italy.

The total number of lawfully admitted foreign workers is estimated at 60 000, of whom 24 000 are Community nationals.

Luxembourg

66. The situation on the labour market, which improved steadily over the first six months, has stabilized. The number of job vacancies, although low in absolute terms, continued to increase. The number of workers in employment stabilized at around the 150 000 mark.

The number of job-seekers unable to find work has levelled off and the employment situation for young people has improved. The unemployment rate was 0.7% of the working population, as last year.

However, the real gross domestic product (GDP) grew by only 2.7% as against 4.5% in 1978.

The trend in industrial investment continued to pick up as a result of new projects and restructuring measures in the iron and steel industry.

The reduction in the labour force in the iron and steel industry was therefore partially offset by recruitment in other branches and the creation of new jobs in industry and the crafts sector.

Total employment in industry, however, dropped heavily.

In response to the persistently unfavourable economic situation, the authorities continued their medium and long-term measures to achieve a lasting improvement in the economy and a stable situation on the labour market.

Specific measures were therefore taken on the employment front with a view to safeguarding jobs, providing financial support for the unemployed and restructuring the iron and steel industry.

These measures were embodied in two Grand-Ducal Regulations, published in the 'Memorial' of 24 January 1979, relating to vocational retraining, further training and a temporary 're-employment' allowance for iron and steel workers.

The first of these Regulations¹ provides for:

- (i) retraining or further training for workers in the iron and steel industry whose jobs are threatened;
- (ii) payment of up to two-thirds of the expenses resulting from the award of vocational training or retraining allowances, including administrative costs, by the unemployment fund.

Under the second Regulation the unemployment fund will pay a temporary 're-employment' allowance to iron and steel workers who have been laid off, whose jobs are at risk, who have been transferred to another firm or assigned to another job with more than a 5% drop in previous earnings.

The scheme guarantees beneficiaries 95% of former earnings in the first 6 months, 90% in the next 6 months and 85% in the last 6 months during the 18 months following re-employment. This provision will no longer apply after 1 January 1980.

In addition, a Grand-Ducal Regulation of 24 January 1979 raised the age limit from 25 to 28 years for the payment of benefits to young unemployed persons who, having completed secondary education, continue their studies in higher education establishments, whether university or non-university.

¹ Point 92 of this Report.

On the economic policy front, an agreement on a restructuring plan for the iron and steel industry for the period 1979-83 was signed on 19 March 1979 by representatives of the Government, the industry and the unions. Under this agreement, the Luxembourg iron and steel industry will employ 16 500 workers after the rationalization and investment measures have been carried out. In the years ahead (until 31 December 1983) there will be no lay-offs among workers assigned to the iron and steel industry's anti-crisis unit. To compensate for jobs lost in the industry, 7 500 new jobs will be created in the south of the country, notably at Rodange and Dudelange.

On 8 June 1979, a Law was published setting out the details of a State guarantee for ECSC loans to the iron and steel industry, and the conditions on which the unemployment fund could contribute to the wage costs of the steel industry 'anti-crisis unit'. By September 1979, 1 321 workers had benefited under this law.

In all, the new 1979-83 steel plan provides for LFR 3 200 million in aid from public funds.

67. Immigration has been drastically curbed, but the ban is not always strictly enforced for humanitarian reasons. At the end of 1978, the total number of foreign workers was estimated at 49 800, of whom 31 700 were Community nationals.

Netherlands

68. Economic activity remained at a low ebb in 1979. The GDP growth rate was about 2.5% in real terms for the second consecutive year.

The employment situation showed signs of improvement as a result of the new jobs created by the State and a relatively favourable trend in certain branches of the metal-working industry; however, the rise in employment, estimated at 8 000 workers in 1979, was not enough to absorb the increase in the working population (about 13 000). The new jobs became available mainly in traditionally 'male' branches, so that there was a relative increase in unemployment among women.

At the end of December, 216 690 persons were registered as unemployed (80 520 women and 136 170 men) against 220 000 in December 1978.

The annual average of unemployed women rose sharply compared with the previous year (+8 400), whereas the number of unemployed men fell by 4 000. In December there were 68 295 registered job applicants (seasonally adjusted: 79 300).

At the end of December, 32 846 young men and 42 041 women under 23 were unemployed, representing 35% of the total number of jobless.

In tackling the unemployment problem, the Dutch authorities laid equal stress on labour market policy and economic policy; an investment promotion policy was also launched. In

the first six months of 1979, HFL 1 634 million was earmarked for aid to individual firms. This policy, aimed at increasing the number of jobs available, went hand in hand with a labour market policy concentrated on reducing and eliminating the qualitative mismatch between labour supply and demand. Where this approach proved insufficient, complementary measures were introduced or extended, e.g. the creation of temporary jobs, necessary not only to cope with short-term problems but in order to facilitate redeployment in view of the evolving labour market structure.

The Dutch Government has allocated substantial funds with a view to putting these measures into effect. In 1979, HFL 1 450 million was earmarked for a special programme designed to further the policy adopted in 1979.

Of this amount, HFL 660 million was made available for measures directly affecting the labour market. This sum included:

- (i) HFL 220 million for training and facilitating entry into working life;
- (ii) HFL 270 million for opening up better employment prospects;
- (iii) HFL 105 million for early retirement schemes.

In addition, a number of measures designed to create employment or save threatened jobs were taken, e.g.:

- (i) a national programme to encourage heat insulation in dwellings and other buildings (HFL 250 million);
- (ii) 'support for firms' (HFL 130 million);
- (iii) 'urban renewal' (HFL 75 million).

The employment promotion scheme for the education sector is also worthy of mention: the Government earmarked HFL 130 million for the creation of 2 500 new jobs.

69. In the Netherlands the new law on the employment of foreign workers, which does not apply to workers from other Community countries, entered into force on 1 November 1979. Under this law:

- (i) the ban on working without a work permit is rescinded; instead, the employer is forbidden to take on a specific foreign worker without prior authorization;
- (ii) a quota is fixed, on an individual basis, for applicant firms with at least 20 foreign workers on their payroll;
- (iii) an attestation may be issued on demand to a foreign worker who has been regularly employed for three years granting exemption from the relevant provisions for himself, his spouse and any children who are still minors;

- (iv) the provisions relating to offences of an economic nature now apply to infringements by employers.

At the end of 1978, the total number of foreign workers who had been in regular employment was estimated at 189 000, of whom 56 000 were Community nationals. At the end of December 1979 unemployed foreign workers numbered 16 116, of whom 3 391 were Community nationals.

United Kingdom

70. The improvement in the employment situation that started in 1978¹ continued until autumn 1979.

The average number of registered unemployed (including school-leavers seeking their first job and students) in 1979 (1 390 500) was 85 000 less than in 1978. There was a corresponding improvement in unemployment rates: 5.7% in 1979 against 6.1 in 1978. In fact the seasonally adjusted unemployment figure for August 1979 was the lowest since April 1976.

The number of school-leavers looking for their first job in September 1979 (114 000) was the lowest for this month since 1974, notwithstanding the increase in the number of 16 year-olds. Despite the improvement, youth unemployment remains a very serious problem: the unemployment rate for 18 year-olds rose to 24% in July 1979, against 9% in April and 12% in January and October. The figure for registered job vacancies also improved. The average number of unfilled vacancies in 1979 was 241 000, compared with 210 000 in 1978—an increase of 16%; however, there has been a downturn since the middle of the year. The Department of Employment has published the results of a survey suggesting that in 1977 registered job vacancies represented only 35-38% of actual vacancies; this implies that the total number of vacancies in 1979 might well be as high as 650 000. On the basis of this analysis, it may be estimated that in certain regions the number of job vacancies exceeded the number of unemployed: this was almost certainly the case for the South-East Region (including London), which comprises more than 30% of the population. In this region there were signs of a general labour shortage developing, to add to the shortage of certain categories of skilled labour from which most regions have suffered for many years.

The reverse side of the picture is that, given that overall unemployment is still at a very high level, certain other regions continued to suffer severe employment problems, with high rates of unemployment and few vacancies.

¹ Social Report 1978, point 70.

The worst hit regions continued to be in the north and west of the country, i.e., those furthest removed from the centre of the European Community. The mid-year unemployment rates in the following regions were particularly high: Northern England (8.5%); Wales (8.0%); Scotland (8.0%) and Northern Ireland (11.3%); however, although the situation was slightly better than in 1978, the improvement was smaller than for the country as a whole and, *a fortiori*, for the most prosperous regions. It follows that in 1979 regional disparities between unemployment rates intensified.

The improvement between 1978 and 1979 should not hide the fact that at the end of the year unemployment remained at a historically high level: at 1 356 000, the figure was higher than that recorded in any year between 1947 and 1975. Furthermore, the forecasts are not favourable. Two well-known forecasting groups, the National Institute of Economic and Social Research and the London Business School have both predicted that unemployment will rise next year, to reach 1.6 million by the end of 1980.

The Government continued to place substantial reliance on special employment promotion measures. In November 1979 the total number of persons assisted by these schemes was 380 000, or some 100 000 more than 12 months previously. Within the global figures, there were considerable changes in the numbers of beneficiaries of individual measures. The Temporary Employment Subsidy closed for applications on 31 March 1979. Since the subsidy may be paid for a period of up to 12 months, there will still be workers benefiting from it up to 31 March 1980. However, during 1979 the numbers benefiting declined steeply, from 107 000 at the start of the year to 20 000 in November. This decline was offset by the expansion of the Short-time Working Compensation Scheme; the numbers benefiting from this scheme increased from 8 000 to 80 000 over the same period.

Of the two other new measures introduced in 1978, the Small Firms Employment Subsidy was the most successful: in November 1978 over 73 000 persons were benefiting from this subsidy. The Adult Employment Subsidy remained on a very small scale, with less than 1 000 persons benefiting from it in all. It was stopped in 1979 and it is to be assumed that this experimental scheme was not a success.

In June the Government announced its intention of reducing the budget for employment measures by UKL 170 million, as part of its programme of cutting public expenditure in the 1979/80 financial year. Although this cut must ultimately mean that fewer people will benefit from these measures, the effects were slow to make themselves felt, with only comparatively small reductions in numbers being recorded towards the end of 1979.

71. In the United Kingdom the number of work permits issued to nationals of non-Community countries entering or already residing in the United Kingdom rose from 18 414 in 1977 to 19 149 in 1978. About 50% of these permits were issued for short periods.

The number of residence permits issued to nationals of other Member States rose from 3 552 in 1977 to 4 330 in 1978.

The provisions authorizing hotels and catering establishments to recruit an annual quota of semi-skilled workers from non-Community countries were abolished in March 1979.

The total number of foreign workers is estimated at 1 665 000, of whom 632 000 were nationals of Community countries.

Chapter II

Vocational training

Trends within the Community

73. Throughout the Community, efforts were continued during 1979 to facilitate young people's entry into working life through the provision of vocational preparation measures and suitable training facilities. In the course of the search for solutions to the problems in this field, there were moves both in the individual Member States and at Community level to promote schemes linking training and work ('alternance' training or sandwich courses). The concept of 'alternance' is based on the principle of alternating periods of employment and education or training throughout working life. Schemes linking work and training are already widespread in a number of Member States—notably in the form of apprenticeships under the dual system, day and block release, and combined employment-training contracts. In June, the French Government put forward a draft law providing for action to promote this type of training.

At Community level the Commission forwarded a Communication on linked work and training for young persons (alternance) on to the Council on 29 October 1979.¹ This Communication analysed the training and employment problems facing young persons and made a number of proposals for actions at both Community and national level. The Council of Ministers adopted a Resolution on linked work and training for young persons on 18 December 1979, which called for the development of alternance and set out guidelines for the Member States covering content and concept, coordinated programmes, range of occupations covered, supervision and recognition of training, recognition of diplomas, remuneration and financial support, working conditions, social protection and training leave.

The resolution also contained guidelines for Community action, covering the establishment of demonstration projects, technical support and the exchange of experience.

¹ Point 22 of this Report.

74. During the period under review, women (of all age groups) and handicapped persons were among those who experienced most difficulties in finding jobs and training places in the Member States.

Pilot schemes and special programmes were carried out in the majority of Member States in connection with training for girls wishing to enter industrial/technical occupations and women returning to work following a break for family reasons. Special measures designed to enable handicapped persons to enter open employment were also continued.

In those Member States with substantial numbers of foreign workers, the problem of the 'second generation' is becoming increasingly acute as the children of these workers grow up, since young foreigners generally start off at a significant disadvantage in the educational and training system, as compared with natives of the same age. A variety of measures have been introduced in the Member States concerned, notably in the fields of language tuition, remedial education, vocational guidance, practical vocational preparation, and, where necessary, additional vocational help, with a view to improving young foreigners' chances of finding training places or jobs.

75. Though the emphasis varied, the Member States all took steps during the period under review to encourage further and continuing education for adults. In Belgium and France, for example, steps were taken to make it easier to take advantage of the facilities for paid educational leave. A range of retraining and other special courses were organized, in the Member States concerned, for workers from sectors of the economy currently in recession (particularly the iron and steel industry).

At Community level, the Commission was supported in its work on the problems described in this Chapter by the activities of the European Centre for the Development of Vocational Training (Cedefop), specifically in the following fields: the initial training of young people and their entry into working life (participation in the 'alternance' training project); the development of new patterns of training for women; the initial and further vocational training of migrant workers and their children. In addition, the Centre stepped up the pace of work on continuing education/training for adults and the mutual recognition of diplomas and certificates for skilled workers in the electrical trades.

Development of the situation in the member countries

Belgium

76. Since 1976, there has been a marked decline in vocational training activities by undertakings being launched, expanded or reorganized: only 1 168 workers were trained in

the first three quarters of 1979 compared with 1 935 in the corresponding period the year before. This fall-off could be due to the continuing economic crisis. It should be recalled that the volume of activity stems essentially from applications submitted by undertakings on their own initiative; this also applies to individual training schemes run by undertakings.

77. Crash courses which, until a few years ago, were mainly designed to provide basic training for occupations in the secondary sector, have been revised to meet industry's new needs. Preparatory training is available for unemployed persons with no specific skill; these catching-up courses enable trainees to accede directly to vocational training proper. The courses stress general education, motivation, knowledge of languages, and attitudes. This type of training is relevant for both the secondary and tertiary sectors and, since September 1979, is no longer restricted solely to young workers.

78. Advanced training activities are mainly designed to familiarize workers with modern industrial and management techniques. Particular attention should be drawn to the courses in business management (financial management, sales promotion, staff management) and data processing.

Among the experimental projects was that initiated by one of the sub-regional employment committees (operating within the framework of the ONEM),¹ concerning the training of socio-cultural organizers.

Denmark

79. The vocational training measures adopted in 1977 were continued during 1979:

- (i) Pursuant to Law No 488 of 14 September 1977,² which came into force on 1 January 1978, certain local and district authorities implemented a series of special employment promotion measures, including job creation schemes, subsidies to private firms to reduce wage costs incurred in the employment and training of young people, training grants, courses, contact and information facilities for young people, and the provision of finance for creating additional apprenticeships and training places within firms.
- (ii) In September 1977¹ additional public funds were set aside for courses for unemployed young people at commercial and technical colleges, the creation of apprenticeship and training places in the public service, the organization of local training programmes, and the formation of project groups for unemployed university graduates.

80. With a view to alleviating the problems caused by the admission restrictions for long-cycle higher education courses and meeting the demand for highly qualified personnel

¹ ONEM Office national de l'emploi (National Labour Office).

² Social Report 1978, point 79.

in both the public and the private sectors, the process of expanding existing short-cycle training facilities and setting up new short courses was continued. The short-cycle courses last for between one and two-and-a-half years, including in some cases a year's practical training. These courses are aimed at young people who have completed 12 years' schooling and are open both to those who have completed a general education leading to either the university entrance examination or the 'higher preparatory examination' (HF), and to those who have completed vocational training courses of an equivalent standard. For the latter, special arrangements may be applicable. The short courses cover fields such as: measurement and control technology; environmental protection; woodworking; the hotel and catering trade; tourism and the travel agency business. This type of course is mainly designed to lead to specialist jobs at middle or senior management level.

Law No 205 of 1979 on the installation of natural gas supply structures provides for the creation of a training scheme for workers to be employed on the new installations.

Law No 218 of 23 May 1979 introduces certain improvements in the provisions regarding State financial support for training, with effect from 1 August 1980.

81. In September, a new branch of training—'land transport'—was added to the options available under Law No 289 of 8 June 1977 on the basic vocational training system (EFG).¹ After one year's basic training, trainees will be able to proceed to a variety of more specialized (second-stage) courses lasting from one to two-and-a-half years and leading to occupations such as crane driver, warehouseman, remover, long-distance truck driver and breakdown mechanic.

Pursuant to the abovementioned Law, the Ministry of Education drew up a master plan for the expansion of special courses at vocational and technical schools over the next few years.

Federal Republic of Germany

82. As in previous years, vocational training policy was concentrated on maintaining an adequate supply of places for people wishing to train for skilled occupations. Accordingly, the Federal Government and bodies organizing vocational training stepped up the specific, interrelated measures introduced in recent years.

The overall picture as regards training places was bright. Early in the year the Federal Labour Office conducted a survey of all firms authorized to provide training. This revealed that the supply of training places for 1978/79 was around 660 000 while the Federal Government's report on vocational training estimated the total demand at 630 000 (about 4.2% up on the year before). This anticipated overall balance once again led the Govern-

¹ Social Report 1977, point 82; Social Report 1978, point 80.

ment to decide in March not to impose in 1979 the training levy provided for under the law to promote the supply of training places.¹ For the first time since 1974, the figures for 30 September 1979 showed a surplus of around 17 000 training places (equivalent to 2.5% of the total demand). However, imbalances due to regional, occupational and sex-related factors continued to cause problems.

The Federal Government introduced a series of vocational preparation and training measures with a view to further reducing the number of young people without skilled training. The pilot schemes organized by firms and establishments in industry, local authorities, the *Länder* and the Federal Government to encourage young women to train for skilled industrial and technical occupations² where women were hitherto under-represented have reached the stage where a mid-term evaluation can be made. By all accounts the results are very positive: for instance, training instructors rate girls' performance on the same level as that of boys and fewer girls than boys abandoned their training. How many girls enter skilled industrial and technical occupations depends essentially on the general public's attitude, so it is extremely important for girls and their parents to be given proper advice and information and for training instructors themselves to be properly trained.

Action to safeguard the future of second generation immigrants (of whom there are currently more than a million under the age of 18 in the Federal Republic) is regarded as a priority for the coming years. In 1979 both the Federal Government and the Federal Union of Employers' Association adopted proposals aimed at improving the training and employment opportunities available to migrant workers' children.

83. The idea of the basic vocational training year was given added impetus on 20 July 1979 when the Federal Government adopted a new Regulation on the crediting of the basic vocational training year in agriculture. This Regulation is designed to ensure that training in the basic vocational training year will be more closely geared to practice. Under the new arrangements, transition to specialized vocational training is facilitated by exemptions. This means that more than 90% of trainees in the dual system will henceforth be able to count either the basic vocational training year or up to one year's attendance at an appropriate technical college towards completion of the required training period.

The Fifth Amendment of 23 July 1979 to the Employment Promotion Law provides among other things for an improvement in conditions governing financial support towards basic vocational training for unemployed young people with at least one year's vocational experience, the expansion of training activities for jobs in which there is a shortage of skilled workers and easier access to further vocational training facilities for problem groups (such as the unemployed, the unskilled and women generally).

¹ Social Report 1976, point 75, Social Report 1977, point 86, Social Report 1978, point 82.

² Social Report 1978, point 82.

The Federal Minister for Education and Science made funds available for a new further education establishment to train instructors. Central union and employers' organizations will work together through this centre, founded in October 1979, to train some 600 000 instructors.

France

84. Several implementing decrees were introduced under Law No 78-754¹ of 17 July 1978 in respect of vocational training:

- (i) Decree 79-250 of 27 March 1979, laying down the conditions for Government intervention in the remuneration of workers requesting training leave for a period longer than that for which employers are financially responsible;
- (ii) Decree 79-249 of 27 March 1979, laying down the rules governing entitlement to training leave and the formalities to be completed to obtain approval for the related remuneration;
- (iii) Decree 79-251 of 27 March 1979, supplementing the Law of 17 July 1978 on authorization for absence from work.

The first results relating to employers' participation in the financing of vocational training show that industry's contribution has risen from 1.63% of the wage sum in 1974-76 to 1.76% in 1977 and 1.83% in 1978, when the second national employment pact was concluded. Employers' compulsory contributions were then raised to 1.1%, of which 0.2% was to be paid to the Treasury to help finance the training of young job seekers.

85. 'Pact III', covering the years 1979-81, should benefit 435 000 young people for a total cost of FF 3 200 million.² By comparison, between 1 July 1978 and 31 March 1979, 275 000 young people benefited under 'Pact II'.

The new pact stresses exemption from social security charges, on the job training, apprenticeship and employment/training contracts; whilst the objectives as regards training courses were slightly more modest, they had already been exceeded by 31 December 1979.

Since, 1976, employment/training contracts have become a permanent feature in the integration of young people into working life.

The Law of 10 July 1979 makes only minor amendments to the previous scheme. The only innovation is the introduction, on an experimental basis, of a specific employment/training-contract for crafts occupations.

¹ Social Report 1978, point 84.

² Point 60 of this Report.

86. In 1979, the most significant initiative concerning vocational training was the draft law on training/work experience schemes to be organized in conjunction with industry. The measure was adopted by the Cabinet on 6 June, but did not come before Parliament because the Government has, at least provisionally, withdrawn it.

The main features are:

- (i) organization: procedures concerning training/work experience schemes will be determined by agreement between training centres and undertakings; the organization or undertaking providing on-the-job training must be officially approved, account being taken of working conditions, health and safety and the general working environment;
- (ii) financial aspect: a proportion of the present apprenticeship tax (to be raised to 0.6% of wages) will be earmarked for training/work experience schemes just as, for some years past, a share has been reserved by law for apprenticeships proper.

Ireland

87. Following the success of a number of pilot training projects, AnCO proposed to expand its programme to meet the needs of special groups. As regards the training of women,¹ there has been a major expansion:

- (i) in training opportunities for women, making up 30% of AnCO's trainees;
- (ii) in return-to-work courses;
- (iii) in additional programmes (thus a workshop was held, designed to equip women involved in commerce and industry with the skills that will help them to find suitable employment on completion of their training).

88. In 1977, a labour force survey showed that there were about 15 000 young people looking for their first job; the total labour force is expected to grow each year by about 9 000 up till the mid-1980s, mainly due to the excess of school-leavers over the number of people retiring from work.

A number of initiatives have been put forward and continued to meet the need of unemployed young people:

- (i) the Work Experience Programme² with a target of 6 000 placements in 1979;
- (ii) the environmental improvement scheme with a target of 1 000 man-years;

¹ Social Report 1977, point 91; Social Report 1978, point 89.

² Social Report 1976, point 76; Social Report 1977, point 90; Social Report 1978, point 87.

- (iii) the Career Training Programme for unemployed people between 17 and 20 years of age who left full-time education for 6 months. The objective of this programme is to relate the aptitudes and interests of participants to training and employment opportunities;
- (iv) the Employment Incentive Scheme, which has been extended from the beginning of 1980, providing for the payment of premiums (IRL 20 a week for adults and IRL 14 to school-leavers) to employers for up to 24 weeks in respect of each extra worker employed;
- (v) the Community Youth Training Programme,¹ providing training for about 2 300 young people in 1979.

Furthermore, AnCO not only expects to double the number of training places in its own centres by the end of 1983, it also set up a new Directorate for External Training to harness the existing under-utilized training capacities in the public and private sectors.

89. A new training scheme for the construction industry came into operation on 1 August 1979. The new scheme provides grants from the training levy to encourage the training of technicians, special skills, group and safety training.

To meet the shortage of apprentices AnCO has increased the number of places available in its centres. A grant of IRL 850 (per 52 weeks) is available to an employer who sponsors the attendance of an apprentice on one of these courses.

A development programme for oil exploitation workers was organized in Scotland by AnCO with the cooperation and assistance of some 8 international oil companies with the aim of accelerating the movement of Irish personnel to higher levels in their industry and to increase the level of technical knowledge and skill of the Irish labour force working off-shore.

Arising out of shortages identified in highly qualified and skilled occupations, a new educational opportunities programme was drawn up in 1979 to increase supply in these areas in the coming years. Altogether the programme created 1 600 opportunities at a cost of approximately IRL 2 million.

The resettlement assistance scheme provides financial inducements to encourage the geographical mobility of labour. Since 21 May 1979, the rates of assistance available under the scheme have been increased for persons coming from outside the State with skills known to be in short supply. Further, since the same date, persons coming from outside the State to take up specified key posts may qualify for a disturbance grant of up to IRL 2 000 as an additional aid to resettlement.

¹ Social Report 1976, point 76; Social Report 1977, point 90; Social Report 1978, point 87.

Italy

90. In line with the Decree Law of 3 December 1979 on the employment services and the mobility of labour, the Regional Commissions intend to organize vocational training or retraining courses to facilitate re-employment and worker mobility. Workers receiving benefits from the Wage Integration Fund may be employed on community service tasks without further payment.

91. The Regions have concentrated their attention on rationalizing their efforts and achieving closer correspondence between the needs expressed at grass-roots level and those of the economy. Three basic elements are involved:

- (i) relations with small local bodies;
- (ii) the content and updating of methodological and didactic approaches;
- (iii) links between educational structures and the working world.

Community measures to promote combined training and work experience schemes are also beginning to show positive results. Both trainees and their families are becoming increasingly aware of the danger of following training courses which do not lead to labour market openings, and unrealistic aspirations are being set aside in favour of more practical channels which may result in integration into the production process.

Luxembourg

92. The Government has adopted significant new legislation on vocational training with a view to the restructuring of the country's industry made necessary by the worldwide iron and steel crisis:

- (i) the Grand Ducal Regulation of 24 January 1979 on retraining and supplementary vocational training for iron and steel workers.¹ Under this Regulation the Government can request the Minister of National Education to organize retraining or supplementary vocational training courses for iron and steel workers likely to become redundant. These courses will be conducted by the undertakings, institutions or establishments approved for this purpose, under the supervision and control of the Ministry of Education. The retraining and supplementary vocational training courses will cover a range of skills and lead to the award of an official vocational training certificate or an 'accelerated training' certificate. The unemployment fund covers expenditure arising from the allocation of retraining or supplementary vocational

¹ Point 66 of this Report.

training allowances up to two-thirds of the administrative costs involved in the organization of the related courses.

93. In addition, certain legal provisions in favour of young people have been adopted:
- (i) the Grand Ducal Regulation of 16 April 1979, laying down rules covering the 'guidance allowance' for young job-seekers. This allowance, of LFR 36 000 annually, is paid to young job-seekers under 25 who are resident in the country and undertake to obtain vocational training under an apprenticeship contract in certain branches of the construction and clothing trades. Young job-seekers who take up paid employment—while following an accelerated course in a vocational training centre—in one of the sectors mentioned below may receive an annual allowances of LFR 24 000: construction and civil engineering, hotel and catering trade, agriculture and wine-growing. These allowances are granted for a maximum of three years;
 - (ii) the Law of 23 April 1979, setting up an integrated post-primary education course (common core), which the Government is organizing for pupils in the 7th, 8th and 9th school years, designed to give access to apprenticeship or secondary education;
 - (iii) the Law of 21 May 1979, coordinating vocational training, technical secondary education and continuous vocational training activities. This reform law is of a great significance as regards the educational and training system in Luxembourg, since over 50% of those in the 12 to 19 age-group come under its field of application, in addition to several hundred people enrolled in continuous vocational training courses;
 - (iv) the Grand Ducal Regulation of 15 June 1979, on the reform of business apprenticeship;
 - (v) the Grand Ducal Regulation of 15 June 1979, on the reform of the apprenticeship system for cooks, waiters and waitresses.

Netherlands

94. In 1979, 21 pilot projects in the form of short intermediate-level vocational training schemes¹ were launched to test new ways of training 16 to 18 year-olds. This type of training is intended for people leaving lower vocational schools and intermediate general secondary schools with or without a school-leaving certificate who rather than starting work wish to attend full time courses in the relevant occupational sector.

¹ Social Report 1978, point 97.

95. In order to get to know more about ways of strengthening the link between the content (syllabus) of vocational training courses and the practice of an occupation, a 'job analysis project'¹ was organized with the following aims:

- (i) to determine practical methods or systems for producing training-oriented analyses of the whole range of knowledge, comprehension skills and attitudes which workers must already possess or must soon acquire;
- (ii) to examine how far existing national and foreign job analysis techniques might be applied or adapted;
- (iii) to exploit the results of the analysis in the form of individual vocational training programmes (theoretical and practical parts);

96. The committee on plans for an open university concluded in its final report¹ that the university could start work two-and-a-half years after authorization was given.

The open university proposed for the Netherlands will be 'open' in four senses:

- (i) admission will not depend on possession of qualifications;
- (ii) students will be free to plan their own studies; courses may be interrupted and resumed later;
- (iii) students will be able to adapt the pace of their studies to their individual circumstances;
- (iv) studies can be carried out at virtually any place and time.

The objectives are:

- (a) to offer people a second chance of obtaining higher education;
- (b) to establish an alternative pattern of higher education whereby emphasis on full-time study can be reduced;
- (c) to introduce a cheaper form of higher education;
- (d) to encourage renewal throughout higher education.

United Kingdom

97. Reduction in spending by the Manpower Services Commission, announced by the Chancellor of the Exchequer in the 1979 budget amounts to UKL 110 million. The budget

¹ Social Report 1977, point 98.

provisions for youth schemes designed to keep young people off the unemployment register are not reduced. The main services to which the reduction applies are as follows:

(i) *Special Temporary Employment Programme (STEP)*

The programme will be reduced by 42.2 million so that in 1979/80 a level of 12 to 14 000 filled places will be maintained, targeted more precisely to areas and individuals hardest hit by long term unemployment.

(ii) *Youth Opportunity Programme (YOP)*

The YOP, which came into effect on 1 April 1978,¹ will be reduced by UKL 25.2 million. The original target of this programme remains unchanged between 100 and 120 000 filled places enabling between 210 and 230 000 young people to enter the programme in the year ending 31 March 1980. Savings will be made by shifting provisions marginally towards less expensive opportunities: a slight reduction in the length of time, for which young people remain in the programme and a better utilization of existing training capacities. Two key national objectives will remain:

- (a) to ensure that no young person aged under 19 who leaves school in the academic year 1978/79 should remain unemployed by Easter 1980 without the offer of a suitable place in the programme;
- (b) by March 1980, to offer a suitable place in the programme to every young person who has been unemployed for over 12 months.

(iii) *Training Opportunities Scheme (TOPS)*²

Planned expenditure on the scheme will be reduced by UKL 23.3 million this year. This will affect particularly courses in commercial and clerical subjects while training for technicians and main computer-related occupations will remain largely unaffected, as will training for the main craft occupations in skill centres. There will be no reduction in disabled people's training.

(iv) *Funding to Industrial Training Boards (ITB)*

This is reduced by UKL 9.8 million.

Other economies will be made in job-centres (UKL 3.6 million), mobility allowances (UKL 2.9 million), marketing (UKL 2 million) and Community industry (UKL 2 million).

98. Shortages of people with the skills for jobs in radio, television and office-machine servicing and computer programming have led to a UKL 1 million scheme of special grants

¹ Social Report 1977, point 100; Social Report 1978, point 100.

² Social Report 1977, point 99; Social Report 1978, point 101.

to be offered by the Distributive Industry Training Board. The grants, operative until March 1982, cover 29 skills in all and are in line with the policy laid down in 'Training for skills: A programme for action'.¹

The first working meeting of the Review Body on the Employment and Training Act 1973 was held in June 1979. The present review provides the first opportunity to take a comprehensive and fundamental look at the operation of the various institutions and to judge whether they continue to be fully relevant in rapidly changing circumstances to meet the future training needs of industry.

The Government is committed to review education and training provision for 16 to 18 year-olds and has extended the period for comments on two consultative papers issued in April 1978 by the previous administration to the end of 1979. One of these papers, 'A better start to working life' contains proposals for the development of a nationwide scheme of vocational preparation for first entrants to employment. The Government is currently considering comments on the consultative papers and will come to policy conclusions in the light of these and the overriding need to contain public expenditure.

¹ Social Report 1976, point 87; Social Report 1977, point 99 and Social Report 1978, point 99.

Chapter III

Industrial relations

Trends within the Community

101. The European employers' and workers' representatives were consulted a number of times at Community level—both at meetings of the existing advisory committees and at *ad hoc* meetings—on the formulation and implementation of Commission proposals on various aspects of Community social policy.

Consultation with the two sides of industry at European level was particularly close in the context of preparations for meetings of the Standing Committee on Employment and the Commission's activities in connection with the reorganization of working time and work-sharing.

In response to a request from the European Council of 4 December 1978, the Commission put before the Council a draft Resolution on arrangements designed to improve the working methods of the tripartite conferences.

Of special importance were the many meetings between the Commission and the European workers' and employers' organizations on the subject of the reorganization of working time.

As requested by the Standing Committee on Employment at its meetings on 22 May, the Commission organized direct contacts with and between the two sides of industry and asked the latter to examine the problems posed by the reorganization of working time in detail at joint meetings.

In particular, joint consultations were held in connection with a draft Resolution on the reorganization of working time which the Ministers of Employment and Social Affairs, meeting informally on 9 October, has asked the Commission to put before the Council on 22 November.

The Commission also organized separate meetings with the employers' and workers' representatives in this context consulting both sides fully on 8 November, prior to the adoption of the draft Resolution by the Council.

Finally, in line with this Resolution, which the Council approved on 22 November, the Commission is planning to bring the two sides of industry together again for discussions with a view to the preparation of Community guidelines aimed at reducing effective annual hours of work and restricting systematic overtime working.

102. The difficult economic situation highlighted the importance of machinery for consultation between employers and workers at sectoral level, enabling the two sides to maintain an overall view of both general problems and problems specific to their own industry. Milestones in the activities of existing committees during the year under review were the 25th birthday of the Mixed Committee for the Coal Industry and the negotiation of a new agreement on working hours in stock farming by the Joint Committee for Agriculture. As regards the transport sector, a number of meetings were held, demonstrating to the Commission the value of such consultations with representatives of the different modes of transport. The foundations for future consultations were also laid by meetings between employers' and workers' organizations in the shipbuilding, film and banking sectors.

103. The economic situation and its repercussions on workers, particularly in connection with employment, continued to be the main topic of concern for workers' organizations.

At its Third Statutory Congress held in Munich from 14 to 18 May, the European Trade Union Confederation (ETUC) stressed first and foremost that economic policies must be directed towards creating jobs and re-establishing full employment. In relation to the question of reducing working time so as to absorb unemployment, the ETUC reiterated that its goal, to be achieved by various ways and means, was a 10% reduction in working time within the near future. The Congress also confirmed that the ETUC would continue to fight for improvements in the living standards of working people, particularly the low paid, so as to achieve a fairer distribution of income and wealth, and that the Confederation would resist any attempt to use across-the-board wage restrictions as a means of combating inflation. The ETUC also stressed in this context the need to promote improvements in working conditions and to adopt preventive procedures against occupational hazards.

104. The problems caused by the development of multinational companies, in particular the effects on the terms of employment and working conditions of their employees, remained in the forefront of discussions.

At its Third Statutory Congress in Munich from 14 to 18 May, the European Trade Union Confederation (ETUC) called for the adoption of international rules of conduct for multinational companies. The Confederation also indicated that it would support its affiliated organizations in their efforts to promote the democratization of the economy in their countries.

Development of the situation in the member countries

105. In Belgium, the question of a reduction in working time was at the centre of industrial relations during the period under review, so much so that it was once more¹ a major obstacle in the way of a new inter-sectoral social planning agreement.

With a view to breaking the deadlock, the Government formed following the December 1978 general election put forward for discussion with the two sides of industry a plan centring on the reduction of the working week to 36 hours by the end of 1981. It having become apparent, however, that this plan could not be implemented, the Government and the organizations representing employers and workers reached agreement in early July on a declaration of intent providing for a gradual reduction in weekly working hours to lead to a 38-hour week by the end of 1980. The unions remained committed, however, to their demand for the introduction of a 36-hour week in two stages.

The resulting—at least temporary—improvement in relations between the two sides of industry and between the latter and the Government was sufficient to permit the resumption of inter-sectoral negotiations on the basis of a broad outline agreement on economic and social policy. The main feature of the outline agreement was its recommendation that productivity gains should be used to contribute towards reducing working time rather than increasing individual incomes, the aim being to reduce the working week, by means of agreements negotiated at sectoral and undertaking level, to 38 hours by the end of 1980. Other features of the draft included: a recommendation to the effect that wage increases should be restrained and that non-wage incomes should not increase by more than the rise in the cost-of-living index;² premiums for undertakings recruiting additional staff;³ negotiation by the appropriate bodies of more flexible patterns of working time (flexible working hours, part-time work, flexible retirement arrangements;⁴ reform of the social security system.⁵ The negotiations having ultimately failed, however, the Government submitted a draft programme-law containing some of the provisions of the outline agreement (e.g. restrictions on rent increases) and issued recommendations to the two sides of industry regarding the reduction of working time and wage restraint.

As regards industry-level negotiations, the move towards a working week of less than 40 hours (38 hours in a quarter of the private sector, with 36 hours the exception) continued in a number of industries (paper, foodstuffs, etc.) and in certain undertakings in other

¹ Social Report 1978, point 109.

² Point 154 of this Report.

³ Point 54 of this Report.

⁴ Point 134 of this Report.

⁵ Point 206 of this Report.

sectors (notably the metalworking industry). Some of the agreements concluded leave individual undertakings wide discretion as regards ways of implementing the reductions in weekly working time.

In the public sector, the main problem area in relations between the State and its employees was the question of how the agreed reduction of the working week to 38 hours¹ as from 1 October 1979 should be achieved. The Government resolved these difficulties by permitting three alternatives: a shorter working day, two hours' compensatory time off per week, or four hours off every two weeks.

106. In Denmark the Trade Union Organization (LO) and the Employers' Organization (DA) were unable to agree on the renewal of the 2-year collective agreements from 1 March 1979, despite the jointly requested intervention of the arbitrator. In view of the threat of large-scale sectoral conflicts, as well as the prospect of a general strike and lock-out, the Government was forced to pass legislation to extend existing agreements for a further two years including those in sectors not covered by the DA and LO. Few fundamental changes were planned, although holiday allowances will be increased and annual holidays extended by two days in 1980-81 and by one week in all in 1981-82 in view of the cancellation of two index-linked wage rises between 1977 and 1979. Low and minimum wages will be improved and firms will have less freedom to pass on wage rises in the form of higher prices. The LO welcomed the extension, although the DA considered it would increase costs too heavily and reduce competitiveness. A public opinion poll indicated that most Danes approved of the extension, although a large proportion of public service workers showed their discontent with the Government's intervention via work stoppages in the public sector in March.

The installation of a minority Social Democrat Government after the elections on 23 October was followed by a temporary prices and wages freeze for the rest of the year. In December the Government submitted an overall economic policy plan, which was supported by the LO since it contained proposals for economic democracy. The lack of majority approval in Parliament caused a revised plan to be put forward, however, containing no real proposals on economic democracy but proposing an increase in worker participation in decision making. Other proposals covered prices and incomes policy, taxation, and the setting up of a workers' high cost of living fund.² The DA gave the plan a hostile reception (considering the measures to limit wages as being too weak), whilst trades unions were divided. Many farmers demonstrated against a special tax on farms designed to neutralize the gain from November's currency devaluation.

¹ Social Report 1978, point 109.

² Point 155 of this Report.

The number of working days lost due to industrial disputes rose by between 25 and 33% in the first six months, mainly due to wage disputes and particularly in the metal industries. The number of strikes in 1979 came to 1 500 (300 more than in 1978). The extension of the collective agreements by the Parliament is also one of the major reasons for the increase in strike action.

107. In the Federal Republic of Germany, there were no major disputes during the year in contrast to 1978 when strikes and lock-outs resulted in 4 300 000 working days being lost (the second highest total in its history). Negotiations between the two sides of industry were quick and smooth.

By the middle of the year, wage increases of between 4 and 4.5% had been negotiated for around 90% of the workforce—more than 13 million employees—under agreements to run for an average of 12 months. Many of the agreements provided for movement by stages towards a uniform leave entitlement of 6 weeks for all employees by 1984. For some 300 000 workers a shorter working week was introduced. A 40-hour week is now the norm under collective agreements for around 93% of all employees. In many industries, additional (paid) free shifts/days off were introduced for certain categories such as shiftworkers and older employees. Other features of the agreements included improvements in the protection of workers in the event of rationalization measures and increases in holiday bonuses, asset formation benefits and special annual bonuses.

After six sessions of hard bargaining spread over more than a year, employers and unions in the metalworking industries reached agreement on 16 November concerning new conciliation and arbitration arrangements. This agreement entered into force on 7 December and the new arrangements apply with effect from 1 January 1980.

The main points agreed are as follows:

- (i) The conciliation procedure will in future only be called into play if both sides are willing;
- (ii) A voting chairman will not be chosen until it is clear that the conciliation procedure is to be used;
- (iii) Where one party gives notice to terminate a collective agreement, that party must state its demands at least four weeks before the expiry of the agreement concerned and commence negotiations at least two weeks before expiry. Taken in conjunction with a period of four weeks following expiry during which industrial action is prohibited, this gives a minimum of six weeks in which to resolve the dispute.

The controversy regarding the legality of lock-outs also continued during the period under review.¹

¹ Social Report 1978, point 111.

A vital factor in the climate of industrial relations was the Federal Constitutional Court's ruling of 1 March on the employers' claims that the 1976 Worker Participation Law was unconstitutional.¹ The Court, against whose decision there is no appeal, rejected these claims and thereby confirmed the Law's compatibility with the Constitution. In particular, the Court based its decision on the fact that the Law does not give worker representatives full parity.²

In July and September, talks took place between the Federal Executive of the DGB and the Presidium of the Federal Union of Employers' Associations with a view in particular to re-establishing normal relations following the easing of the tension caused by the employers' appeal against the Worker Participation Law. A joint working party was set up to monitor the operation of the new Law and act as a forum for the exchange of views in this connection. In the light of industrial democracy legislation, company law and the Constitutional Court ruling of 1 March, both sides undertook to abide by the new Law in letter and in spirit.

The question of labour market policy, and in particular structural problems affecting the labour market, formed a further major topic for discussion at national level between the employers' and workers' organizations. Another working party was set up to consider how the fall in unemployment—some 15% down on the previous year in absolute terms at the end of September—brought about by the general economic revival could be made to benefit disadvantaged groups such as women and older workers.

The Federal Government strove to revive the 'concerted action' talks. It remains to be seen, however, whether its efforts will succeed, and if so in what form.

The relevant Federal departments did, however, hold separate talks with representatives of the unions and the employers' organizations on current problems in the fields of economic, financial and employment policy.

In July, the DGB adopted a new action programme containing a series of demands and proposals directed in part to Parliament and in part to the parties to a collective agreement. The points covered the re-establishment and long-term maintenance of full employment, improved protection against dismissal, shorter working time and longer annual holidays, the payment of a '13th month' bonus to all employees, the humanization of work, bringing the minimum retirement age down to 60 and the extension of worker participation at all levels—workplace, operating unit, undertaking, public authorities and the economy as a whole.

108. Although industrial relations in France were shot through with conflicts and outbreaks of violence, a spirit of conciliation finally prevailed.

¹ Social Report 1978, point 119.

² Point 115 of this Report.

On 16 March all the trade unions and employers' associations signed an agreement at national level on new types of unemployment benefit. At the same time, traditional collective bargaining negotiations led to the conclusion of more than 250 wage agreements covering 230 branches.

In the public sector, wage agreements were reached covering the SNCF, the coal industry, and the RATP (Paris transport system). In the civil service, the inclusion of clauses to maintain—and increase—purchasing power led to the signature of an agreement on wages and salaries for 1979.

In the iron and steel industry, a series of violent disputes and the serious incidents at Longwy and Denain led to the signature at federation level of a 'convention sociale de la sidérurgie' (social contract for the steel industry) by all the protagonists except the CGT. The main lines of this agreement, which covers procedures for the elimination of 21 000 jobs over three years, provide for early retirement at 55 and 50 years, redeployment, training measures and, outside the collective agreement, for severance bonuses for voluntary departures.

In addition to these labour disputes, of which Manufrance provides another example, less turbulent, but of longer duration, disputes of a more traditional type occurred; for example, among the dock workers where an agreement on wages and welfare funds was reached after seven months, and in the naval shipyards and SOLMER at Fos, then late in the year at Alsthom and among the air traffic controllers.

In most cases, there was strong resistance on the part of the employers; the continuing unemployment crisis and the Government's firmness made it difficult for some trade unions to maintain and mobilize their forces. Against this background, and with a view to the forthcoming elections to the conciliation boards (*conseils de prud'hommes*) to be held in December, the trade unions stepped up their activities in the summer and competition between them became acute. The CGT, in particular, hardened its line and at times even struck out on its own while the CFDT concentrated on specific and limited objectives.

In August the CGT announced the organization of an 'action week' in September. Strikes at the SNCF and demonstrations on the departure of the liner 'France' paved the way for this renewal of activity. At the end of August the Government had proposed to the trade union organizations that concerted action should be taken and, despite the latter's acid comments on the third anniversary of Mr Barre's appointment as Prime Minister, they all agreed to hold discussions with him, in particular regarding the SMIC (minimum wage), working time and workers' rights to express their views in the undertaking. The Government and some trade unions seemed to have two other goals in common: the reduction of inequalities and improvements in the law on collective bargaining.

December saw the first elections to the conciliation boards since the January 1979 reform.¹ One striking feature of these elections was the turnout—massive amongst workers (63.3% of those entitled to vote) and high amongst employers (54%). As regards the results, the CGT held its own (42.4%), the CFDT gained ground (23.1%), as did the FO (17.4%) and the CFTC (6.9%), whilst the general union federations did well amongst managerial staff (55.6% as against 36% for the specialist CGC) and the 'independent' unions suffered a setback.

Disputes arose in two specific fields: the question of rents in immigrants' hostels where the tenants demanded an improvement in living conditions, and in a different social stratum the doctors took action following Government statements on the freezing of fees. Lastly, plans to introduce Sunday work in department stores were abandoned in the face of strong union opposition.

109. In Ireland a protracted series of negotiations resulted in agreement in July on a 'National understanding for economic and social development' between the Government, employers' organizations and the Irish Congress of Trade Unions. The understanding provides for a structured approach to pay settlements involving references to the consumer price index.² It also covers issues such as employment, industrial relations, social welfare, health, worker participation, education and taxation; the unfair taxation burden borne by workers as compared with farmers and the self-employed was underlined by a large trade union demonstration earlier in the year.

The general industrial relations climate gave cause for concern, especially in the public sector; a 4 1/2-month postal strike caused widespread disruption and accounted for 78% of the 1 427 000 working days lost through industrial disputes during the year. Other disputes affected the car industry, Dublin bus services and refuse collection. The Government indicated that it might be necessary to consider measures to maintain essential public services and supplies, trade union representatives withdrew from the Commission on Industrial Relations³ until the Government extended traditional trade union protection and immunities contained in the Trade Dispute Act, 1906, the cover trade unions in the public service.

110. In Italy, industrial relations were conditioned both by political and economic developments and by trade union relations.

The breakdown of the alliance underpinning the emergency government of national solidarity formed in March 1978⁴ triggered a political crisis which brought about the

¹ Social Report 1978, point 145.

² Point 161 of this Report.

³ Social Report 1978, point 113.

⁴ Social Report 1978, point 114.

dissolution of the Seventh Legislature. On account of the delay in forming a new government, except for the extension until December of the provisions under which certain social security charges are financed from general taxation, no new measures in the field of labour policy have been introduced and the public authorities' room for manoeuvre has been very circumscribed.

The economic situation has shown improvement as forecast, the main features being higher production and the balance of payments surplus—although the latter fell off to some extent in the last few months of the year. The absence of an adequate medium-term economic policy line¹ has aggravated the difficulties of a system already beset by serious problems such as unemployment (in particular amongst young people, intellectuals and women), crises in large undertakings (especially in the chemicals industry) and entire sectors (e.g. construction), the Mezzogiorno and soaring inflation; at the same time, it has meant that the two sides of industry have been deprived of a possible reference point for their negotiations.

This situation was at the root of the problems which arose during the period under review as regards the implementation of the trade union policy guidelines adopted in February 1978;² these problems were mainly connected with the Government's failure to fulfil the economic policy commitments on which the unions had made their collective bargaining stance conditional.

In another connection, the problem of redefining and restructuring the instruments available for intervention in an active labour policy is currently to the fore. Specific solutions emerging from the discussions were incorporated in a ministerial proposal to set up a national labour bureau with responsibility for all aspects of the labour market.

With respect to relations between workers' and employers' organizations at confederal level, the negotiations last year relating to both general (employment, investment, the Mezzogiorno) and specific subjects (labour costs, productivity, etc.)¹ were broken off. A joint statement was, however, issued on energy problems and the unions have indicated that they are willing to consult with the employers' organizations with a view to the implementation of appropriate measures as regards working hours, shift work, productivity and investment. January 1980 will see the recommencement of talks in this connection.

Against this background, collective bargaining activities have been intense in both the public and private sectors owing to the forthcoming expiry of the three-year contracts covering many categories of workers and the major industries.

In the private sector, negotiations have centred on trade union demands concerning working time, wages³ and the right to information.⁴ With reference to the reduction of working

¹ Social Report 1978, points 65, 114 and 164.

² Social Report 1978, point 114.

³ Point 162 of this Report.

⁴ Point 145 of this Report.

time, proposed by the trade unions as a means of absorbing at least part of the growing numbers of unemployed—a point which will in future be central to industrial relations—the solution to be embodied in the collective agreements provides for a 40-hour reduction in annual working time by the end of 1980 with a further 40-hour reduction from 1981. Other landmarks in this connection were the introduction of an average working week (over the year) of 37 hours 20 minutes for continuous shift workers in the chemicals sector and the extension of the 36-hour week (six days of six hours) to workers in the cotton and wool branches of the textile industry.

Whilst bargaining was under way for the renewal of the national collective agreements, negotiations were also begun in a number of major industrial groups with a view to increasing the number of jobs available, particularly in the relatively poor central regions and the Mezzogiorno.

In the public sector, the worsening situation highlighted the urgency of the need to establish new rules to streamline bargaining procedures and introduce measures to ensure equality of treatment for the various categories of employees. The Government and the trade unions reached a settlement in the autumn of which the most important features were the agreements to carry out cost-of-living adjustments quarterly from 1980, and the formulation of an outline law relating to bargaining in the public sector.

III. In Luxembourg, owing to the seriousness of the crisis, concerted action between the Government and the two sides of industry continued to play an essential role.

The Economic Committee¹ continued to meet each month to examine the situation of undertakings forced to reduce the working hours and, where appropriate, to propose compensation for firms with staff on short time.

The Economic and Social Council continued its work of consultation in areas of particular concern to certain occupational groups or the economy as a whole.

Lastly, the Tripartite Coordinating Committee set up under the Law of 4 December 1977 on growth and full employment² continued its task of consultation which, among other things, involved an examination of the overall economic and social situation and an analysis of the nature of current employment problems.

Thanks to cooperation between the two sides of industry and the Government, meeting in the abovementioned bodies, it has up to now been possible to keep the unemployment rate under control and protect the greater part of one population from income losses. Although progress slowed down to a certain extent with the approach of elections to the legislature and other bodies (sickness fund staff delegations in undertakings), the new Government

¹ Social Report 1975, point 104.

² Social Report 1977, point 113.

stated its intention to pursue the policy of tripartite consultation. In addition, rifts between the various workers' organizations complicated relations between the two sides of industry and the public authorities; however, the climate improved somewhat towards the end of the year.

Despite the difficult economic situation, there were no strikes and the overall industrial climate remained good.

In 1979, some 20 collective agreements were concluded or renewed for wage-earners and about 10 for salaried staff in the private sector.¹ Although the collective agreement covering iron and steel workers was renewed, negotiations relating to salaried staff in the industry came to a standstill because of an inter-union dispute regarding the right to represent this group. The outstanding features of wage agreements concluded in 1979 were: relatively moderate and fairly uniform increases; many increases in holiday pay; little progress in generalizing the monthly payment system for workers and the payment of a 'thirteenth month' of salary.

112. In the Netherlands, the results of the 1979 collective bargaining round, which took place at company and sectoral level, following failure to reach a national agreement, were relatively disappointing for the unions. The FNV (Federation of Dutch Trade Unions) called, for an increase of Hfl 20 gross a month (over and above cost-of-living increases), but its main objective was a reduction in the working week. The unions in the metalworking industry decided not to press immediately for real wage increases in cash in order not to jeopardize from the outset their chances of obtaining a shorter working week (35 hours). Instead, they decided to include this demand in the negotiations on shorter working hours. Other unions, such as those in the building industry, were less interested in a reduction in the working week, preferring to press their demand for cash increases. As the employers' organizations were opposed to a reduction in the working week on account of the costs this would involve and with the labour market situation in mind, they offered increased leave, relaxation of the conditions for early retirement in certain cases, despite the difficult financial situation, and wage rises. The union response was a threat of industrial action, but they also had to contend with resistance from within their own ranks as it became increasingly clear that a majority of union members were opposed to the introduction of a shorter working week. As the employers presented a more or less united front compared with the lack of unity in the union camp, by and large their views were reflected in the wage agreements.

In February, agreement was reached in the building industry giving workers a cost-of-living increase and the right to early retirement at 62, which will cost approximately 0.4% of the wage bill. A wage agreement in the metalworking industry was finally concluded in May

¹ Point 163 of this Report.

after the demand for a reduction in the working week had been dropped in an increasing number of industries. It was agreed that the normal wage agreement, which included arrangements for a cost-of-living increase, should run for 15 months (normally one year). The employers had initially pressed for 27 months. Special provision was made for early retirement at 62 from 1 January 1982. This is in line with the efforts of employers' and workers' organizations to conclude agreements that will run for several years, particularly where work-sharing measures are involved. It is also worth noting that for the first time, and after discussions had gone on for more than 10 years, a wage agreement was reached applying to some 140 000 social workers.

In addition to the unrest in the private sector the Government and the public service unions also experienced considerable difficulties in resolving their differences,¹ as civil servants and other employees in the public and semi-public sectors where pay follows civil service trends, were faced with the prospect of the Government cutting their six-monthly wage increases as part of its medium-term austerity programme. Once it became clear that negotiations were not going to produce agreement, the Government unilaterally decreed reductions in civil service salary increases with effect from 1 January extending these by statute to other public and semi-public sector employees with effect from 1 July.²

Relations between employers, unions and Government, already strained, deteriorated further with the approval by Parliament of the Law of 28 June involving further austerity measures. The statutory provisions of this law regulating the adjustment of the minimum welfare benefits and wages in the public and semi-public sectors for the second half of 1979 aroused particularly heavy union opposition.

Further industrial action was taken in the summer against wage restraint. In the meat and meat-processing industry, where labour shortages had led some firms to recruit workers at higher rates than those fixed by collective agreement, there were strikes followed by renewed wage negotiations which produced substantial increases for all workers in the industry, largely justified by the unpleasant, heavy and dirty nature of the work. The situation deteriorated still further when unofficial strikes, in support of wage demands broke out among general cargo dock workers and tugboat crews in Rotterdam. The aim of these strikes was in one instance to undo the existing wage agreements and in the other to force through an agreement for 1979. Although both strikes succeeded in the sense that substantial wage increases were achieved, some of the strikers remained dissatisfied.

The petro-chemical industry was also hit by strikes, but these were in support of union-backed demands for the introduction of a 35-hour week and a fifth shift. After clashes with workers wishing to return to work the strike action ended without anything being achieved. However the demands are to be put again as part of the 1980 wage negotiations. The

¹ Social Report 1978, point 116.

² Point 165 of this Report.

employers' main priorities, on the other hand, are measures to improve profit margins and curtail the role of the public sector. In autumn, discussions were once again held with a view to the conclusion of a national agreement, but a preliminary draft agreement for 1980 was rejected by the FNV in December.

Although the views of employers' and workers' organizations on various social questions differ widely, in particular as regards the problem of work-sharing, agreement was reached in the Social and Economic Council that from 1980 an annual statement on economic and social policy should be issued with a view to achieving a joint approach wherever possible. A close examination is to be made of matters such as employment and work-sharing, relations between the private and public sectors and the competitiveness of the economy and selective growth policy.

Early December saw the failure of first attempts to reach agreement in the Foundation of Labour on the outlines of a multiannual policy to improve the employment situation and clear bottlenecks on the labour market.

Following on its opinion on the representation of employers' and workers' organizations on statutory bodies, the Social and Economic Council delivered a further opinion dealing with the legal implications of the system of representation. The opinion looked at certain general aspects of the relationship between the authorities and representative organizations. Consideration was also given both to the actual influence of the present system on the negotiation of collective agreements and the process of making such agreements generally binding, and to the question of what the situation should be in this respect.

113. In the United Kingdom the Labour Government's insistence on maintaining a strict ceiling on pay increases in the public sector (after it failed to obtain the necessary powers to impose restraints in the private sector) led to bitter confrontation between public sector trade unions and public authorities. This resulted in the establishment of an independent Standing Commission on Pay Comparability, whose task it was to compare earnings in the public sector with those paid for similar jobs in the private sector and recommend new levels of pay. Industrial disputes in the private sector at the beginning of the year contributed to the widespread dislocation caused by public sector action, particularly a road haulage dispute which raised important questions on industrial relations legislations.

The upshot of the winter of disruption was a code of conduct ('concordat') agreed upon by the TUC and accepted by the Government to control behaviour during industrial disputes. However, relations between the unions and the Government remained frayed and it is widely believed that the Labour Party's defeat in the May General Election was not unconnected with the lack of public confidence in the TUC/Labour Party relationship and the ability of the Labour Government to obtain trade union support for its economic policies.

After the arrival of the Conservative Administration relations between the Government and trade unions were cool to frosty, especially in view of the legislation proposed or already enacted to limit the power of trade unions and reduce the level of employment protection for workers. Employers organizations, on the other hand, have generally welcomed legislative changes.

Since the General Election, and particularly since the new Government's first budget in June, collective bargaining has taken on a harder edge. The Government has eschewed any involvement in private sector collective bargaining, believing levels of settlement should be restricted only by the employer's ability to pay, and has not encouraged contacts between the TUC and national employer bodies. In the public sector revised cash limits have been laid down to restrict pay increases; industrial civil servants took action over a low pay offer caused by such cash limits. In the private sector lengthy pay disputes took place in commercial television, the chemical industry and the engineering industry, where the eventual agreement provided for a reduction in working hours in November 1981, the main sticking point in the negotiations.

Employee representation

114. In Belgium, the four-yearly works council and health and safety committee elections were held in March and April. These elections provide an opportunity for workers to elect their representatives on the joint consultative bodies within firms. The results confirmed the workers' loyalty to their unions.

115. In the Federal Republic of Germany, appeals brought by a number of major companies and employers' associations to the effect that the 1976 Worker Participation Law was unconstitutional were rejected by the Federal Constitutional Court on 1 March.¹ The Court held without reservation that the Law did not contravene the Basic Law, as it threatened neither property rights nor free collective bargaining. However, the Court expressly left open the question of whether more far-reaching worker participation provisions would be compatible with the Basic Law. The legislature was warned that the Worker Participation Law might have to be amended, should the official predictions as to its consequences later be proved partially or entirely inaccurate.

The trade unions saw their position as vindicated by the Constitutional Court's ruling. The employers, for their part, emphasized that the Court had held the present participation provisions to be the maximum that was still reconcilable with the Constitution.

¹ Point 107 of this Report.

However, since the ruling of the Court, the controversial discussion concerning the legal status and functioning of supervisory boards has continued.¹

A fierce controversy also continued in the period under review about worker participation in chambers of trade. The trade unions have long been pressing for parity representation of workers in craft undertakings on the chambers' governing bodies, as against the present position where one-third of the seats on the general assemblies, committees and executive boards are allocated to journeymen (who make up less than half of the hired workers in craft undertakings). This demand is rejected by the craft associations.

According to trade union figures on the 1978 works council elections, some 152 000 (78%) of the 195 000 seats to be filled in 35 300 establishments went to members to DGB-affiliated unions.

116. In Ireland a discussion document on worker participation is due to be published by the Government and will deal with participation in decisions at Board level and in the work-place, disclosure of information, direct involvement at shop floor level, and economic democracy. An advisory committee on worker participation will follow on from the publication of the document.

Elections have taken place in five of the public enterprises designated in the Worker Participation (State enterprises) Act, 1977 under which workers elect one-third of the members of the unitary management boards.²

117. In Italy the latest collective bargaining agreement include a comprehensive system of investment information provisions which extends and strengthens the instruments available to the unions for monitoring developments at undertaking—and especially regional/district-level. These instruments essentially concern obligations on the part of firms and employers' organizations to disclose and discuss information and, within certain limits, to negotiate with the unions regarding: production prospects, employment trends, restructuring and conversion plans, the environmental impact of industrial plant, new installations and their location.

As regards trade union membership and activities, the unions' demands included the extension to workers in firms employing less than 15 people, of the rights enjoyed in this respect by other workers.

118. In Luxembourg, a law enacted on 18 May 1979 amended the existing legislation on staff delegations in undertakings.³ The new law provides for the setting up of staff

¹ Social Report 1978, point 119.

² Social Report 1978, point 146.

³ Social Report 1978, point 122.

delegations in all private or public establishments regularly employing at least 15 workers, besides laying down the composition of these delegations, the rules for the appointment of delegates and their powers. Representatives enjoy special protection against dismissal.

A draft law drawn up by the Ministry of Labour with a view to amending this law so as to take greater account of the right to freedom of choice in trade union matters is currently under consideration by the Parliament.

119. In the Netherlands, on 3 July the first Chamber passed the draft law revising the Law on works councils,¹ thereby clearing the way for the new law to come into force on 1 September 1979. The main change is that management is no longer represented on the new works council. In addition to other extensions of their powers, and the information they are entitled to demand from the employer, works councils will henceforth have the right to appeal against clearly inequitable decisions by management. Consultations between works councils and management will take place at 'joint meetings'.

Works councils will have a year in which to adapt their rules to the new system. Models for these have been prepared by the Works Councils Committee of the Social and Economic Council, in consultation with the Ministry of Social Affairs.

On 6 November, the Government placed before the Second Chamber, a draft law requiring works councils to be set up also in firms employing between 35 and 100 workers. The new bodies will have fewer rights and less scope for action than those in firms with over 100 employees, however. In particular, management will have to consult them before taking decisions only when redundancies or changes in work, working conditions or terms of employment, affecting at least a quarter of the workforce, may result. Nor will the works council be able to appeal against major financial and economic decisions taken by management.

For firms with between 10 and 35 employees, simple participation arrangements involving direct consultation of all employees are proposed. As in the proposals for medium-sized firms, management has to consult the workforce when decisions are to be taken which may lead to redundancies or changes in work, working conditions or terms of employment affecting at least one-quarter of the staff. The Social and Economic Council had delivered a divided opinion on matters in 1978 concerning worker participation in small firms.¹

In a discussion paper on the composition of supervisory boards, the Protestant Trade Union Confederation (CNV) advocated a system whereby these boards would have an odd number of members, with a minimum of five. The employees and shareholders would each elect an equal number of members, who would then co-opt the remaining member. If they failed to

¹ Social Report 1978, point 123.

agree, the matter would be decided by a vote of the workforce. The CNV considers that the employees should elect their representatives on the supervisory board from candidates nominated by the works councils and trade unions. The composition of supervisory boards is at present under examination in the Social and Economic Council.

A study of the effects of the present law governing the composition of supervisory boards, carried out under the auspices of the Social and Economic Council and governing firms with a capital of HFL 100 million or over and a staff of at least 100, showed a gradual decline in the number of supervisory board members coming from private industry in favour of people from the universities, the public sector and politics. It would appear from the result of the study that the works councils are availing themselves of their right under a 1971 law to influence the composition of supervisory boards in the firms concerned.

When presenting the budget for 1980, the Ministry of Social Affairs announced that measures will be introduced within firms for trade union activities to ensure that adequate opportunities were provided.

120. In the United Kingdom the new Conservative Government has made clear its rejection of legislative initiatives in this field. Action would be centred on encouraging employee share ownership and urging industry to develop voluntary forms of employee involvement by joint agreements between employers and employees. The Government's decision not to legislate was criticized by the Trades Union Congress and welcomed by employer bodies.

Trade union unification

121. In Denmark an attempt by the seamen's union which does not belong to the LO to create a transport workers' union was vigorously rebuffed by the semi-skilled workers (SID), the largest in the LO, and which has members in the transport industry. In retaliation the SID demanded the expulsion of the seamen's union from the International Transport Workers Federation.

A proposed timetable for the setting up of sectoral trade union could not be agreed upon at the LO Congress: the metalworkers' union is interested in creating a sectorial trade union structure under the LO, while the SID, whose membership cuts across sectors, is opposed.

In the food, drink and tobacco industries the merger of four trades unions was approved; small unions are continuing to merge with larger unions, partly because in future trade union unemployment insurance funds will have to have at least 5 000 members.

122. In Ireland the merger took place in May between the Workers' Union of Ireland (37 000 members), the second largest union, and the Federation of Rural Workers

(11 000 members) to become the Federated Workers' Union of Ireland.¹ Two amalgamations of four smaller unions also took place.

123. In Luxembourg the attempt to form a single trade union grouping² finally failed, since trade union members demonstrated their preference for freedom of choice.

124. In the Netherlands, the civil service union affiliated to the Socialist Trade Union Confederation (NVV) decided to form a federation with the Catholic civil service union (NKV) from 1 October 1980, with the possibility of a complete merger later.

The NVV and NKV 'food' unions, which are already working in a federation, have agreed on a formal merger from 1980, the first unions within the Federation of Dutch Trade Unions (FNV) to do so. In May, the NVV and NKV industrial unions agreed to link up in a federation, making them the largest trade union grouping in the Netherlands.

¹ Social Report 1978, point 125.

² Social Report 1978, point 126.

Chapter IV

Working conditions and labour law

Trends within the Community

Working conditions

Humanization of work

127. The European Foundation for the Improvement of Living and Working Conditions has largely completed its first programme. Seminars have been held on shiftwork and on work organization. The Governments of Member States have continued to support research in these fields aimed at improving working conditions without detriment to productivity and making the best use of the available technology.

Nightwork and shiftwork

128. In certain Member States, there has been discussion on the consistency of legal restrictions on nightwork with the provisions of the Directive of 9 February 1976¹ on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion and working conditions. There has been a parallel discussion in the context of the International Labour Organization's review of their existing convention on nightwork for women. So far, however, no consensus has been found and the whole issue is further complicated by the importance of continuous shift-working, which requires large numbers of workers doing some nightwork.

¹ OJ L 39 of 14.2.1976.

Working time—the Council Recommendation of 22 July 1975

129. Implementation of the Council Recommendation on the principle of the 40-hour week and four weeks' annual holiday was due to be completed by 31 December 1978. The principles have been adopted almost universally in most Member States, though some progress remains to be made on paid annual holidays in certain Member States. More often, however, collective agreements have provided for longer holiday entitlement of five or even six weeks. In certain Member States and industrial sectors, the application of the principle of a 40-hour week has not, however, resulted in a substantial reduction in actual hours worked—because of the amount and regularity of overtime working.

Reduction in working time

130. The issue of reduced working time and specifically the issue of a shorter working week has become central to collective bargaining in several Member States and industrial sectors, in the context of the problem of maintaining or, where possible, expanding employment and also in the context of substituting gains in improvement of working conditions for now unobtainable or economically self-defeating wage increases. While there is no agreement the two sides of industry on fundamentals, there is a certain movement in the direction of reduced working time.

Labour law

131. The economic crisis which continues to affect the Member States has also affected the development of labour law. The legal provisions, regulations and administrative arrangements adopted in this field in the Member States have been aimed basically at improving the situation of certain less fortunate groups of workers and strengthening the legal protection of workers and the defence of their interests.

The Commission continued its efforts to ensure the application of the Council Directives on equal treatment for men and women as regards remuneration and access to employment.

With reference to Directive 76/207 of 9 February 1976 on equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, which was due to be transposed into national law by 12 August 1978, the Commission drew up an interim report summarizing the provisions of the laws currently in force in six Member States concerning equal treatment for men and women at work. The three Member States which had not taken steps to give effect to the Directive by the due date (the Federal Republic of Germany, Luxembourg and the Netherlands) were given formal notice to comply with their obligations and draft laws are now on the way to adoption in the

Netherlands and the Federal Republic. There having been little progress in Luxembourg, however, the Commission decided to address a reasoned opinion to the Government of this Member State.

The Commission also sent its report on the application of the principle of equal pay (Directive 75/117 of 10 February 1975, due to be transposed into national law by 12 February 1976) to the Council on 18 January 1979. The main purpose of this report was to review the state of progress as regards transposing this Directive into national law. This analysis from a legal standpoint led the Commission to decide on 21 March to initiate infringement proceedings against seven Member States in accordance with Article 169 of the EEC Treaty. Letters were therefore sent to the Governments of the countries concerned—Belgium, Denmark, the Federal Republic of Germany, France, Luxembourg, the Netherlands and the United Kingdom—inviting them formally to submit their observations regarding the alleged infringements.

Development of the situation in the member countries

Working conditions

Humanization of work

132. In Belgium, the Minister of Employment and Labour included a first assessment of programmes assisted by the Fund for humanization of work set up under the Law of 22 December 1977 in the second Spitaels plan for the promotion of employment (May 1979). This assessment, which followed 634 applications for assistance, representing a potential capital investment of BFR 2 000 million, emphasized the importance of improving the working environment in attracting employees to certain types of employment.

In France, the national agency for the improvement of working conditions (ANACT) published the results of its assessment of work reorganization schemes affecting 400 000 employees. These projects, mainly due to management initiative, were concentrated in the chemical, electrical engineering, food processing, mechanical engineering, metallurgical and transport industries.

In the Netherlands, the Minister for Social Affairs reported to Parliament in May 1979 on Government efforts in the field of humanization: 4 100 applications for financial assistance, affecting 85 000 jobs, had been received by the end of March 1979. Of these 2 400 had been considered, the majority qualifying for subsidies totalling HFL 61 000 000.

In the United Kingdom, the tripartite programme being implemented by the Department of Employment's Work Research Unit has been continued. The next stage of development emphasizes, among other things, the impact of micro-electronic technology on working arrangements.

Nightwork and shiftwork

133. In the Federal Republic of Germany, the 'Bundesanstalt für Arbeitsschutz und Unfallforschung' has indicated that 2 200 000 industrial workers, or about 10% of the total, are doing shiftwork, representing an increase of 40% since 1960. A total of 3 600 000 employees is involved in shiftworking. New collective agreements in the steel and chemical industries have increased rest periods and time-off for continuous shift workers.

In Ireland, the Minister for Labour undertook to take a decision on the report by the Employment Equality Agency recommending the repeal of those sections of the Conditions of Employment Act, 1936, limiting the employment of women in industrial work at night.

In Italy, several trade union confederations have included reduction of working hours for shift-workers in its programme. The Government is examining the possibility of creating additional employment through the introduction of a fifth shift in continuous shift-working systems.

In the Netherlands, there is discussion on the possible introduction of a fifth shift. A strike in support of a 5-shift system at Shell has not so far been successful.

The working week

134. In Belgium, the Government and both sides of industry signed a declaration on intent on 2 July 1979 to negotiate on certain measures to reduce working time and improve working conditions in the context of employment policy. The two sides of industry were not, however, able to agree on a draft framework agreement on economic and social policy tabled by the Government on 18 September 1979, binding the parties to work for a general reduction of the working week to 38 hours by the end of 1980. The Government, however, in its declaration of 3 December 1979 resumed responsibility for these recommendations and, particularly for the drawing up of a balance-sheet of the measures in question at the end of the period envisaged.

A quarterly subsidy of BFR 62 500 has been provided, under a Royal Decree of 15 October for each additional worker recruited following a reduction in working time. The maximum working week of 38 hours, already widespread in banking, insurance and department stores, was extended to the public services from 1 October 1979.

In the Federal Republic of Germany, the 40-hour week has been introduced in collective agreements covering more than 93% of the manpower. A 37 1/2-hour week is now normal in the tobacco and soft drinks industries and in office cleaning, street cleaning and refuse collection.

In France, the Law of 2 January 1979 made legal the distribution of the working week over 4 or 4 1/2 rather than 5 days, subject to a limit of 40 hours and to the approval of trade union or employee representatives at enterprise level. Between 1 April 1978 and 1 April 1979, there was a decrease in the average weekly hours worked from 41.2 to 40.9 hours (41.5 to 41.2 in the case of manual workers).

There was limited industrial action in support of joint weeks of action (11 to 15 June and 24 to 30 November) in favour of a 35-hour working week. The employers, however, were very reserved in their approach to the question, preferring to negotiate on reduced working time on the basis of the working year, with such options for example as additional leave as a *quid pro quo* for non-absenteeism. Following two government decisions taken in December 1979, maximum legal working hours have been reduced from 48 to 46 and hours of 'equivalence' reduced by one, both changes with effect from 1 January 1980.

In Ireland, the Irish Congress of Trade Unions sought the reduction of the working week by one hour per week per annum. The tripartite national understanding for economic and social development (July 1979), however, provided in general for standard working hours to remain at their current levels for the 15-month duration of the agreement.

In Italy, in the current round of negotiations for the renewal of collective agreements for the private industrial sector, the trade unions have sought reductions in the working week. Normally, however, the eventual solution has been found by reducing annual working time, by compensatory days off and additional holidays over the working year rather than the working week.

In the Netherlands, some trade union confederations have demanded a 35-hour week and reduction in the working week will be examined in the context of renegotiation of collective agreements.

In the United Kingdom, the reduced working week was at the centre of an industrial dispute in the engineering industry. The new national engineering agreement signed in October 1979 by the Confederation of Shipbuilding and Engineering Unions, representing 13 affiliated unions and 2 500 000 members, broke new ground by providing for the introduction of a 39-hour week from 1 November 1981 on terms appropriate to each enterprise, with no further reductions, until 1 November 1983. No reduction was provided for shiftworkers or other workers already enjoying a 39-hour week. The engineering unions' aim had been to secure a phased reduction to a 35-hour week, in conformity with the resolution of the 1979 annual conference of the Trades Union Congress, calling upon the General Council to initiate a national campaign to assist unions to negotiate a 35-hour-week.

Overtime

135. In Denmark, the committee set up in 1977 to study problems of work-sharing published a report which included proposals for legislation on the limitation of overtime to 100 hours a year, subject to any exemptions granted by an overtime board representing the parties to collective agreements. Compensatory rests would be obligatory within a certain period following the working of overtime. The principle of legislation was supported by the national trade union confederation, but opposed by the private sector employers' organization. The new government has indicated that something would be done, but no bill has so far been introduced in the legislature.

In the Federal Republic of Germany, there is continuing discussion on the revision of the 1938 legislation providing for a 48-hour week, generally recognized as no longer corresponding to present needs. There is no consensus, however, on whether a 40-hour week should be substituted as the standard, since several sectoral agreements provide for a standard working week of more than 40 hours. In several sectors in 1979, overtime was subject to limitations.

In France, the employers' organization (CNPF) has suggested an annual limit of 250 hours on overtime, within the context of their proposals for negotiation on an annual working time budget.

In Ireland, the Government undertook to introduce legislation to reduce the statutory limits on adult working hours, which can be as high as 60 in one week (48 normal hours plus 12 hours of overtime not requiring approval) under the Conditions of Employment Act, 1936.

In the Netherlands, in April 1979, the legislature adopted a motion inviting the Government to take measures to reduce overtime. So far, the Government has made no proposals.

Paid holidays

136. In Denmark, as a consequence of the new collective agreement, the holiday period has been prolonged by law, as from 1 March 1979, from four to five weeks as a compensation for the sacrifice of index-related increases which should otherwise have been paid on 1 September 1979.

In the Federal Republic of Germany, the majority of industrial workers will be entitled to a minimum of six weeks paid holidays by the end of 1982 to be introduced in phased steps following the latest collective bargaining round.

In Ireland, where the statutory minimum paid annual holiday remains at 15 days, the tripartite national understanding for economic and social development (July 1979) provides

that employers and trade unions may negotiate a total of 17 days annual leave for workers who do not already have this amount of leave.

In Luxembourg, the law on paid holidays provides for an annual holiday of at least 25 working days for all private sector workers as from 1979, the holiday week to be counted as 5 working days.

In the Netherlands, the legal minimum paid annual holiday is 15 days for adults, 20 days for young workers. Annual holidays have been increased by one day in the most recent collective bargaining round, giving an average of about 22 days actual paid holidays.

In the United Kingdom, the national engineering agreement of 4 October 1979¹ provided for an additional two days annual holiday in the first year of the agreement, with a further increase of one day in each of the following years, to give a fifth week of holidays in 1983. No consequential increase was given to workers already enjoying longer holidays.

Part-time work and flexible working hours

137. In Belgium, the National Labour Council has been asked to give its opinion on the adaptation of social legislation to part-time work in the context of the draft framework agreement of 18 September 1979.¹

In Ireland, several schemes involving about 600 persons, introduced flexible working hours on a pilot basis in governmental departments.

In the Netherlands, the Government has indicated that it is prepared to subsidize the creation of 1 500 part-time job opportunities to the extent of HFL 15 000 000.

Educational leave

138. In Belgium, the National Labour Council, following the request of the Minister of Employment and Labour and the two sides of industry, has in an opinion of 1 June 1979, proposed a new system of educational leave open in principle to all workers in the private sector with full wage maintenance up to a maximum of 240 hours a year, funded by employers and the public authorities.²

In the Federal Republic of Germany under legislation and collective agreements, 4 000 000 workers were entitled at least to five days of educational leave.

¹ Point 134 of this Report.

² Chapters I and IX of this Report.

In the Netherlands, following the opinion given by an *ad hoc* commission of the Social and Economic Council in favour of giving a general right to educational leave, the Government invited the Council, in view of the implied cost to public finances, to express a further opinion on the gradual extension of educational leave in the context of its relationship with working time.

Length of working life¹

139. In Belgium, the Royal Decree of 22 August 1979 extended the benefit of early retirement pensions to certain workers under contract in the public services.²

In Luxembourg, the Government have sponsored a bill to harmonize early retirement legislation covering manual and non-manual workers, who would now have the same right to claim full pension at 60. In the steel industry, the legal provision providing for compulsory early retirement at 57 continued to be applied in 1979. The scheme, however, will become optional as from 1 January 1980.

In the Netherlands, further provision for voluntary early retirement is under discussion in collective agreement negotiations. Discussion has led to results under agreements in the building and banking sectors, where there is early retirement with 80 to 85% of pension. A right to retirement at 63 with full pension has been introduced in the printing industry, the additional cost to be reimbursed from a fund financed by employers and employees. In certain circumstances, however, such retirement can be obligatory.

In the United Kingdom, the National Coal Board's early retirement scheme was extended to miners of 60 years of age.

Labour law

140. In Belgium, a Royal Decree of 22 August 1979 extended the statutory early retirement scheme, which until then had been restricted to workers in the private sector, to cover staff working on contract in the public services. The early retirement scheme enables workers to receive unemployment benefit supplements from the age of 60 for men and 55 for women until the normal age of retirement, provided the employer undertakes to recruit a young unemployed worker.

¹ Chapters I and IX of this Report.

² Point 140 of this Report.

A further Royal Decree of 15 October 1979 provides for special subsidies to be granted to employers who create additional jobs and either already operate a 38-hour week or agree to do so by the end of 1980.

In addition, the National Labour Council, with reference to the incorporation into national legislation of the Community Directive on equal treatment of men and women,¹ delivered an opinion on some derogations designed to preserve certain standards of protection for women.

Finally, the National Labour Council was asked to give an opinion on the adaptation of social legislation to take account of part-time work.

141. In Denmark, Parliament passed the necessary legislation to give effect to the EEC Directive on the safeguarding of workers' rights in the event of transfers of undertakings, businesses or parts of businesses.

A first case has been presented to the courts concerning the non-observance of the law on equal treatment for men and women, in which a seamstress is claiming compensation from two shipping firms, one firm refusing to employ her on the grounds of insufficient female lavatory facilities on board the firm's ships and the second firm for not wanting seamstresses on their ships to the Far East. The first firm was found innocent and the second guilty.

Another 'first' is the use of a 1976 Government circular on obstruction (concerning the interpretation of police regulations on public order) as a basis for fining 48 pickets arrested in 1978. The initial judgment was confirmed on appeal but leave was given to hear the case in the High Court.

The Minister of Labour is planning to submit draft legislation on employment protection for pregnant or recently confined women in order to plug some of the loopholes in existing legislation.

142. In the Federal Republic of Germany, on 13 June the Federal Government approved a draft law on equal treatment of men and women at the place of work and on maintenance of workers' right in the event of transfers of undertakings. This draft, which went through its first reading in the Bundesrat on 28 September and in the Bundestag on 29 November, is designed:

- (i) to promote the further development of equal rights for women at work; and
- (ii) to improve the legal position of workers and works councils in the case of transfers of undertakings.

¹ Social Report 1978, point 142.

Accordingly, the draft law complies with the corresponding Directives of the Council of the European Communities.

On 1 July 1979 the law on the acceleration and streamlining of labour court procedures entered into force. The aim of this legislation is to speed up all three stages of the procedures. It was necessary, since the number of cases coming before the labour courts had been increasing considerably for several years.

In the area of legislation on collective labour relations and industrial relations the following particularly important judgments were delivered.

According to a judgment by the Federal Labour Court of 8 December 1978 unions have no legal claim on employers requiring the latter to permit the election of union representatives to be carried out within the firm. Such a right cannot be derived from Article 9(3) of the Basic Law, nor from ILO Convention No 135 of 23 June 1971. The constitutional guarantees extended to the institution of union representatives does not include their election within the firm.

Two judgments of 23 February 1979 by the Federal Labour Court concerned the information and advertising activities of trade unions. The Court expressed the view that information and advertising belonged to the constitutionally guaranteed core of activities under the right of association. However, trade union advertising which involved the use of property belonging to others was not indispensable if it could be pursued just as well by other means that did not infringe other people's property rights. The distribution of a trade union periodical within the firm to union members alone also did not belong to the constitutionally protected essential activities of a trade union because it was not indispensable in order to maintain and preserve the union's existence.

In a judgment of 6 March 1979 the Federal Labour Court looked at questions relating to the works council's participation during industrial disputes. The Court decided that even during a strike a dismissal by the employer had to be referred to the works council before it became effective, if the dismissal was made for reasons other than those connected with an industrial dispute.

In court proceedings to determine whether the 1978 lockouts in the printing and metal-working industries were lawful, the Labour Courts, in the majority of cases, held them to be so. On appeal, the *Länder* Labour Courts have largely confirmed the basic admissibility of lockouts, although in some instances they have regarded individual lockout measures as unlawful. The *Land* Labour Court in Frankfurt/Main declared a lockout in the Federal *Land* of Hessen to be unlawful on the basis of the ban on lockouts laid down in the constitution of Hessen.

143. In France, the Law of 3 January 1979 lays down precise details of the legal provisions governing fixed-term contracts. Based on established legal principles and

incorporating certain clauses from collective agreements, this text, without being completely new, fills a legal gap. It makes a written contract obligatory, lays down procedures for its renewal, and guarantees the person concerned the same advantages as are enjoyed by other employed persons.

Furthermore, the successive appearance of Law No 79-32 of 16 January 1978, the National Interprofessional Agreement of 16 March 1979, the Agreement of 27 March 1979 and the Decree of 2 May 1979 by the Minister of Labour combined to define arrangements for applying the new system of benefits for unemployed workers. The basic feature of this reform is the fusion of the two existing systems in a single scheme, run jointly, and applying to all employed persons. The new scheme, which contains fewer anomalies than the former scheme, gives workers more encouragement to take up employment again.

144. In Ireland the Redundancy Payments Scheme was amended in April: weekly redundancy payments have been discontinued, the employee contribution to the Redundancy Fund eliminated, the limit on the lump sum payable under the scheme doubled, and workers under redundancy notice are now entitled to reasonable time off in which to look for another job.

A Payment of Wages Act was passed by Parliament in December and allows for the payment of manual workers by cheque or other non-cash methods, if both employers and workers agree.

145. In Italy, the political situation has contributed largely to blocking the introduction of legislation on such important matters as the reform of the placement service and the pension scheme.¹ It should be mentioned that the clauses in collective agreements concerning trade union rights to information, particularly as regards mobility, would appear to necessitate substantial changes in legislation.

146. In Luxembourg, the Law of 16 April 1979, replacing the Law of 8 May 1872, recast the Staff Regulations for civil servants. The principal new features concern a reduction in the period of probation, a definition of the requirement to observe professional discretion, the holding of more than one post at the same time, the relaxation of residence requirements, maternity leave, unpaid leave, civil liability insurance of State officials, staff representation and disciplinary procedures.

A second Law of 16 April contains provisions covering strikes in public services and in public establishments under direct State control. It makes strike action dependent on the observation of a compulsory conciliation procedure and ten days notice, while persons occupying certain posts of particular responsibility do not have the right to strike. In

¹ Point 211 of this Report.

addition, strikes not aimed exclusively at defending professional, economic or social interests are banned, and any stoppage of work accompanied by abuse, violence and attempts to prevent others from working is illegal. Finally, the Government has the right to call up the staff necessary to guarantee the functioning of the services which it considers essential to meet the needs of the country.

147. In the Netherlands, the draft law to bring Dutch legislation into line with the Community Directive on equal treatment for men and women at work,¹ which had been before the Second Chamber since December 1978, is now well on the way to final adoption, having been approved by the Second Chamber on 28 June. The draft law will come before the First Chamber in the course of this year. In connection with the implementation of the Directive in national law, one of the things that the Second Chamber pointed out to the Government was that the public sector was excluded from the field of application of the draft law. However, a draft law on this point is to be presented to Parliament early in 1980.

Since it is taking longer than expected to finalize the legislation, on 30 March a draft law was put before Parliament providing, in the short term, for equal treatment of men and women and married and unmarried persons as regards the termination of an employment contract in the public and private sectors. This measure is intended in particular to avoid a situation whereby married women are more likely to be dismissed than are male workers. The draft was approved by Parliament and entered into force with retrospective effect from 1 February 1979.

In connection with its deliberations on both these draft laws, Parliament drew attention to the fact no draft law providing against all forms of discrimination had yet been presented.

Again in connection with the Directive, the Equality Commission delivered an opinion on the whole range of labour protection legislation, although this opinion was not unanimous. Some members of the Commission inclined to the opinion that the repeal of the labour protection laws for women would not improve their position (e.g. in the case of night work), but that when this legislation was being reformed in the near future the principle of equal treatment would have to be incorporated at all levels; other members pointed out that this principle must be implemented before 12 February 1980 (the date for the report to the Commission on the revision of labour protection legislation). However, the Equality Commission as a whole considers that the principle of equality does not necessarily mean that the standards at present applying to men should henceforward be applied generally. Particularly in the case of night work, consideration would have to be given to applying a general ban on such work and making it dependent on special permission being obtained. The Social and Economic Council which delivered its opinion at the beginning of 1980, is also divided on this matter.

¹ Social Report 1978, point 149.

The Government has put a draft law before the Second Chamber with a view to combating fraudulent subcontracting (where one firm subcontracts work to another and the latter evades taxes and social security contributions), a problem which is particularly serious in the building industry. Against the advice of the Social Insurance Bank this draft law would make the main contractor liable in respect of non-payment by any subcontractor. The employers' associations are of the opinion that the proposed liability involves risks which are far too extensive and unforeseeable, while the trade unions support the Government proposals.

A draft law to bring Dutch legislation into line with the Community Directive on the safeguarding of workers' rights in the event of transfers of undertakings, businesses or parts of businesses was placed before the Second Chamber at the end of November. This draft law will mean that amendments will have to be made to both legislation on individual employment contracts, as defined in the Civil Code, and legislation on collective agreements.

148. In the United Kingdom the change in government after the General Election in May presaged many changes in labour law as promised by the Conservative Party during the election campaign.

The first pieces of legislation to be passed concern unfair dismissals and redundancy consultation. On unfair dismissals, as from October 1979 claims for unfair dismissal can only be lodged if the employee had more than one year's service (previously 6 months). On redundancy consultation, employers are now required to consult independent recognized trade unions at least 30 days (previously 60 days) and to notify the Secretary of State for Employment before the implementation of redundancies of 10 to 99 people.

Further legislative changes have been introduced in a bill to cover unfair dismissals, fixed-term contracts, compensation for unfair dismissal, small firms, tribunal procedures, maternity provisions, guarantee pay and union recognition, union ballots, and the 'closed shop'.

On the issue of equal pay, the Court of Appeal submitted a case to the European Court of Justice concerning a woman who received less from her employer than her male predecessor, employed on like work. The Court of Justice is being asked to rule on whether the principles governing the application of equal pay are applicable in this case. A second case submitted by the Court of Appeal will test the Government's claim that Article 119 of the EEC Treaty does not apply to occupational pension schemes, thereby making it lawful to discriminate against women in their benefits from and/or contributions to such schemes.

Chapter V

Wages, incomes and asset formation

Trends within the Community

150. Throughout the Community, the economic recovery in the second half of 1978 and the improvement in the inflation rate were upset early in 1979 by a particularly hard winter followed by successive oil price rises.

Thanks to some improvement in economic activity during the summer, growth in 1979 is comparable to that of the year before, i.e. about 3%. As regards inflation, in addition to higher food prices and the effects of the oil price increases, other factors accelerated the upward movement of consumer prices in the individual countries, most important being the raising of indirect taxation in some Member States (Denmark, Federal Republic of Germany, United Kingdom).

Against this background, the Governments were cautious in their economic policy, the aim being balanced growth while at the same time making every effort to improve the employment situation. In consequence, in some Member States, income from capital and company profits increased more rapidly than did wages and salaries (as expressed in the national accounts aggregates); this effect was deliberately sought by the Governments to stimulate job creation through the re-establishment of the investment capacity of enterprises.

151. A policy of relative austerity as regards wages and salaries was pursued throughout the Community in 1979. It must however be noted that Government's tendency in recent years in certain Member States not to intervene in wage negotiations became more widespread in 1979; in others, however, the approach is quite the opposite and not only was intervention policy continued but it was even stepped up in some cases. Examples of relaxation include Belgium, where salary increases frozen beyond a certain ceiling were discontinued in 1977, Italy where the 1978 freeze on high salaries lasted 18 months, and France where the Law of 14 June 1979 did away with the freeze on very high salaries. In the United Kingdom, the change was even more radical—not only did Phase IV of the incomes policy fail but the new Government returned to a policy of free negotiation between

employers and unions. Nevertheless, the basic policy of these Governments, as of all the others, is still one of wage restraint. Thus in the United Kingdom the Government's monetary and fiscal policies have placed pressure upon firms and undertakings to negotiate agreements in line with their financial position (including their productivity and their profitability). In Belgium, the 'outline social and economic policy agreement', which the Government tried to negotiate with all groups involved in industry, includes a section on wage and salary restraint, while, at the same time, putting forward specific solutions for the lowest paid. In France, the guiding principle is still the strict maintenance of purchasing power, but related to the total wage bill, with priority given to improving the lowest levels. In Denmark, where the indexing system ensures a higher rate of increase for the lowest paid, Parliament extended all collective agreements for two years after wage negotiations had failed. In Italy, where the cost-of-living indexation system is also designed to favour lower wages, this effect was further reinforced following collective agreements under which flat-rate increases were awarded. In the Netherlands, lower limits were introduced in most cases for index-linked increases, favouring the lowest paid, whilst the Government put legislation through Parliament to limit the application of the sliding scale to salaries not exceeding HFL 55 000 per year.

152. Some aspects of the automatic wage indexation systems were called in question, provoking lively discussions during 1979 in some Member States—especially Belgium, Denmark, Italy and the Netherlands—regarding the argument put forward by employers' organizations or Governments that the effect of oil price rises ought not to be reflected in the index—such an argument has been put forward before in connection with the exclusion of indirect taxes. The trade union organizations are still opposed to such a move which they consider to be an attempt to manipulate the index and they have stressed the imperative need to guarantee the purchasing power of wages and salaries. It must however be noted that the new Danish Government has set up a new price-regulating index as from January 1980, which takes no account of fuel and electricity price changes. The Government has furthermore cancelled the payment (due on 1 January 1980) of the index points triggered by the old October 1979 index. These questions have even been raised in countries where there is no indexation scheme. Thus, in the Federal Republic of Germany the Federal Minister of Economic Affairs proposed that the consumer price index should not be used as an indicator of inflation during wage negotiations but should be replaced by the GNP deflator, which does not take account of imported products. In the United Kingdom, the question of taking the switch from direct taxation to indirect taxation into account during wage negotiations resulted in the Government publishing a new index (Tax and Prices Index—TPI) which enables the combined effects of direct taxation and consumer prices on the purchasing power of the average taxpayer to be assessed.

153. In the area of asset formation, discussions continued in 1979 in some countries on various possible ways of enabling workers to participate in the wealth of undertakings. In

the Netherlands, the effect of the parliamentary debates on the two draft laws presented in April and October 1978, has been such as to make the Government wonder whether the draft laws ought to be reconsidered and revised. In France, a Law of 13 July 1979 laid down detailed provisions regarding collective investment funds and Parliament will examine the Government's draft law on a special allocation of shares to the employees of quoted companies in the 1980 spring session. In Denmark, the DKR 10 000 million which were frozen in the supplementary pension fund, have been used in December to start a 'high-cost-of-living fund' for workers. In the Federal Republic of Germany, discussions within the Government concentrated on the possible creation of asset formation funds at branch level by free negotiation between the social partners.

In this connection it should be noted that, in line with the conclusions of the Tripartite Conference of 24 June 1976 and the fourth medium-term economic policy programme, the Commission forwarded to the Council on 7 September 1979 a memorandum on employee participation in asset formation. The memorandum does not include any formal proposals, but analyses the aims and problems relating to the question of financial participation and suggests guidelines for future action.

Development of the situation in the member countries

Belgium

154. The tendency towards moderation in wage demands, which started in 1977, continued in 1979 with negotiations on collective agreements being directed rather toward qualitative improvements. The new Government, formed in April after the December 1978 general elections, let it be known that it wished to resume talks with management and unions with a view to reaching an outline agreement on social and economic policy¹ for 1980. Tripartite negotiations got under way and a provisional agreement was reached in September on the basis of proposals drawn up by the Government. Final agreement, however, hinged on negotiations on the reform of the social security system.² The provisional agreement covers a reduction in working time, financial incentives to promote employment, and wage restraint. Among other things it was agreed that prosperity increases made possible by higher productivity should be used in future agreements to reduce working time and improve working conditions rather than to boost individual wages. In return for wage restraint, the Government has promised to take adequate measures to hold

¹ Point 105 of this Report.

² Point 206 of this Report.

down increases in other forms of income such as dividends, profit-related bonuses and incomes in the professions, to keep them in line with the rise in consumer prices. The Government also made it clear that it would maintain the existing system linking pay to the consumer price index in its present form, resisting employers' demands that the effects of higher oil prices should be filtered out of the index. Specific recommendations are made in the document on the situation of the lowest paid workers and manual workers whose jobs are particularly heavy or insalubrious. The minimum monthly wage for men and women working full time and aged at least 21 is to be adjusted in the usual way; on 1 December 1979 it stood at BFR 21 704.

As regards the renewal of collective agreements, 200 000 lower-grade office workers not covered by a sectoral agreement had their own agreement renewed for 1979 and 1980. Salary increases of 1% on 1 May 1979 and 1% on 1 January 1980 were awarded. They are also to receive an end-of-year bonus amounting to nine-tenths of their average monthly salary in 1979 and a full month's pay in 1980.

The definite slow down of the rate of increase of the 1978 index of conventional wages (+5.4% as against 8.9% in 1977) looks like being followed by a rising trend. Statistics available for the first nine months of 1979 point to a 5.2% increase in that period as compared with 4.0% in the same period last year. This rise is mainly due to a mid-year certain increase in the rate of inflation, shown up in the level of indexation (3.4% as against 2.6% in 1978). On the other hand, salary earners' pay was influenced by indexation only, for notwithstanding the slow down in the rate of increase of pay fixed by collective agreement in the first three quarters (+0.6% as against 1.4% in the same period in 1978), indexation brought a +4.4% increase in that period (as against 3.7% in 1978).

Denmark

155. The freeze on prices imposed by the coalition government in August 1978 expired on 1 March 1979, the date on which new collective agreements traditionally enter into force. This measure was very effective in curbing price rises in the autumn of 1978; in addition, only one index-linked wage increase was triggered off by the movement of the price index in January.

The negotiations on the renewal of collective agreements that began in November 1978 soon collapsed and the official mediator was called in. However, he abandoned his efforts to find a solution on 13 March and, as negotiations in the public sector also broke down five days later, the Government decided on legislation for wages policy. Denmark thus entered its fifth year of statutory incomes policy.

On 29 March Parliament approved the government's 'comprehensive solution' to the wage negotiation crisis. On incomes, it contains the following guidelines:

- (i) all collective agreements expiring before 1 April 1980 will be extended by two years ;
- (ii) the two index-linked increases frozen in 1977 and 1978 until September 1979 will not be paid on this date. However, the holiday bonus will be raised by 2.5% from 1 September and two additional days' leave will be granted in 1980/81 (six days from 1981/82); the 'integral' sliding scale system is to be reintroduced on 1 September 1979;
- (iii) the minimum guaranteed hourly wage is raised to DKR 1.20 from 1 March, bringing it to DKR 32.60.

The law states that changes already agreed regarding claims in sectors covered by the LO trade unions and the DA employers would go ahead and that new increases not exceeding DKR 225 million in total could be agreed in these sectors from 1 March 1980. These increases should for preference benefit the low paid and must be designed to correct imbalances in the wage structure. Similar increases in other sectors covered by collective agreements will be financed from a reserve of 1/2% (.1% in the public sector) of the total wage bill set aside for this purpose. The employers and the unions agreed that the DKR 225 million should be allocated as follows: from the beginning of the week in which 1 March 1980 falls, 'normal' and 'minimum' wages under collective agreements will rise by DKR 0.75 per hour; the guaranteed hourly wage will also rise by DKR 0.75 and the wages of workers under the age of 18 by DKR 0.50.

As the wage freeze of August 1978 was accompanied by a price freeze, a new law approved on 1 April 1979 restricts profit margins and only allows the cost of wage increases under collective agreements to be passed on to prices. In addition, bonuses, fees, dividends and other forms of profit-sharing are limited for a period of two years. Despite these measures, the successive oil price rises had a considerable effect on consumer prices and the annual inflation rate rose from 7.6% in January to 11.1% in October.

The wage adjustment index (Regularprisintallet) for July, gave rise to the payment on 1 September of two index-linked increases totalling DKR 1.20 per hour and raising the minimum hourly wage to DKR 33.80 as of this date. At the beginning of November, the new Parliament (elected in October 1979) adopted a freeze on incomes and prices up to 31 December, which was subsequently replaced on 21 December by a regular 'incomes and prices policy'. The policy includes changes in the indexation procedure: a new index based on January 1980 and excluding the price changes in fuel and electricity, is set up as from January 1980 and the payment of wage increases due to the October 1979 index and payable in January 1980 is cancelled.

The first part of the report by the Committee which is investigating the structure of low wages was published in March 1979. It deals with the distribution of individual gross earnings from 1970 to 1976 and reveals marked inequalities over the whole of this period. In 1976, incomes in the lower half of the range accounted for 27% of the overall total—a

figure equalled by the wealthiest 10%. The report also stresses that the rise in farmers' incomes (+23% per annum) was the highest in any sector over the period in question.

156. As regards asset formation, a 'cost of living' fund has been set up by a December 1979 law with the DKR 10 000 million frozen up to now in the ATP fund. The sums will thus be paid to wage and salary earners on retirement and will be administered by a committee comprising State representatives and 15 representatives of the workers.

Mention must also be made of Parliament's request to the Government for a draft law reforming the company laws to be presented in the 1979-80 session with a view to giving workers and employees a greater representation in administration. The question of worker profit sharing has been discussed by both parties in the old coalition government and whereas the Social Democratic Party put the key emphasis on making it obligatory for 10% of profits after tax to be paid either into a central fund or a local company fund, the Liberal Party had opted for a voluntary distribution of profits to the workers, to be paid either in cash into a savings account, a banking account or investment fund or in the form of shares in the company. However none of those schemes is mentioned in the measures taken in December.

Federal Republic of Germany

157. According to the quantified guidelines for 1979 set out in the annual economic report presented in January, the Federal Government was expecting prices to rise by no more than 3% and GNP to grow by around 4% in real terms. Given a 7 to 8% nominal growth in national income, the report forecast that total gross wages and salaries would rise by around 6.5% and non-wage incomes by between 9 and 11%. In the event, the economic growth was 4.4% and inflation 4.1%. Total gross wages and salaries increased at a rate of 7.2% as against 9.4% for non-wage incomes. However, though earnings in industry rose by 5.9% during this period, there was also a 5.3% increase in productivity due largely to improved capacity utilization, and the cost per unit of value added consequently rose by only 0.9% as against 3.9% during the same period of the previous year.

The economic trend was reflected in the results of the collective bargaining round, which was as usual largely concentrated in the first half of the year. In addition, the unions' preoccupation with the questions of unemployment and a shorter working week led them to submit relatively conservative wage demands. To take two major examples, the new 13-month agreement concluded for the iron and steel industry granted a wage increase of 4.3% as from 1 January 1979, whilst all public sector workers (including civil servants in the strict sense) received an increase of 4% for the year from March 1979 to March 1980 and their holiday bonuses were doubled to DM 300. Generally speaking, the increases granted for wage and salary earners ranged from 4 to 6.6%. Compared with the same period of the

previous year, the index of conventional wages and salaries rose by 4.8% during the first nine months of the year. The nominal increase in net wage income for 1979 was thus 7.4%—an increase of roughly 3.2% in purchasing power— whereas the net increase in non-wage income was 11%.

Such statistics do however conceal disparities in net personal incomes. Although the reports produced by the Institute for Economic Research in Berlin concerning the net income of households by socio-occupational groups do not take into account certain structural effects which tend to overestimate the net income of the self-employed, they do still illustrate such a situation. As in 1977, the net incomes of self-employed persons rose substantially more than those of other categories (7.1% as against 5.9% for wage earners and 4.4% for pensioners). Though it would be premature to draw any conclusions from these figures for the year under review, the fact that the aggregates for the two types of income in the 1979 national accounts have repeated the 1978 pattern suggests that the trend in the distribution of personal incomes will also be repeated. A further factor likely to influence wage negotiations in the Federal Republic next year is the faster rate of increase of retail prices in 1979: the annual rate of increase in the price index went from 2.5% in December 1978 to 5.4% in December 1979, which suggests that wage demands next year are likely to be more substantial. It should also be mentioned in this connection that the validity of the retail price index as an indicator of inflation is currently being debated on the grounds, in particular, that it reflects not only indirect tax rates but also 'imported' inflation resulting from oil price rises. A working paper produced by the Federal Ministry of Economic Affairs suggests, amongst other things that the GNP deflator, which has the advantage of measuring price trends in relation to domestic production only while excluding imported products, should be used as an indicator of inflation for the purposes of wage bargaining. However, the trade unions are opposed to attempts to break the index down into separate components reflecting the domestic or world market, or fiscal policies and public service tariffs.

158. There were lengthy discussions within the Government on ways and means of making headway, as promised in its annual economic report for 1978, in the sphere of employee participation in the wealth of undertakings. The debate centred on the possibility of extending State aid towards asset formation and of establishing funds at industry level to be administered by the social partners themselves. The workers would be free to invest the assets accruing to them in other investment funds or in their own firms, or in any other financial establishment of their own choosing. The question of fixing income ceilings, as in the case of the DM 624 Law, is still under consideration. The opposition parties (CDU/CSU) regard the establishment of funds along these lines as out of the question and have instead resubmitted their proposals for a law on voluntary participation in the capital and in the profits of undertakings.¹ Whilst the employers' organizations reject the concept of the

¹ Social Report 1978, point 159.

new proposed system of industry-level funds, some trade union organizations have indicated that they would be in favour provided that the capital of the funds were used for purposes other than individual asset formation—e.g. for the improvement of retirement pensions, the financing of vocational training for young people, etc.

France

159. The comprehensive anti-inflation policy pursued by the Government since early 1976 was continued in 1979, with the same basic objectives; i.e., to maintain the value of the franc, improve the balance of payments, check the rise in incomes and restore the financial situation of industry to promote a recovery in investment. In this general context, the rate of increase of wages has slowed markedly over the past few years: from 15.1% in 1976, the increase in average hourly earnings fell to 12.5% in 1978. In terms of purchasing power, the increase in hourly earnings fell from an annual rate of 5.6% on 1 January 1977 to 1.6% on 1 October 1979—an appreciable slowdown. The policy of preventing wages from rising faster than prices was partially relaxed, however, by the Law of 14 June 1979, which ended the only remaining official pay freeze on the earnings of the higher paid,¹ but did not allow any catching up of frozen earnings.

At the end of the first half of the year, during which hourly wages had risen by 6.2%, the Prime Minister warned that to avoid a resurgence of inflation, it was necessary to abide strictly by the principle of maintaining purchasing power only. However, the principle should apply to the overall wage bill, i.e., after allowing for rises for the lower paid, fringe benefits and shifts in the wage structure due to regrading. This renewed call for the principle of austerity was dictated partly by the series of oil price increases and partly by the rise in domestic consumer prices following the lifting of price controls. Over the year, a rise in prices of around 11% was expected. To compensate for this rise and for the increase in social security contributions, the Government increased the benefits to low-income families and uprated the minimum wage (SMIC). The latter has so far been increased four times in 1979: from FF 11.31 per hour at the beginning of the year it was raised to FF 11.60 on 1 April, FF 12.15 on 1 July, FF 12.42 on 1 September and FF 12.93 on 1 December.

The Government would still like to see the minimum wage more closely linked to freely negotiated pay increases. A system of 'guaranteed annual wages' already widely adopted in collective agreements since 1978, is one method of doing this. Another, aimed at upgrading manual work, has also appeared in an increasing number of agreements and takes the form of a partial revision of pay scales, granting of extra points for certain categories of workers, and in some cases the introduction of new categories. Trade union demands for a more active policy to improve low pay (in particular the raising of the minimum wage to FF 2 700

¹ Social Report 1978, point 160.

per month) were discussed in October in talks between the Prime Minister and leaders of the main trade union and employers' organizations. Afterwards, the Government decided to embark upon a joint study to work out the best means of increasing the earnings of the low paid in such a way as not to precipitate corresponding rises right up the pay ladder.

Finally, mention should be made of the latest INSEE¹ pay survey based on employers' tax returns. The report confirmed that the gaps between earnings in different occupational groups were continuing to close steadily. Between 1975 and 1979 the net pay of senior executives increased by 44.2% in money terms as against 52.7% for lower-grade white collar employees and 54.5% for manual workers; similarly, wages in the lowest-paid categories rose faster (+50.8%) in money terms than the average for all categories (+49.1%). On 1 April 1979, workers at the bottom end of the scale earned FF 1 849 per month as against FF 10 685 on average for a senior executive—a differential of nearly 6: 1. The survey also showed that on the same date 38% of all workers earned less than FF 2 500 per month. However an enquiry by the 'Centre d'Etudes des Revenus et des Coûts' suggests that the proportion calculated from tax forms does not take full account of workers who have been in employment during part of the year only.

160. In the field of asset formation, by 31 December 1978 altogether 11 509 firms had set up profit-sharing schemes for their employees, involving a total of 4 969 800 workers. In the most recent year for which statistics are available (1976), the average payment per employee was FF 1 112, representing 3.19% of the wage bill as used in calculating the special profit-sharing reserve (24.8% more than in the previous financial year).

A Law promulgated on 13 July 1979 laid down detailed rules for the collective investment funds set up under the legislation on company profit-sharing schemes and savings plans. The new rules covered the company administering the funds, the setting up of a supervisory board of employee representative, and fund management.

The debate on the draft law² providing for quoted companies to make a special distribution of shares to employees worth 3% of the company's capital, has been postponed to the spring 1980 session.

Ireland

161. A national pay agreement for 1979-80, to last 15 months, was approved by a delegate conference of trade unions belonging to the ICTU³ on 25 July 1979. The

¹ National Institute for Statistics and Economic Research.

² Social Report 1978, point 161.

³ Irish Congress of Trade Unions.

agreement, which succeeded the 1978 national agreement and took effect for some groups of workers on 1 April and for most others on 1 June, opened a new chapter in Irish industrial relations in that it forms part of a wider tripartite 'National Understanding' on economic and social development. At the end of 1978 there appeared to be some danger that the new traditional national wage agreements would be abandoned in favour of a return to bargaining at sectoral and company level. In February 1979 the Government therefore intervened, holding talks with the ICTU and then prompting negotiations between the latter and the employers. Later on, the three sides came together for further negotiations and in April reached agreement on a three-part plan for economic and social development, covering pay policy, taxation and employment. However, this package was overwhelmingly rejected by a full conference of the ICTU of 25 May whereupon a number of unions at once submitted pay claims ranging from 15 to 25% at company or industry level. Before negotiations on these claims had begun, the Government announced its intention of awarding a 7% interim pay increase for six months in the public sector, intimating that it hoped to see the same guideline applied in the private sector.

After the ICTU's rejection of the 7% guideline in June, the employers came forward with new pay proposals. This time they were accepted by the ICTU, on condition that the Government maintained in force the other clauses of the April package; this was agreed in July. The July tripartite agreement is thus identical with the April package except for the pay clauses. The 15-month agreement is divided into two phases of nine and six months respectively, during which wage increases will be as follows:

- (i) first phase: increase of 9% with a minimum rise of IRL 5.50 per week;
- (ii) second phase: increase of 2% plus 1% for each 1% rise over 7% in the consumer price index in the period November 1978 to November 1979, up to a limit of 5%. Should the index rise above 12% during this period, an additional payment of 60p per week would be made for each 1% rise in the index over 12%, subject to a limit of 4% (IRL 2.40). The minimum increase under the second phase is set at IRL 3 per week. In the event the index went up by 16% between November 1978 and November 1979 and the wage increase for the second phase amounted to 7% plus IRL 2.40 a week.

The section of the 'national understanding' dealing with taxation recognizes that the tax system must be broadly equitable to all categories of taxpayers. Steps have been taken to increase the tax burden on farmers and the professions and lessen that on wage-earners. The 1979 budget raised the tax threshold for wage earners and increased family allowances; further tax concessions have been granted in December.

Italy

162. Two events of major importance for pay policy were expected at the beginning of 1979: first, the launching of an economic recovery plan for 1979-81, on which a country-

wide consensus was to be sought,¹ and secondly the three-yearly renewal of collective agreements covering over 8 million private and public sector employees. The economic recovery plan was thwarted when the Government crisis arose in January, followed by early elections in June and the formation of a new Government in August. In the collective bargaining round, negotiations followed a roughly parallel course as the trade unions' demands were similar. The pay settlement which emerged, over 6 months late, from the long and difficult negotiations had three common features: an across-the-board increase in basic pay rates; subsequently, differentiated increases based on new criteria; a new system of increments for length of service no longer reflecting increases awarded under the index-linking system (*indennità di contingenza*).¹

In the four major sectors which, by virtue of their size, traditionally set the pace for settlements in other industries, the pay awards were as follows: the 1.5 million workers in the engineering and metal-working industry, whose agreement expired on 31 December 1978, received a LIT 20 000 a month increase on 16 July 1979 with further rises averaging LIT 13 000 per month to follow on 1 July 1980 and 1 March 1981, plus a flat-rate back-payment of LIT 120 000 in two instalments. For the 1.2 million workers in the construction industry, whose agreement also expired on 31 December 1978, an immediate increase of LIT 25 000 per month from 1 July 1979 was agreed, rising to LIT 50 000 after 3 years; on top of this they received a back-payment of LIT 40 000. The 350 000 employees of the private chemical industry, whose agreement ended on 31 March 1979, were awarded an increase of LIT 20 000 per month from 1 August 1979, with a further rise of LIT 10 000 to follow one year later, and two back-payments of LIT 85 000; in addition there was a change in the method of calculating bonuses. Finally, the 700 000 workers in the textile industry, whose agreement ended on 30 June 1979, obtained a rise of LIT 20 000 per month as from 1 July 1979 and another one of LIT 13 000 a month as from 1 March 1981.

For the 3 280 000 public sector employees, besides responding to the new pay claims for 1979-81, the Government also had to settle a number of technical problems going back to the period 1976-78. To deal with this situation, the Government proposed a law which would set a framework for public sector collective bargaining, and offered a new pay structure and job classification system for both civilian and military State employees. However, these plans failed to receive final approval owing to the early dissolution of Parliament, and it was not until 24 September 1979 that agreement was reached between the Government and the trade unions. Under the new settlement, the sliding scale will be adjusted quarterly from 1980 onwards, as in the private sector, with transitional arrangements operating up to 1981, and a single fixed sum of LIT 250 000 will be paid to all employees to compensate for lost earnings in 1979:

¹ Social Report 1978, point 164.

The considerable rise in consumer prices over the year (+19.8%) was reflected in the quarterly adjustments of the cost-of-living supplements, which were raised by six points in February, eight points in May (the highest quarterly increase since the nine-point rise in February 1977), six points in August and eight points in November—a total rise of 28 points compared with 20 in 1978 and 24 in 1977. This automatic indexation system, linking pay directly to changes in the consumer price index for manual and non-manual workers' households, came under fresh attack when the Government presented its legislative programme to Parliament. A change in the indexation system was proposed which would lessen the impact of external price rises, particularly for oil, with compensation in the form of extra tax concessions for dependents. However, the trade unions have reaffirmed their support of the present 'scala mobile' system.

Luxembourg

163. In 1978 the Luxembourg economy was helped by a recovery in foreign demand for iron and steel. The improving situation in this sector during the first half of 1979 led to a corresponding upturn in the other export industries. Internal demand, particularly private consumption, remained fairly buoyant; however, this improvement could be jeopardized by the new energy problems which have appeared on the international horizon.

The rise in consumer prices in Luxembourg—5.7% as against 3.7% in 1978—remained among the lowest in the Community. Although higher than in 1978 this rise in consumer prices once more put a brake on the pay indexation mechanism which was triggered only twice in 1979: on 1 June and on 1 December. The six-monthly average of the price index having passed the threshold on those dates, rates of pay subject to the law on collective bargaining on individual contracts of employment were there upon raised by 2.5%. The minimum wage rates for adult unskilled workers which was LFR 17 770 a month at the beginning of the year, went up to LFR 18 214 a month on 1 June and to LFR 18 669 on 1 December.

Pay settlements under collective agreements were in general fairly moderate. Often they featured a uniform percentage rise in hourly rates for all pay levels, plus various fixed payments, bonuses and holiday allowances. For example, the settlement for steel industry manual workers, whose agreement had expired on 31 December 1978 and was only renewed in May after long and hard negotiations, comprised an increase of LFR 450 per month from 1 June 1978 and LFR 200 from 1 January 1980, plus a back-payment of LFR 2 500 for the period not covered by the settlement. Negotiations on the non-manual workers' settlement are deadlocked, but it has been agreed to pay LFR 4 000 'on account' against the settlement under the future collective agreement. The new collective agreement in the banking and insurance sector, which entered into force on 1 January 1979, provided for two increases of LFR 225 per month (index 100), on 1 January 1979 and 1 January

1980, and new arrangements for the 'thirteenth month'. In the public service, where no increase was awarded in 1978 owing to the deterioration of the economic situation, an across-the-board increase of 3% was given from 1 May 1979. A further 2.75% rise will be paid on 1 January 1980.

Total wages in industry showed a rise of 2.8% (2.1% in the iron and steel industry and 3.8% in the other sectors). This increase must be viewed along with the 3.0% fall in the work force (4.5% in the steel industry and 1.8% in the other sectors). The average wage increase in industry was thus 6.0% (6.9% in the steel industry and 3.0% in the other sectors). Allowing for inflation, therefore, the average increase in real terms was 2.1% in industry as a whole.

Work continued on plans for replacing the present consumer price index, which only covers 173 articles, by a new index covering 260 articles, weighted according to the results of a 1977 survey on family budgets. The delay was mainly due to the inclusion of rents in the index. For this purpose a special survey of 550 households was conducted in 1979.

164. In the field of asset formation, the 25 February Law on housing subsidies is designed to encourage home ownership among low income groups. Furthermore the new Government, in a statement on 24 July 1979, emphasized its commitment to encouraging long-term saving and proposed to introduce new types of saving contracts. It announced that it was to make a study, in consultation with private sector employers and unions, of schemes designed to assure employees' participation in their company's wealth.

Netherlands

165. Once again it proved impossible to reach a national agreement on wages, and agreements were therefore concluded at industry and undertaking level. Trade union demands focused on a reduction in the working week and, with respect to wages and salaries, the maintenance of the sliding scale—with the introduction in certain cases of a threshold of HFL 250 and a ceiling of HFL 450 per 1% adjustment—together with a wage increase of HFL 20 per month (nearly 0.8% of total wages). Employers were not prepared to discuss a reduction in working time unless specific conditions were fulfilled and they were furthermore opposed to the wage increase and the introduction of a ceiling on the index-linked 1% increase. Finally, except in the printing trade and some other small sectors, agreements were concluded incorporating the maintenance of the sliding scale adjustments which, paid retroactively, amounted to 2.21% in January and 1.83% in July and the introduction of thresholds (HFL 220 to 250 for every 1% increase in the index) but not ceilings. In the printing trade, and in certain other small sectors, the increase in wages was under 1%, over and above the sliding scale adjustments.

In the public sector, the Government broke with tradition by imposing from 1 January a rate of increase that was 0.3% to 0.7% lower than in the private sector, but with the introduction of a ceiling of HFL 450 for each 1% index-linked increase. A similar austerity measure was applied to social security benefits.

In addition, a law to reinforce the Government's medium-term austerity programme was voted on 28 June. It came into force on 1 July and covered the second half of 1979. The main points are:

- (i) no index-linked increase for that part of earnings exceeding HFL 55 000;
- (ii) elimination of the ceiling on index-linked increases (HFL 450) in the public sector in the second half of the year;
- (iii) wage increases equal to those granted to civil service employees in the strict sense for employees in the semi-public sector. A ceiling of HFL 500 per 1% index-linked increase was introduced;
- (iv) a 0.2 to 0.7% cut in increases in social security benefits;
- (v) three-point drop in the wage index for calculation of the minimum statutory wage.

The trade unions strongly opposed this law. Strikes in the meat industry and in the ports during the summer led to substantial wage increases, whilst the discussions concerning the exclusion of the effects of oil price rises from the index worsened the atmosphere still further. As it was, the Government measures announced in the 1980 budget rely on tax measures to maintain the purchasing power of modest income groups (HFL 32 500 per year in real terms) and the 80% indexation of tax scales (as in 1978 and previous years, compared with 100% in 1979).

The statutory minimum wage was, as each year, adjusted twice in 1979. On 1 January it rose from HFL 1 722.50 to HFL 1 751.10 per month, an increase of 1.7%; this adjustment does not correspond to the growth rate of wages in the period April to October 1978 owing to the reduction by legislation of one point in the reference index. Under the Law of 28 June, the minimum wage was raised by 2.23% on 1 July bringing it to HFL 1 790.10 per month. This too was lower (by 1.62%) than it would have been in normal times. A new method of indexing the minimum wage was instituted by a law passed in December 1979. Consequently the minimum wage rose by 2.03% to HFL 1 826.50 per month as from 1 January 1980, but this rise is still 0.27% lower than it would have been according to the old method.

Mention must however be made of the Minister of Social Affairs submitting the question of workers paid less than the legal minimum wage to the Social and Economic Council. The Council's opinion is requested as to ways and means—judicial or otherwise—which can be used to combat such a situation.

A report by the Central Statistical Office on income distribution in the period 1970-75 showed that differentials were narrowing. In 1970 the average income of the top 10% of the population was 5.6 times that of a worker earning the statutory minimum wage, while in 1973 it was only 4.9 times as much and in 1975, 4.6. The report goes on to point out that this phenomenon is due not only to the Government incomes policy, but also to the growing number of pensioners, the drop in the number of self-employed persons and the shift of labour to the services sector.

Income formation and distribution continue to be among the Government's main concerns, and a draft law intended to form part of the overall incomes policy reflects the previous Government's proposal to improve earnings transparency in relation to job categories. Whilst awaiting the Social and Economic Council's opinion, the law on Government intervention to determine incomes not fixed by collective agreement has been prolonged by two years. The Government has furthermore asked the Social and Economic Council for an opinion on a draft outline law for income formation. In an opinion issued by the Social and Economic Council on medium-term economic and social policy, it was suggested that problems connected with income distribution should be dealt with in a multiannual social programme which would also cover concertation on work-sharing, the democratization of decision-making procedures in undertakings and the financing and ownership of investments.

166. In the field of asset-formation policy, following the heated debates in Parliament on the two draft laws presented in April and October 1978,¹ the Government is considering whether to amend them significantly or to replace them with other schemes. The objections made in Parliament to the second proposal (collective participation in the growth of undertakings) concerned, among other things: its equivalence to a tax on growth, the danger of a decline in foreign investment and fear that the project would come into conflict with the concept of individual asset formation by workers on account of its link with early retirement plans.

United Kingdom

167. In the United Kingdom, Phase III pay guidelines expired on 31 July 1978 and the Government heralded the fourth year of pay restraint with the publication of a White Paper, 'Winning the battle against inflation', advocating wage increases not exceeding 5% in the period August 1978 to July 1979.² The support of the Trades Union Congress (TUC) was vital to the success of this new phase, but the lively discussions provoked by the White Paper

¹ Social Report 1978, point 168.

² Social Report 1978, point 169.

throughout the country showed that workers were opposed to any further Government intervention in wage bargaining. The Government plan, rejected by the trade unions in October and the Labour Party in November, lost its credibility on 3 December when the House of Commons voted in favour of a motion against the use of sanctions against companies which breached the policy.

Faced with a wave of labour disputes in various sectors—including the public sectors—and deprived of an essential prop in its wages policy, the Government actively sought to conclude an agreement with the trade unions along the lines of the 1974-75 'social contract'. In February, a 'concordat' was reached which defined a code of conduct in the case of labour disputes but gave no specific guidelines on the question of wage claims in the immediate future. Although the concordat stresses the need to boost economic growth to bridge the difference between the standard of living of British workers and that of their counterparts on the Continent and seeks to bring the inflation rate down to 5% by 1982, it contains no reference to the total wage bill except to say that if wages considerably outpace economic growth this would be incompatible with the objective of high productivity combined with low production costs. It was feared that pay claims would escalate, but in the event the negotiations—now held at sectoral or regional rather than national level—led to average increases (about 15%) distinctly lower than had been demanded (15 to 40%); for example, truck drivers received 20%, miners 9 to 13%. These settlements are reflected by the index of average earnings, which in May registered an annual increase of 13.5% as against 10.3% rise in the consumer price index—a 2.9% gain in purchasing power.

General elections were held on 3 May, and in her speech at the opening of Parliament, the new Prime Minister announced a return to freedom in pay negotiations, including those in the public sector, substantial reductions in direct taxation, an increase in VAT and the forthcoming abolition of the Price Commission (the latter was deprived of its powers a fortnight later, one month before the Price Commission Act was repealed). With respect to wages and salaries in the private sector, the Government is placing responsibility on employers and trade unions to negotiate settlements in line with the economic situation of the undertaking concerned, which in practice means that wage increases should be linked to the profitability of the undertaking and to productivity gains. Similarly, in public corporations, pay bargaining should be conditioned by what each can afford, and in central and local government it must take place within the limits of what the taxpayer and ratepayer can afford.

Presenting his first budget in June, the new Chancellor of the Exchequer announced the following tax measures: income tax on the upper brackets reduced from 83% to 60%; the standard rate of tax lowered from 33% to 30%; higher exemptions for dependents and the basic VAT rate increased from 8% to 15%.

In practical terms, the direct taxation measures will have the effect of taking about 1.5 million taxpayers out of the tax net and will cut the amount of tax paid at higher earning

levels drastically. On the other hand, the new basic VAT rate introduced on 1 July has had the effect of raising the July price index by 4.3% (compared with June), bringing the annual inflation rate (16%) to the same level as the rise in average earnings.

To illustrate trends in household incomes, in August 1979 the Government published a new Tax and Prices Index (TPI) which shows the combined effect of direct taxation and consumer prices on the average taxpayer's purchasing power. Essentially, this index measures the changes in gross earnings needed to maintain net earnings at the same level in real terms. In July 1979, the TPI had risen by 13.2% in one year compared with a 15.6% rise in the consumer price index. It is worth noting, however, that the TPI held steady between June and July 1979, the effects of the increase in indirect taxation and general inflation as reflected in the consumer price index being offset by the cuts in direct taxation.

In the field of asset formation the new (Conservative) Government has expressed its desire to encourage wide ownership of real and financial assets. The Government has announced its intention to introduce special arrangements to enable employees of State-owned bodies which are returned to the private sector to take up shares in the new companies if they wish. The methods by which this can be achieved are currently under consideration. For example in the recently announced arrangements for the sale of shares in BP, employees buying shares who are prepared to make them over to a trust are to be given additional shares on a one-to-one basis.

Chapter VI

Housing

Trends within the Community

169. Encouraging energy saving and improving the quality of housing in line with the aspirations of occupants, have been of major concern in housing policies in the last few years. With respect to energy saving, changing user behaviour (limits on domestic heating temperature) is one of the aims of the measures undertaken.

With respect to quality, the new premium systems and construction subsidies have resulted in a tendency to build larger dwellings than before. Another objective, on which numerous research projects are under way, is to improve the architectural quality of buildings, especially through the industrialization of building techniques; this involves the production of compatible units which can be combined in a variety of ways. There has been a radical shift in government policy towards improving existing stock, giving clear priority to low-cost housing, and specific measures for owners (whether owner occupiers or tenants), old people and families living in unfit dwellings. Aid for the renovation of unfit dwellings makes it possible to conserve part of this stock, and it usually covers the greater part of the costs involved in eliminating unhealthy conditions, and can nearly always be combined with a housing improvement allowance.

170. Against this background, the Commission organized a European Habitat Competition, which made it possible to analyse plans for renovating zones in the Community. Entries had to describe the problems faced and the means used to overcome them. The results of this analysis will be published early in 1980.

The Commission once again contributed to the cost of studies and pilot schemes concerned with housing for the physically or mentally handicapped and for foreign workers.

Development of the situation in the member countries

171. In Belgium the slow rate of utilization of funds was one of the reasons for the slight increase in government capital expenditure. In effect, by the end of September only 61% of this budget had been utilized.

Fortunately, the improvement in the general economic situation since the beginning of the year has produced a certain revival in demand for non-residential building so that for the first time since the 1974-75 recession there appears to be what may be a permanent recovery in this area. In contrast, however, there has been a further substantial fall in the demand for housing. The number of building permits granted in the first half of the year dropped by about 15% on top of the conspicuous fall in 1977 and 1978.

In Denmark new legislation on housing was adopted by the coalition Government (Social Democrats and Liberals) and the Radicals in spring 1979 and will come into force on 1 January 1980.

The new housing agreement is a continuation of existing policy aimed at eliminating differences in the cost of renting or owning a dwelling. It also provides further aid for the construction of new low-cost housing and student accommodation.

In the Federal Republic of Germany, demand in the building industry probably reached its peak in the first half of 1979, but demand is still so high that production potential is still being considerably overstrained.

As a result, numbers unemployed in the building industry fell by 11 200 in July 1979 (31.2% down on the previous year) and the number of vacancies in this industry at the end of July rose to 44 600 (36% up on 1978).

In 1976 supply and demand (i.e. number of available dwellings and number of applicants requiring housing) had already for the first time balanced themselves out at around 23.9 million units, although the occupation density had decreased and living space per occupant has consequently risen. However, regional and qualitative differences persist, as do problems concerning the provision of housing for disadvantaged groups and as regards the residential environment, which need to be dealt with via concentrated measures and increased financial aid.

In France, economic difficulties caused a slight reduction in the level of new construction. Even so, the renovation of existing housing stock became an important element of the Government's housing policy and to this end it substantially increased the 1980 budget allocation for the rehabilitation of old housing and instituted a comprehensive aid/grant system.

Priority was given to installing energy saving devices in new and renovates housing, and loans, grants and tax allowances were all used to this purpose. Moreover, the Government announced its intention of building over 5 000 solar-heated homes.

For Ireland, 1979 was a year of strain on the economy due to oil price rises and entry into the EMS and, accordingly, the Irish Central Bank was forced to adapt stricter credit guidelines and lower lending limits. Thus, 'bridging' loans for house purchases have been more difficult to obtain, resulting in a deflationary impact on the housing market. In spite of this, the Government has continued to pursue its housing policies aiming to promote home ownership and improve housing stock.

One of the Government aims was increased employment in building and construction and in its budget statement of February 1979 the Government specifically included measures aimed at creating more employment in the building industry. This same budget statement announced tax relief on the labour costs for home repairs and maintenance and also on mortgage payments.

Finally, in 1979, a new Housing Act was passed facilitating changes in the various housing schemes in current use and the system of house-price controls was strengthened and extended.

In Italy the positive effects of the laws adopted in 1978 and 1979 have been slow to emerge whereas some negative effects, which the Government is attempting to combat with emergency measures, have already become apparent.

As a result of the new 'Equo canone' Law (fair rents Act) many tenants have been given eviction orders and many others will receive them in the near future. Such families are thus placed in a serious position because there are no houses available to rent.

Decree Law No 105 of 17 October 1979 introduced certain emergency provisions including the deferment of eviction, a financial contribution of LIT 400 million to communes with more than 350 000 inhabitants for the purchase of existing housing to be rented to evicted families, and a subsidy of up to LIT 1 million to enable evicted low-income families to pay off any arrears.

In Luxembourg, the most notable event of the year was the implementation of new legislation concerning housing aid (applying from 1 March 1979). The new law covers three types of aid:

- (i) direct grants to individuals;
- (ii) grants to individuals in prescribing neighbourhoods and earmarked for improvements;
- (iii) grants awarded under the auspices of a newly created agency 'Fonds pour le logement à coût modéré', to facilitate the purchase of dwellings constructed by the agency.

In the Netherlands the economic situation in recent years originally had very little effect on the housing situation and the policies pursued. The demand for owner-occupied dwellings (old and new) was in fact so great up to 1978 that lots had to be drawn in some cases among prospective purchasers. Where new buildings are concerned, there has been a drop of 20% between January and December 1979 as compared with the same period of 1978. There is a similar drop in subsidized buildings as well as those for rent whereas non-subsidized house building seems to keep the same level.

In the United Kingdom the rate of new house building in the public sector is dependent to a large extent upon decisions taken by local authorities in the light of their own particular needs. The Government's expenditure plans published in November 1979 anticipate that capital expenditure on housing in the public sector will be unchanged between 1978-79 and 1979-80 but will fall by about UKL 280 in 1980-81. The reduction compared with 1978-79 reflects the expected decline in local authority new house building which will result from a change in local authorities priorities.

Housing requirements, building programmes, dwellings completed

172. The number of dwellings completed in 1978 was down on the figure for 1977, but there was a more marked decline in the number of subsidized dwellings. It must however be noted that the authorities set greater store on improving the habitat and that the impact of this policy is not always clearly reflected in Table 5 (pp. 127-8).

The table does not, moreover, show the precise effect of measures specifically aimed at boosting employment in the building industry.

Building costs

173. Recent index figures reflect a continuation of the trend towards a slowdown in the growth of building costs (taxes included).

In the public housing sector, information available on cost prices for completed dwellings confirms this slowdown. However, figures for the first half of 1979 show that prices have risen more sharply than last year.

This development reflects rises in the price index for building materials since mid-1978. Although figures from various sources continue to indicate a moderate rise in wage costs, the combined effect of the two key cost price components in the residential building industry (hourly wage costs and building material prices) is currently exerting greater upward pressure on cost prices than last year.

Precise figures on differences in the cost trends for traditional and industrialized building methods are not available. There are no statistics available either for the costs of house renovations.

Rents

174. In Belgium, rent control arrangements (Law of 10 April 1975)¹ by which rents may only be adjusted according to certain rules on an annual basis in line with consumer price rises, are to remain in force in 1980. On 1 January 1980 rents can be raised by 5%.

In Denmark, there was an average rent increase of about 8% between 1 May 1978 and 1 May 1979. The rise last year was also 8%.

In the Federal Republic of Germany, rent increases continued to slow down in the first eight months (2.8% up on the same period last year). Rent increases for public sector housing (2.5%) were distinctly below rent increases for older buildings. However, since the middle of the year rent increases have been picking up and will probably be between 6% and 10% in the case of new dwellings being occupied for the first time.

In France, the Government authorized increases of between 6.5% and 12% in older buildings in 1979, but rents remained stable in the low-cost housing category (IV). From January 1979, a maximum rent increase of 12% was laid down for dwellings other than older dwellings or low-cost housing (HLM²) unless major renovations are carried out, in which case landlords will be permitted to raise rents by a further 4%.

Public housing in Ireland is now let in accordance with a differential rent scheme. Some older houses are let on the basis of a fixed rent and are gradually changing to a differential rent system. Fixed rents (which do not vary with a tenant's income) were raised by 25p a week from March 1979, while the 'weekly income thresholds' from which the differential rents are calculated were raised by about 15%. In the private sector, legally controlled rents were not allowed any increase during 1979.

In Italy, the supply of private rented accommodation is beginning to dry up. The main reason is not so much the low rate of return (basically 3.85% with an increase applied at 75% of the rise in the cost of living) as the problem of how much accommodation is available and how easily it can be disposed of. Rents should rise at a slower rate than the cost of living (i.e. at 75% of it), in line with the mechanism for triggering off the 'aquo canone'.³

¹ Social Report 1978, point 177.

² Habitations à loyer modéré.

³ Social Report 1978, point 177.

TABLE 5

Completed housing and proportion of subsidized dwellings¹

Country	Dwellings completed	1974	1975	1976	1977 ¹	1978 ²
Belgium ³	Total number of dwellings	66 145	78 547	76 907	73 160	66 532
	Number per 1 000 inhabitants	6.8	8.0	7.8	7.4	6.8
	Number of subsidized dwellings	29 928	31 077	31 553	30 446	33 790
	% of total	45.1	39.6	41.0	41.6	50.8
Denmark	Total number of dwellings	48 595	35 510	39 218	36 276	34 218
	Number per 1 000 inhabitants	9.6	7.0	7.7	7.7	6.7
	Number of subsidized dwellings	11 250	8 519	8 922	6 374	5 501
	% of total	23.1	24.0	22.7	17.6	16.1
FR of Germany	Total number of dwellings	604 400	435 910	392 380	409 012	368 145
	Number per 1 000 inhabitants	9.7	7.1	6.4	6.7	6.0
	Number of subsidized dwellings	147 821	126 700	132 100	139 600	90 225
	% of total	24.5	29.1	33.7	34.1	24.5
France	Total number of dwellings	500 400	514 300	449 000	450 900	440 100
	Number per 1 000 inhabitants	9.6	9.8	8.5	8.4	8.2
	Number of subsidized dwellings	355 200	355 600	316 000	267 000	254 000
	% of total	71.0	69.1	70.4	59.0	57.7
Ireland	Total number of dwellings	25 420	26 890	24 000	24 548	25 444
	Number per 1 000 inhabitants	8.2	8.6	7.6	7.7	7.6
	Number of subsidized dwellings	24 745	25 840	21 053	15 748	19 223
	% of total	97.3	96.1	87.7	64.2	75.6
Italy	Total number of dwellings	180 700	219 647	184 276	149 283	177 320
	Number per 1 000 inhabitants	3.2	3.9	3.3	2.6	3.1
	Number of subsidized dwellings	19 000	24 000	44 000	52 000	48 000
	% of total	10.5	10.9	23.9	34.8	27.1

Luxembourg	Total number of dwellings	3 395	3 330	3 380	2 840	2 530
	Number per 1 000 inhabitants	9.5	9.2	9.2	8.0	7.1
	Number of subsidized dwellings	1 324	1 185	1 140	953	864
	% of total	39.0	35.6	33.7	33.2	34.2
Netherlands	Total number of dwellings	146 174	120 770	106 813	111 047	105 825
	Number per 1 000 inhabitants	10.8	8.9	7.6	8.0	7.6
	Number of subsidized dwellings	110 433	98 490	85 915	83 999	75 269
	% of total	75.5	81.5	80.4	75.6	71.1
United Kingdom	Total number of dwellings	278 000	313 200	324 000	312 948	288 091
	Number per 1 000 inhabitants	5.0	5.6	5.9	5.6	5.1
	Number of subsidized dwellings	134 000	162 300	169 000	170 156	136 361
	% of total	48.2	51.8	52.2	54.0	47.2
Community	Total number of dwellings	1 853 429	1 748 104	1 599 974	1 570 014	1 508 205
	Number per 1 000 inhabitants	7.1	6.8	6.2	6.0	5.8
	Number of subsidized dwellings	833 701	833 711	808 581	766 276	653 233
	% of total	44.98	47.7	50.5	48.8	43.3

¹ Any dwelling, whose cost of construction, purchase or rental is kept at such a level that it can be rented or purchased by financially less-favoured population groups through financial means made available by public authorities (loans, bonuses, subsidies, low-interest rates) is regarded as a subsidized dwelling.

² Provisional figures.

³ The figures refer to dwellings whose construction was started.

During the last year, however, many frozen rents have been increased substantially. Thus, between July 1978 and July 1979, the rent index rose by 24.3 points as compared with a rise of 14.9 points in the general index of consumer prices.

In Luxembourg, no new measures affecting rent levels were introduced in 1979.

In the Netherlands, rents of dwellings more than one year old rose by 5% on 1 July, although a lower rate may be applied where the rent was too high in relation to the quality of the dwelling and vice versa. Both are determined on the basis of an ingenious system of awarding points for the quality of the dwelling and the neighbourhood in which it is situated. By and large, rents are not rising faster than the cost of living.

In the United Kingdom many privately rented dwellings are covered by the Rent Act 1977 for which 'fair rents' may be independently assessed and registered. Rent registration is not compulsory but once fixed, rents may not normally be reviewed for three years; increases are then recovered in three equal instalments. The Housing Bill published at the end of December will reduce those periods from three to two years.

Reconstruction and modernization

175. In Belgium, a socio-economic survey conducted in 1977 concluded that, in addition to the rather limited action taken by the authorities in the sphere of renovation, an average of about 20 000 dwellings per year have been pulled down since 1970 in the private sector (some of these, but certainly not all, were unfit for habitation). The survey also revealed that the number of dwellings in which amenities such as sanitary facilities and central heating were added rose sharply.

In Denmark, 10 000 dwellings that were considered unsuitable for modernization were demolished in 1979. The modernization and renovation of old houses has continued.

In the Federal Republic of Germany, a total of DM 219 million was set aside for about 80 000 dwellings in 1979 under the modernization programme for dwellings worthy of preservation run jointly by the Federal authorities and the individual *Länder* (50% of this money has been earmarked for modernization priority areas). There are, furthermore, measures aimed at modernization within the framework of the Law on promoting urbanism and within the special investment programme for the future all part of the Federal programme (Zukunftinvestition-Programm: ZLP).

In addition, DM 2 350 million has been made available under a five-year programme to improve the housing stock. Loans subsidies, and higher tax rebates were used to encourage modernization of dwellings and energy-saving measures.

In France, the Government continued to play its part in the special HLM (low-cost dwellings) housing programmes, but measures carried out this year were geared more

towards setting up a more coherent financing system (a grant of 20% to 30% plus an additional 15-year loan at 9.25%). These measures are expected to make it possible for an increase in the annual number of rehabilitated dwellings under the HLM programme from 60 000 to 80 000 by 1980.

In Ireland, the major change in the scheme of Government assistance towards house improvement was the introduction of special grants to reduce dependence on oil through the installation of solid fuel heating systems. A new tax concession on residence-related improvement works has helped to encourage an increase in house repairs, as has the more feasible framework for grants and loans provided by the new Housing Act of 1979.

In Italy, more than a year has passed since the adoption of the Ten-year Plan, Title 4 of which lays down special 'standards for renovating existing buildings' as part of special 'recovery plans' to be drafted and adopted by the communes. However, to date no such plans have been approved.

Nevertheless, there has been quite considerable and widespread renovation of old dwellings, although this has been the result of individual initiatives which do not form part of any coordinated plan.

In Luxembourg, no legislation directly touching upon general urban renewal was adopted in this past year, but under the 1979 Law on housing aids, the acquisition of old housing stock benefited from both grants (calculated on the basis of the family's income) and interest-rate subsidies.

In the Netherlands, HFL 716 400 000 was available in the form of subsidies for urban renewal and the improvement of housing for 1979, a purpose for which HFL 544 000 000 was paid out in 1978.

A new draft law on urban renewal is under discussion. The aim is a more decentralized approach than under the previous Government.

In the United Kingdom 125 000 improvement grants were approved in 1979 for dwellings in England and Wales, almost exactly the same figure as the previous year. Over half of these grants went to private homes as against council houses.

It seems that some of the controls and limitations on grants for home improvements imposed by the previous Government will be lifted by the new one.

Town and country planning

176. In Belgium, work continued within the framework of the general town and country planning law on the approval of regional plans. Furthermore, according to a statement made in May 1979 by the responsible Minister in the Flemish Regional Council, the Flemish

Regional Executive hopes to draw up an overall plan for Flanders, in addition to the existing 25 regional plans.

The statement also makes it clear that measures will be put in hand to combat land speculation, a subject that is raised regularly in discussions on housing policy and town and country planning.

In Denmark the departmental authorities have elaborated the first projects under regional planning. These must now be approved by the Minister for the Environment with due regard to the overall aims of town and country planning. Regional planning will constitute the framework for municipal development.

In the Federal Republic of Germany, 577 slum clearance and urban development schemes in 459 municipalities were accorded financial support amounting to DM 183.5 million under the law on the promotion of urban development (Städtebauförderungsgesetz).

In France, the report on the VIIIth Plan (1981-85), published in July 1979, sets out the main lines of urban planning policy. It stresses that urban planning must be kept on a human scale and recognizes the special problems large families have in finding suitable accommodation in towns.

Numerous measures were taken in 1979 with regard to the architectural aspects of town planning. The French Government set aside FF 12 million in 1979 for between 100 and 150 pilot projects in new urban construction and planning, in order to give further impetus to its environmental policies.

In Ireland, town and country planning is governed by the 1963 and 1976 planning Acts. In this connection applications for building permits for certain important industrial developments must be accompanied by a study of the effects of the planned development on the environment. Any person may appeal to the Planning Appeals Board against the decision of the Planning Authority on an application for planning permission.

In Luxembourg, existing legislation on urban planning remained unchanged in 1979.

In the Netherlands, there were no changes of substances to existing legislation.

A draft law was introduced on the amendments to town planning legislation announced in the town planning guidelines memorandum. The explanatory memorandum accompanying the 1980 budget indicates that the Minister is less concerned with radical changes than with better harmonization of existing legislation.

In the United Kingdom the municipalization of private sector housing has been halted by the new Government, and local authorities are now able to buy private houses for improvement only if they intend to re-sell them afterwards.

All further expenditure under the Community Land Act has been halted and it is intended to repeal the Act in the present session of Parliament.

The Government has also announced a number of proposals to speed-up and streamline the planning system and to encourage the sale of surplus publicly owned land.

Chapter VII

Family affairs

Trends within the Community

177. In political and social discussions in a number of Member States, more and more attention has been focused on questions of family policy more or less directly linked to demographic problems. In the Federal Republic of Germany the Government, following its undertaking to Parliament to publish a periodic report on the family, presented a third report drawn up by an independent expert committee, together with its own Opinion. The French Government submitted a report on family policy to Parliament pursuant to the Law of 1977 instituting the 'family supplement'. In Belgium and Luxembourg, draft Government programmes contain numerous provisions concerning the family.

178. There would seem to be growing awareness of the particular needs of single persons with one or more dependent children, but few measures have yet been adopted to meet them. A law passed in 1979 in the Federal Republic of Germany authorizes advances on maintenance payments from public funds, and the French Government has entrusted a working party with the task of finding solutions to the problem of the recovery of maintenance payments, which is also being discussed in Belgium and Luxembourg in the ministries concerned. Another measure that bears witness to a more understanding approach to the situation of such people is the decision taken in France to do away with age limits for entrance to the Civil Service in the case of widows, divorced women and single mothers, and to give them priority for access to retraining courses.

179. The United Nations' decision to declare 1979 the International Year of the Child prompted all the Member States to initiate wide-ranging programmes of activities organized by public authorities and non-governmental organizations, frequently in collaboration, which highlighted the number of problems still to be solved in order to improve the welfare of children. The wish was generally expressed that the action should be continued in the coming years. The Commission of the European Communities made a special effort to develop certain actions already under way for children in various fields: social, education,

consumer protection, development aid, etc., and carried out certain activities specifically planned for the Year of the Child. These included a public opinion poll on attitudes and behaviour towards children in the nine Member States which has collected valuable information on the living conditions, needs and hopes of Europeans and their children.

The 16th Conference of European Ministers responsible for Family Affairs, in which the Commission took part, was held in Athens in May 1979; the subject dealt with was 'Family policy as an instrument for providing equal opportunities for children'.

Development of the situation in the member countries

Belgium

180. The proposals for the reform of the social security system put forward by the Minister for Social Security contain certain provisions concerning family policy such as a slight increase in tax allowances for dependents, more effective family allowances for handicapped children and the creation of a maintenance entitlement fund designed to facilitate the collection and payment of maintenance allowances.

The 190 home-help services for families and the elderly received over BFR 2 272 million in subsidies from the Government in 1978; there were 11 394 home helps and senior citizens' helpers. A royal decree of 11 October 1978 concerning the Flanders region introduced several new conditions governing the registration of these services. To qualify for subsidies, the services must provide help for at least eight hours a week in any given case; they are also required to employ a specific proportion of social workers in relation to the number of active home helps or senior citizens' helpers (ratio of 1:30).

Measures—still limited but likely to be further developed—have been taken to deal with the problem of caring for children who, because of illness, are temporarily unable to attend day nursery; these measures might involve the creation of a special section at the day nursery or the institution of an emergency service to provide child minders at home.

The draft law amending certain provisions of civil law with respect to affiliation and adoption, tabled in the Senate on 15 February 1978, will be given priority in view of the recent judgment by the European Court of Human Rights.¹ The main purpose of the law is to give children born out of wedlock the same rights as legitimate children.

¹ Marckx v Belgian State.

Denmark

181. The income ceilings determining entitlement to free care for children in day nurseries and nursery schools have been raised. At present, households with a taxable income of less than DKR 40 000 (compared with 20 000 previously) are entitled to this service. Above this ceiling, parents are required to contribute to the cost; those with an income exceeding DKR 80 000 (compared with 60 000 previously) are required to pay the full cost. Furthermore all local authorities are, from 1 August 1980, required to open a nursery school section in primary schools so that parents can begin their child's schooling at this stage if they so wish; previously, it was up to the local authorities to establish such classes or not.

The report of the Child Welfare Commission (set up by the Government in 1975) on ways of improving the lot of children is expected for 1980.

The Minister for Justice has introduced a Bill on the granting of a State financial aid to the legal costs borne by rape victims.

Federal Republic of Germany

182. Family allowances for the second child have risen from DM 80 to DM 100 a month.

The Government published a third report on the family (the first two were published in 1968 and 1975) drawn up by an expert committee, together with its own Opinion on the report. The report concentrates on a few essential points: the economic and social situation of the family, family benefits, the importance of the family in the child's education and demographic trends; it also deals with the problems experienced by migrant workers' families.

As regards the Law of 25 June 1979 allowing working mothers who so wish to take an additional four months' post-natal leave while receiving a maximum allowance of DM 750 per month during this period,¹ the opposition in the Bundestag and the majority in the Bundesrat demanded, as did the family associations, that this measure be extended to women not gainfully employed.

A Law of 18 July 1979, to come into effect on 1 January 1980, revises the provisions of the civil code concerning relations between parents and children, the key elements of which have been in effect since 1900. The law adapts these provisions in line with the principles of the Constitution and with present-day reality. Thus, the new law provides that parents should take account of children's growing ability and need to lead a responsible and independent life; it encourages education directed towards independence and personal

¹ Point 208 of this Report.

responsibility. It also deals with the custody of children in cases of divorce and the protection of ill-treated children.

A Law on advances on maintenance payments of 23 July 1979, to take effect from 1 January 1980, guarantees a minimum income for the children of single parents to be provided via advances from public funds; it applies to children under six for a maximum of three years in cases where the other parent pays no maintenance, or where such payments are insufficient. Before this law was voted on, a survey was made of the circumstances of single parents with children. This showed that there was often a delay of over six months in the payment of maintenance allowances and that most women made no effort to obtain this money, being either resigned or apprehensive about the procedures.

A pilot programme on the early education of young foreign children is designed to support and improve the family education of foreign children under three by providing guidance for parents as regards education, medical care and access to social facilities. It also seeks to promote suitable forms of extra-family education, mainly conducted by specially trained day-time child minders.

France

183. A Decree of 6 August 1979 set up an interministerial committee for the family, and the Minister of State for the condition of women (attached to the Prime Minister) was given the task of coordinating the Government's family policy.

Family allowances were raised on 1 July 1979, with a higher rate of increase for families with three or more children. The supplementary allowance granted under certain conditions to families with modest incomes¹ rose from FF 354 to FF 395 per month. Thus, a family with three children entitled to this family supplement receives FF 1 000 in benefits each month.

To alleviate the effects of the economic situation, in particular the rise in energy costs, the Government adopted exceptional measures: the allowance paid at the beginning of the school year (to families of modest income, which affects 5 million children) was raised from FF 189 to FF 400, whilst the supplementary allowance (which affects 2.7 million families), paid in October, amounted to FF 600. The estimated cost of these two exceptional measures is FF 1 600 million.

The maximum amount of the 'replacement' allowance paid to farmers' wives who interrupt work for the birth of a child, which is intended to cover the cost of a replacement, rose to FF 187 per day from FF 150, and the maximum period for which it is payable was extended from 14 to 28 days.

¹ Social Report 1977, point 187.

The Law of 7 July 1979 did away with age limits on entrance to the civil service for certain categories of women: mothers of three or more children, widows and divorced women not remarried, women who are legally separated and single persons with at least one dependent child for whom work is a necessity. A working party was set up to examine the findings of the various studies made on the recovery of maintenance payments (with particular reference to divorced women) and to propose ways of solving this problem.

The number of qualified home helps continued to grow, rising from 6 720 in 1978 to 7 062 on 1 January 1979. A new system of agreements between the *départements* and the home help services is gradually being developed, to improve financing conditions.

The Government's family policy was debated in Parliament in November 1979; during the debate, the Government listed the measures it intends to take on behalf of families. The Law of 31 December 1979 on voluntary termination of pregnancy for the most part embodies the Law of 17 January 1975 (valid only for five years) and includes new measures designed to increase prevention in this field.

Ireland

184. The income tax child allowance was reduced from IRL 240 to IRL 218 per year per child to offset the improvements in family allowances.¹ On the other hand, special income tax relief of IRL 250 a year for one-parent families was introduced; about 15 000 families will benefit from this tax allowance. At the same time, the duration of a prisoner's wife's allowances was extended for four weeks after the date of the prisoner's release.

A family planning bill was adopted authorizing the sale of contraceptives to married couples but only on a doctor's prescription; it also provides for the setting up of family planning services. It has been widely criticized in various circles. The Irish Association of Social Workers considered the provisions of the Act too narrow, and in particular regretted that account had not been taken of the document it submitted to the Department of Health when the draft law was under discussion, at which it recommended a more comprehensive role for family planning services in providing information, advice and counselling on all methods of contraception, genetic problems and psycho-sexual difficulties.

The law on adoption was changed following a constitutional referendum held in July 1979.

Italy

185. The health plan for 1980-82 made public by the Minister of Health and which will be discussed by Parliament sets out three priority objectives: first, to reduce the infant

¹ Point 210 of this Report.

mortality rate, particularly by eliminating differences between the Regions; the second relates to the elderly; and the third to workers' health at the place of work—accidents and occupational diseases.

The outline law of 1975 providing for the creation by the Regions of family planning centres has been implemented on a widely differing scale, depending on the Region. In some Regions, many centres have been created: 107 in Lombardy, 154 in Emilia-Romagna, 94 in Tuscany, 87 in Piedmont, while in others—Venezia, the Abruzzi, Calabria—there are far fewer centres, and in several of the southern Regions none at all.

A whole series of proposals for law concerning children, wife and family were tabled by socialist deputies in October. Their purpose reflects the legislative trends in these fields current in most Community countries; the proposals concern, among others, the choice of name on marriage, divorce (in particular, shortening the period of separation from five to two years before divorce can be obtained in the case of mutual consent), better protection for the least well off of the two spouses, an adoption reform enabling a single person to adopt, changes in the law on rape, and in the recent law on voluntary termination of pregnancy.

Luxembourg

186. In addition to the increase in family allowances for the second child,¹ a Law of 28 March 1979 raised the maternity grant to LFR 31 859 from October 1979.

Following the passing of the Law of 15 November 1978 on sex information and the voluntary termination of pregnancy, the Government concluded an agreement with the family planning association with a view to setting up four regional information and advisory centres. The 'Action familiale et populaire' association also set up a centre of this type and will open another in 1980.

The Law of 13 April 1979 on the reform of the affiliation law abolished all forms of discrimination under civil law between legitimate and natural children. Further, the Law of 26 April 1979 reformed the inheritance rights of the surviving spouse and natural children; in future, these children will have the same rights as legitimate children to their parent's estate.

The programme for the next few years presented by the new Government in July 1979 allocates a significant place to family policy. Certain measures are already in the form of draft laws published by the Government:

- (i) extension of maternity allowances to all women (for a maximum of 16 weeks, hitherto reserved for employed women only;

¹ Point 212 of this Report.

- (ii) creation of a system enabling the National Solidarity Fund to advance and recover maintenance payments when a debtor does not fulfil his obligations.

Other measures are provided for in the next few years, in particular:

- (i) periodical adjustment of family allowances in line with wages and salaries (at present they are linked to the price index);
- (ii) introduction of an allowance for education in the home;
- (iii) development of day nurseries and home help services. It is planned to increase the number of home helps from the present 30 and bring it by stages to about 150;
- (iv) the introduction of a system of loans to young households.

Netherlands

187. The demand for places in day nurseries has gone up sharply but could not be met out of available resources. Budget allocations for 1980 have increased by more than HFL 5 million compared with 1979—from HFL 22.6 to 28.2 million—with which about 20 new nurseries can be set up. Furthermore, the Ministry of Education and the Ministry of Cultural Affairs, Recreation and Social Work allocated HFL 3 million per year for three years for pilot projects to discover the best methods for the reception and care of children. About ten experiments will concern children of ethnic minorities under six, while eight others will concern the care of four- to twelve-year-olds outside school hours.

The list the Government put before Parliament at the end of 1978 setting out the provisions in Dutch law that discriminate between men and women, or between single and married persons, is being examined by the appropriate ministers with a view to preparing, if necessary, any changes in legislation or administrative rules and regulations.

A directorate responsible for the coordination of policy for the emancipation of women has been set up in the Ministry of Cultural Affairs, Recreation and Social Work. In addition, an interministerial committee was set up in 1976 for the same purpose with representatives of all the ministries and it has established a working party on the problems of foreign women. Temporary regulation of the State financing system to stimulate activities favouring emancipation is to enter in force on 1 January 1980. Certain pilot schemes were subsidized as early as 1979.

United Kingdom

188. Child benefits were raised from UKL 3 to UKL 4 per week for each child.¹

¹ Point 214 of this Report.

The shortage of facilities for pre-school care and education of the under-fives continues to be a cause for concern, but there has been an increase in the number of registered child-minders, to whom local authorities have increasingly turned, and the development of new forms of day care.

The question of maternity leave has also been much under discussion. The Equal Opportunities Commission, an independent body with the statutory duty to promote equal opportunities for men and women, considers that the provisions of the Employment Protection Act are modest in comparison with schemes negotiated between individual employers and trade unions. The Government view is that the statutory provisions set out minimum rights and that it is desirable that improvements should be left to individual and collective negotiations. The Equal Opportunities Commission is opposed to the requirement that women must have been in full-time employment with the same employer for a minimum of two years to be entitled to maternity leave and is recommending that the two-year period need not necessarily be with the same employer. The Government however consider that a qualifying period of two years is necessary to limit the burden on employers and that to extend this to employment with a series of employers would lead to great administrative difficulties. The Equal Opportunities Commission has also called for the maternity grant to be increased to UKL 100 per child. This claim is the subject of a campaign by various circles and of parliamentary proposals. It was set at UKL 25 in 1969 and has remained the same ever since.

At the end of the year the Government introduces legislation which would amend the statutory provisions relating to reinstatement after maternity absence. These will be debated in Parliament and are expected to become law in 1980.

An Act was passed in August to protect children under 16 from exploitation for pornographic purposes through photography or films.

In Northern Ireland, a major review of the law relating to children and young persons and to adoption is under way.

Chapter VIII

Social welfare services

Trends within the Community

191. The trend towards curtailing public expenditure has given cause for concern to those responsible for social welfare services, particularly in the United Kingdom and Denmark. In some Member States efforts are currently being made to slow down the rate of growth of social expenditure—the appropriations for social assistance in the Netherlands being an example. In countries where restrictions are envisaged, the central authorities are recommending that local authorities do their utmost to preserve services for the least well-off individuals and groups. In practice, it is difficult to make such a distinction since most recipients of social services are persons in need.

192. Individuals and families in low-income groups are particularly hard hit by the sharp rise in heating costs due to difficulties in the energy sector. In the Federal Republic of Germany a law was enacted in October providing for a special allowance this winter for persons with incomes below a certain ceiling; an estimated 3.5 million will be entitled to this allowance. In the United Kingdom, the former method of an allowance towards heating costs has been replaced by a system which concentrates aid where the need is greatest. In Ireland, the earlier system has been improved.

193. Despite the difficulties arising from the economic situation, action in the field of social welfare is remarkably dynamic in all the Member States both as regards the novelty of the measures introduced and in its capacity to adapt to needs. This is certainly the area in which 'social innovation' has been the most noteworthy.

Due to limited space, only a few of the measures and trends observed in the Member States can be described in this chapter. A Community document testifying to the vitality of social welfare activities and illustrating the highly-evolved forms it can take in the field, is the Second Report on the European programme of pilot schemes and studies to combat poverty,

presented by the Commission to the Council in October 1979.¹ These pilot schemes, described in detail, reflect the most modern concepts of social welfare and embody a number of principles that are cornerstones of reforms at present under study or in hand in the Member States of the Community, e.g., emphasis on preventive measures and administrative decompartmentalization—particularly as between the health and social services, joint social work by professional and voluntary workers, priority given to citizen participation, stress on evaluating the action and backing it up by research.

Development of the situation in the member countries

Belgium

194. Some studies have attempted a preliminary evaluation of the effects of the 1976 legislation which set up public social welfare centres (CPAS) to replace the former public assistance committees. Difficulties have arisen with respect to the autonomy these centres should enjoy under the Law; they originate in the political nature of the composition of the governing and administrative bodies of the centres and their financial dependence on the municipalities. There is also some uncertainty as regards fields of competence, since municipal social policies and action by the CPAS tend to overlap. Social welfare activities at municipal level, are thus in a state of flux at present.

New services have been set up and staff recruited, who—following the spirit of the law—are trying to provide not only material, but psycho-social aid, and at the same time engage in preventive action. The latter tasks, however, have been hampered by the shortage of funds available to the centres. There appears also to be a lack of coordination. This no doubt will be one of the tasks of the central monitoring service provided for by the law, which is to be set up by the Ministry of Public Health with the aim of promoting a comprehensive social assistance policy.

On 27 October 1979, the Government decided to allocate BFR 2 300 million to measures for the least-favoured categories. This decision affects handicapped persons (25% increase in the attendance allowances), persons on low pensions, recipients of invalidity benefits under the wage and salary-earners' scheme (flat-rate increase in minimum benefits) and beneficiaries under the elderly persons' guaranteed income and minimum subsistence income (minimex) schemes.

¹ This Report has been transmitted to the European Parliament and the Economic and Social Committee.

Denmark

195. There are plans for certain changes in the provisions of the law on social assistance, especially as regards cash benefits.

Following the steep rise in heating costs and fuel taxes, many elderly persons now find themselves in financial difficulties. The Government, therefore, requested Parliament to vote an increase of DKR 100 million for 1979 and 1980 in the funds available to municipalities to assist particularly needy pensioners. In the longer term it hopes to improve pensioners' situation by amending the legislation on grants to promote energy saving and introducing other measures to reduce fuel consumption.

As part of the overall programme adopted by the Government in December 1979, the 'energy' heading has been deleted from the price index; however, no change has been made to the index used as a reference for pension adjustments. To minimize the effects of this situation, the Government is now planning to grant a special heating allowance to be paid in a lump sum in the autumn of 1980 to low income groups, especially pensioners.

It may also be noted that recipients of temporary benefits under the law on social assistance may include the increase in expenditure on fuel in their statement of fixed costs, while those in receipt of regular allowances under the same law will obtain the lump-sum payment referred to above.

Federal Republic of Germany

196. The Parliament adopted a law, with effect from 27 October 1979, granting a lump-sum allowance for the winter of 1979-80 to help low-income groups to meet the additional outlay incurred by the rise in fuel costs. The amount of this allowance is calculated in such a way as not to act as a disincentive to energy saving. Recipients of housing allowances and all persons with a net monthly income below DM 900 (DM 1 250 for a household of two persons) may benefit. The allowance amounts to DM 120 for the first person and DM 60 for every other person living in the household, up to a maximum of DM 420. The total cost of this measure is estimated at over DM 500 million, two-thirds of which are financed by the Federal authorities and one-third by the *Länder*. An estimated 3.5 million households and single persons are entitled to this aid.

In 1979 the Federal Ministry for Youth, Family Affairs and Health published survey reports on 'social infrastructures'. The study dealt with the needs of utilizers together with the services supplied to three target groups: the elderly, handicapped persons and adolescents. It showed that assistance to the elderly was relatively satisfactory—this was no doubt due to the priorities established in recent years with respect to policy for the elderly—but there was room for improvement in home help services and their financing. In the case of handicap-

ped persons and adolescents aged 14 to 18, there is still a serious shortage of services and social facilities. The Ministry is examining these findings to determine what measures should be taken.

The number of social centres (Sozialstationen) offering mobile health and social assistance services has been increased. There are 1 040 subsidized social centres, besides a substantial number that receive no public aid.

In 1978 and 1979 the private social welfare bodies carried out an investment programme for the construction of establishments for their joint use, for an amount of over DM 45 million. This programme, to which the Federal Government is contributing 70%, covers 11 projects: further training centres for social workers and paramedical staff; centres providing advice and therapy for persons coping with special social problems; establishments for the rehabilitation and retraining of handicapped persons.

The Government supports pilot projects to assist 'marginals' and studies concerning the possibilities for their social reintegration. Works have been published on the progress of research on the homeless, vagrants and gypsies and the effectiveness of aid provided to these groups. The results obtained made it possible to determine the requisite measures. Other pilot projects are in preparation, in particular one concerning a contact centre for women ex-prisoners.

Following a decision adopted in 1977,¹ local sickness insurance funds have begun to set up their own 'social service' operated by social workers and experts on the rehabilitation of handicapped persons. Social workers visit insured sick persons at home or in hospital and bring whatever help is needed; for example, looking after children, preparing the way to take up a less tiring job, or studying ways of improving housing conditions. Since it would be impossible to visit all the sick, priority is given to certain categories, such as long-standing hospital patients, the elderly, persons living alone, etc...

In August 1979, the Federal Government adopted a programme for foreign refugees. Resources have been allocated for aid concerning information, legal advice, psycho-social and medical assistance and for measures to facilitate the integration of refugees or their emigration to other countries. This programme is implemented in liaison with national and international social action organizations.

France

197. The draft law on expanding the responsibilities of local authorities now under discussion in Parliament contains provisions that would profoundly modify the method of financing statutory social assistance expenditure.

¹ Social Report 1977, point 199.

The minimum old-age allowance—granted to about 2 million people—was raised twice in 1979, from FF12 900 to 14 600 per year. The annual income ceiling beyond which this allowance is not paid has been raised from FF 13 800 to 15 500 for a single person, and from FF 25 800 to 29 200 for a couple. On account of the economic situation, in particular the rise in energy costs, an exceptional supplementary allowance of FF 200 was paid in October to recipients of the minimum old-age allowance.

The law voted in 1975 wherein are laid down guidelines for assisting handicapped persons is being gradually implemented—48 implementing decrees have been published. In 1978, the monthly allowance of FF 1 075 to handicapped adults whose incapacity at 80% or less made them unable to find employment, was granted to 176 000 persons. The supplementary allowance for handicapped adults who require a helper in constant attendance ranges from FF 11 238 to 22 476 per year. The number of beneficiaries is estimated at 120 000.

There is a growing demand for home helps for the elderly and their number now stands at about 60 000. The 'Caisse nationale d'assurance vieillesse' (National old age insurance fund) contributes 60% of the financing of these activities, the 'Bureaux communaux d'aide sociale' (Local social assistance Bureaux) 22% and the 'Caisses de retraites complémentaires' (Complementary old age assurance funds) 18%. The situation of home helps is precarious and their working conditions are difficult—however a wage agreement covering their work was signed in 1978 and a collective agreement of wider scope is in preparation.

A State diploma relating to community work (DEFA) has been instituted by the Decree of 28 June 1979. This new diploma, issued by the Ministries for Health and Social Security and Youth and Sport, will give official recognition to community workers in different fields of activities—youth clubs (social integration), clubs for the elderly, community centres, etc.

Ireland

198. In April social assistance payments were increased by between 12% and 16% (depending on whether they were short- or long-term benefits), with a further increase of between 6% and 8% in October. The means test for claimants of some social assistance benefits was relaxed and certain anomalies in the application of this system removed.

A new mobility allowance was introduced for seriously handicapped persons.¹ In addition, free travel facilities were granted to blind persons aged 18 to 21 travelling to special work and training and all mentally handicapped persons entitled to free travel were exempted from the restrictions applying to travel at peak hours.

¹ Point 210 of this Report.

Measures were taken to ensure coordination between statutory agencies, i.e. the health boards, the Department of Justice and the local authorities, dealing with the children of itinerants. Considerable extra funds were made available and it was decided to set up a reception centre for children in urgent need of care, a day care centre and a small hostel for very disturbed adolescent girls. Discussions will continue on the best means of catering for the needs of these children.

Provisions have been taken as regards a fuel allowance for the 1979-80 winter. Until recently, local authorities in 17 cities and towns operated a system whereby a certain quantity of turf (peat) was supplied each week to persons in need, either free of charge or at very low cost. Since October 1979, the authorities concerned may issue weekly vouchers worth IRL 1.50 each which can be used to buy any kind of fuel or to pay electricity bills.

As regards assistance for Irish people working abroad, the scope of the Committee on Emigrant Services has been enlarged to include the examination of the effectiveness of existing welfare services for Irish workers in Great Britain and, where necessary, to make recommendations about financial assistance towards the employment of social workers by Irish centres there. The Committee will continue to provide information and aid for Irish people wishing to emigrate and those wishing to return to Ireland.

Italy

199. The draft law concerning the reform of the social welfare system is still being discussed by the competent parliamentary committee. The Law of 23 December 1978 setting up the national health service which advocates the creation of 'local health units', have had certain repercussions on the organization of assistance and social welfare services. Many of those responsible for social welfare would have liked this basic structure, i.e. the 'local unit', to be used for administering health and social services, but uncertainty regarding the eventual date of adoption of the draft law on social welfare, besides other factors, have prevented this. However, Article 15 of the law on the reform of the health service stipulates that 'regional laws will lay down rules governing the coordinated and integrated administration of the services provided by local health units and the social services in this area'.

Such coordination would appear necessary if one considers that the tasks of the local health units include: health education, individual and collective prevention regarding both physical and mental illness, health protection for mothers and children, the defence of the right to planned and responsible parenthood and industrial medicine. Furthermore, the spirit of the reform, which emphasizes prevention and citizen participation in the administration of services, demands not only that the basic structure be located in the same area but also joint planning in the health and social sectors.

In many places ideas have actually been put into practice before being embodied in law. In fact, once the devolution of powers from central government to Regions had been started by the 1972 decrees, the Regions could do one of two things: they could wait for national outline laws whilst assuming the powers which the State had transferred to them without introducing innovations, or pre-empt the main objectives set out in the proposals for reform by beginning to implement practical reforms at local level. Some Regions chose the second approach from the outset by promoting the setting-up of 'local health and social service units'. Gradually the number of such Regions has increased and nowadays more than half of the total are following this line.

Luxembourg

200. Benefits from the national 'Solidarity Fund' were increased by 10% by a Law of 1 March 1979. A Law of 16 April 1979 created a special allowance for seriously handicapped persons in need of constant attendance.¹ The same law enables the Government to provide handicapped persons with the equipment necessary to help overcome physical disabilities and improve their integration into society or the working environment.

A Grand-Ducal Decree of 6 February 1979 provides for the establishment of a special institution for those suffering from cerebral palsy, comprising an education and vocational training section, a functional rehabilitation section, a section responsible for rehabilitation in the patient's home, a medical service and a reception centre. Tuition, rehabilitation, treatment and transport for trainees will be free.

In the past 12 months five new family centres have been set up for socially or mentally handicapped children, whilst eight others are being built or modernized.

Netherlands

201. Appropriations for social assistance shown in the (amended) 1979 budget amounted to slightly more than HFL 5 000 million. The rate of increase of expenditure as compared to 1978—when expenditure was nearly HFL 4 900 million—has been considerably curbed.

On 1 August 1979 there was a change in the conditions governing assistance, granted from social assistance funds, for young unemployed persons under 21. This mainly involves young school-leavers who, never having been in employment, are not eligible for unemployment insurance benefits and thus have recourse to unemployment assistance. The benefit, formerly the same as that granted to adults, was reduced slightly and now varies

¹ Point 212 of this Report.

according to age; in October the monthly amount was fixed at HFL 709.30 for 18-year-olds, 778 for 19-year-olds and 846.70 for 20-year-olds.

An outline law currently under discussion and involving the decentralization of social welfare policy from central government to the provinces and municipalities is expected to enter into force by 1985. Experiments begun or continued in certain municipalities in 1979 should result in recommendations concerning the details and field of application of this law; the experiments in question are known as 'development projects' and a four-year social welfare programme to determine needs and the means of coping with them will be drawn up within this framework at local level. Social welfare bodies and the population at large will also participate in drawing up this plan. In line with the principle of gradual decentralization, a new financing system for socio-cultural activities came into effect on 1 January 1979.¹

The policy of reducing the number of old people's homes (and at the same time expanding home help services) was continued. Efforts are still being concentrated on maintaining the '7% rule', i.e. that in each region old-people's homes should be able to offer places for 7% of the total number of elderly persons.

Since 1977 the Ministry of Cultural Affairs, Recreation and Social Works has been promoting the development of voluntary aid. Financial contributions are granted, generally in collaboration with the local authorities, to new measures of an experimental nature. At the present time eight 'volunteer centres' are being subsidized for a period of four years. They are responsible for matching the supply of voluntary workers to demand and informing the public and the social welfare organizations of these activities. Subsidies are also granted to the 'Landelijke Stichting Werkwinkel', a national body which promotes voluntary work.

In March 1979, the responsible Minister promised that a report on Government policy on voluntary aid would be laid down in Parliament and an inter-ministerial Committee was set up to prepare this document, which will be made up of separate reports on the various problems such as the relationship between voluntary and professional social workers, reimbursement of volunteers' expenses, their status and training, and the link between voluntary work and employment.

United Kingdom

202. The social services will not be completely sheltered from the effects of the Government's policy of reducing public expenditure and there may have to be some cut-backs in staff. The local authorities, who administer the social services and educational establishments, have been warned to expect a reduction in the financial support which they receive

¹ Social Report 1978, point 204.

from central government. The Government, however, expect them to protect, as far as they can, those services which they provide for the most vulnerable members of the community.

The Government's proposals for the reform of the Supplementary Benefits Scheme are now before Parliament. The proposals take account of the Report by officials on the review of the Scheme and the comments received following distribution of the Report for public discussion. It is expected that the Scheme will continue to support about 5 million people. The major objectives of the proposed changes are to simplify the Scheme within a new legal and administrative structure; to direct resources more towards benefit recipients with children, and to remove existing discrimination against married women who can never at present claim benefit on behalf of the family. Because of economic restraints the changes will be made at no extra cost but the proposals are seen as only the first stage of reform of the scheme.

Parliament has approved proposals by the Secretary of State for Social Services to amend the method of fuel costs assistance applied in recent years. Under the new system a heating allowance of UKL 0.95 per week (UKL 50 in a full year) will be paid to supplementary benefit householders who are over 75 and/or have a child under 5, i.e. 110 000 pensioners and 150 000 families. 85 000 family income supplement recipients will receive similar help.

The discussion paper on the elderly which the Government published in 1978 attracted considerable public interest and well over 1 300 sets of comments were received. These will be taken into account in the preparation of a White Paper setting out the Government's general strategy for elderly people.

The Committee of Inquiry into the nursing and care of the mentally handicapped set up in 1976 submitted its report, which includes radical recommendations on staff training, which the Government is now considering.

The 'Central Policy Review Staff' (a Government advisory body) published a report entitled 'Housing and social policies—some interactions', which is intended to stimulate wider discussions among officials, academics and the general public.

In Scotland the 1978 Community Service by Offenders Act introduced provisions whereby offenders might, under certain circumstances, be ordered by courts to undertake community work as an alternative to a prison sentence. This brings Scotland in line with England and Wales where similar provisions already apply.

Chapter IX

Social security

Trends within the Community

203. Two major trends characterized developments in social security in 1979: the restructuring of social protection and the reform of financing.

There have undoubtedly been a number of improvements in certain aspects of social protection systems, such as the laws on maternity leave in the Federal Republic of Germany (a similar proposal is being drafted in Denmark), the extension of hospital care to new beneficiaries in Ireland, sickness benefits for self-employed persons in non-agricultural sectors in Luxembourg, the generalization of mobility grants for the disabled in the United Kingdom. But the main issue at stake in the reforms discussed or carried out in 1979 was the restructuring of protection systems. In Belgium, for instance, a plan to reform social security was submitted by the Government for discussion by the two sides of industry. This plan, which is designed to restore financial soundness to the system, also provides for an extensive series of changes in the various branches of social security designed to make the system fairer and more efficient. In Denmark, various improvements were made to the system of unemployment benefits, whilst in France the two sides of industry drew up legislation establishing the framework for a new system of benefits for the unemployed which combines the various types of assistance into a more coherent whole. In Italy, work on setting up the national health service was continued; as of next year it will replace the former sickness insurance organizations. At the same time proposals were made to reform the various pension schemes. In Luxembourg, further progress was achieved in harmonizing pension schemes in the agricultural sector. In the Netherlands, tax relief for dependents was offset against family allowances under a new integrated system, while the various schemes granting family allowances were combined into a single system covering the entire population. Lastly, in the United Kingdom a system of child benefits involving the abolition of tax rebates for dependent children came into effect. It should be added that in several countries, especially Belgium, the Federal Republic of Germany, Ireland, the Netherlands and the United Kingdom, special attention was paid to the reorganization of social protection systems to eliminate discrimination based on sex.

204. In several countries the financing of special security constituted another topical issue, sometimes on account of the financial problems besetting the schemes and sometimes because of the supposed effects of certain financing procedures on employment. Thus, the plan put forward by the Belgian Minister for Social Affairs to reform social security, in addition to simplifying the system in certain respects, introduces differentiated contribution rates depending on the nature of the undertaking employing the workers in question (i.e. whether capital intensive or labour intensive). The same line of thought was followed by the corresponding Minister in the Federal Republic of Germany. In view of the employment situation, certain provisions reducing social charges have been extended in Belgium, France and Italy; in the latter country a thorough overhaul of these provisions is being considered. In Luxembourg, the ceiling on contributions has been standardized for all pension schemes. Lastly, in Ireland, as of April 1979 a radical reform was introduced, generalizing the earnings-related contributions system and abolishing flat-rate contributions. It should be added that in several countries increases, often quite substantial, have been made in contribution rates whilst financial aid to social security schemes from the public authorities was held down and restrictive measures were imposed on expenditure in the health sector (particularly in Belgium, France and the Netherlands).

205. Community action followed the same line of thought as some of the national measures. For example, the Directive of 19 December 1978 on equal treatment for men and women in matters of social security calls for changes to the systems to eliminate discrimination based on sex. The Commission welcomes the fact that certain Member States have undertaken to implement this principle progressively as from the present. In another context, on 15 May 1979, the Council invited the Commission to carry out studies and analyses prior to drawing up a Community framework for the reorganization of working time, with particular reference to flexible retirement. Here again the conclusions reached after reflection at Community level should lead to reviews of national legislation: Lastly, the Commission is continuing its study of the economic repercussions of the means of financing social security systems, especially their effects on employment. It considers that this problem should be dealt with at Community level, taking account of measures adopted at national level.

However, it is regrettable that the concertation of social security policies has not yet reached a stage where proposals for major reforms could be the subject of regular discussions at Community level. A procedure of this type, even if it involved no more than an exchange of national experience in the area in question, could not fail to be beneficial—not only for the Community, but also from the standpoint of national interests, in view of the valuable lessons to be learnt. The fact that at the end of the year one country requested such consultations should be regarded as a particularly welcome initiative in this connection; the outcome will be observed carefully.

Development of the situation in the member countries

Belgium

206. A number of measures were taken during the early months of the year to amend specific aspects of social security legislation: these included an improvement in the position of apprentices and deserted wives as regards family allowances, an increase in disability pensions for miners and an increase in the allowance for handicapped persons requiring an attendant. In addition, the allowance for the new school year was restricted to children aged over three.

Attention should be drawn to the consultations on economic and social policy begun in early autumn between the Government and the two sides of industry. One subject of negotiation was the reform of the social security system, in the light of the serious financial problems being encountered. A plan for a thorough overhaul of social security financing was discussed, under which employers' contributions would vary depending on whether the undertaking in question was capital or labour intensive. Since no agreement was reached, a request for an opinion on a radical reform of the social security system as regards its financing was submitted to the 'Conseil national du travail' (National Labour Council).

Measures were implemented early in October to eliminate various abuses regarding unemployment benefits. At the year end, the medical profession and certain trade unions demonstrated their opposition to the Government's decision to propose measures to curtail health expenditure.

Denmark

207. Certain changes in unemployment insurance legislation, adopted last year, came into force at the beginning of 1979; they included an early retirement scheme for unemployed workers aged 60 and over, with the same option available, at the same age, to workers still in employment and contributing to unemployment fund (for five years in previous ten). It has been estimated that 35 000 persons benefited from this measure in the first six months of this year—considerably more than expected.

Further amendments to the unemployment insurance scheme were introduced by the Law of 6 June 1979, which covered a whole range of specific points: the maximum number of members permitted to unemployment fund; the inclusion of days on which the worker was laid off when calculating leave entitlement for the following year; conditions governing entitlement to benefits in the event of short-time working, or refusal of an offer of employment.

In the other branches of social security, benefits were adjusted in time with the cost of living, whilst on 1 January 1979 various improvements were made as regards the situation of retired persons in the context of the first phase in the distribution of sums held in reserve by the pensions funds.¹

Federal Republic of Germany

208. The Law of 25 June extends maternity protection.² Henceforth working (or unemployed) mothers will be entitled to a further four months' maternity leave in addition to the period already covered (six weeks before and eight weeks after confinement), during which they will receive an allowance based on their previous salary up to a maximum of DM 750 per month. Sickness, disability, old age, death and unemployment coverage will continue in effect, without payment of contributions.

On 1 July 1979, family allowances for the second child were raised from DM 80 to DM 100 per month.

The Government has tabled a draft law extending sickness and pension insurance protection to self-employed artists and journalists. This scheme will be financed by contributions paid half by the insured and half by the undertakings which benefit from the work of the artists or journalists in question. Provision has also been made for Federal Government aid.

Under another draft law, a farmer's surviving spouse wishing to continue working on the farm may obtain a helper and temporary aid from the agricultural pension fund. If, however, he or she abandons the farm, either to bring up children or when, due to age (from 45 years), the person concerned can no longer find suitable paid employment, basic protection is provided.

In addition, reference should be made to the opinion given by the Committee of experts on social security for women and survivors. Various proposals have been put forward with a view to achieving equal treatment for men and women as regards survivors' pensions, the improvement of women's individual rights as regards old age and disability insurance and the correction of certain anomalies in order to harmonize contribution rates.

France

209. The Law of 16 January 1979 outlined a new system of unemployment benefits, supplemented on 16 March by a national inter-professional agreement between the two sides of industry.

¹ Social Report 1978, point 210.

² Point 182 of this Report.

The new system, which replaced the former 'combined' system (public assistance plus unemployment insurance) on 1 July, provides four types of benefit:

- (a) a basic allowance, e.g. the normal allowance, consisting of a flat-rate payment (FF 22 per day) plus an earnings-related element (rate: 42%); this allowance is granted for 12 months (longer for an unemployed worker aged over 50) but payment of the flat-rate portion may be extended in the form of an 'end-of-entitlement' allowance;
- (b) a special allowance for wage-earners dismissed for economic reasons, consisting of a flat-rate portion (FF 22 per day) plus a degressive earnings-related element (65% of earnings during the first quarter, 60% during the second quarter, 55% during the third and 50% during the last quarter).¹ The special allowance, which is paid for one year, may not total less than a given percentage of previous earnings (75% at the beginning of the relevant period—first quarter—and 60% at the end);
- (c) an income support allowance (corresponding to the early retirement allowance) fixed for wage-earners aged 60 and over who are dismissed or resign at 70% of the reference wage;
- (d) flat-rate allowances for certain categories of persons: young people, women, released prisoners (FF 22 to 43 per day depending on the case). These allowances are paid for 12 months upon completion of a six-month job-seeking period.

As part of the 'national employment pact' (Law of 10 July), exemption from employer's contributions was reintroduced for one year for young persons, women living alone and apprentices. Furthermore, the general agreement of 24 July on social protection in the iron and steel industry provides opportunities for early retirement at 55 or later (50 in some cases).

Other measures taken during the year mainly concern elderly persons and families (increase in the minimum old-age pension and several types of family benefit, and a special increase in October in certain social benefits).

Despite the increase in social security contributions at the beginning of the year (from 11.5% to 12.9% for old age insurance; sickness insurance contribution ceilings were also raised significantly), the financial outlook for the system led the Government to adopt a recovery plan. This plan provides for a cut-back in health expenditure through various measures (involving doctors' and dentists' fees, pharmacists' incomes, expenditure on pharmaceutical advertising and hospital budgets). It also provides for increased revenue from contributions, with a temporary increase of 10% in insured persons' total contribu-

¹ This flat-rate portion may not be less than 70% of the SMIC.

tions, from August 1979 and the introduction of a sickness insurance contribution for pensioners (supplementary pensions will also be liable). Further, a social security auditing committee has been set up.

Ireland

210. A major reform in the method of financing social security came into effect from April 1979. Flat-rate contributions replaced by earnings-related contributions, the rate payable for the majority of the insured being fixed at 13.15%; that is, 4.40% for workers (1% being allocated to health care) and 8.75% for employers, with a ceiling of IRL 5 500 per year.

From the same month long-term social security benefits were increased by 16% and short-term benefits by 12%; in addition, all benefits were further increased by IRL 1 per week in October. Family allowances rose from IRL 2.30 to 3.50 per month for the first child and to IRL 5.50 per month for the second and any subsequent children. At the same time, the period of entitlement to unemployment benefit for married women was increased to 312 days (instead of 156 days as previously); this constitutes a step towards full equality of treatment, since other beneficiaries' entitlement extends to 390 days.

Reference should also be made to another major improvement in health care legislation: the income ceiling for eligibility for free hospitalization and specialist treatment was increased from IRL 3 000 to IRL 5 500, again as of April, and there are plans to raise it to IRL 7 000, thus covering 95% of the population.

Lastly, a mobility allowance has been introduced for seriously handicapped persons aged 16 to 66. This allowance, of IRL 150 per year, is paid subject to a means test.

Italy

211. Reference should be made firstly to the Law of 27 December 1978, setting up the national health service to replace all the existing sickness insurance organizations. In this way all citizens will receive the same health protection whilst being free to choose their own doctor. The State will perform guidance and coordination functions; the regions will have certain legislative and planning powers, whilst the communes will be responsible for the 'local health units' covering groups of 50 000 to 200 000 inhabitants. However, a whole series of implementing measures will have to be adopted, and the 1980-82 'health plan' drawn up, before the reform can enter into force (in principle, on 1 January 1980). The provision of benefits in kind will be taken over by the body responsible for pensions.

At the beginning of the year, pensions were reviewed and the lowest were increased by nearly 20%. A comprehensive reform of the entire pensions sector now under study would involve the unification of the various schemes and the introduction of uniform rules governing the conditions for entitlement to benefits.

Contribution rates were increased as of 1 January 1979 for persons in the crafts and trade sectors, domestic workers, apprentices and fishermen. Unemployment insurance contributions were also raised. On the other hand, the partial fiscalization of sickness insurance contributions along the lines laid down last year¹ was again extended until the end of the present year. However, in this connection it may be noted that the Minister of Labour submitted a technical report to the Government proposing that fiscalization measures be re-examined in view of the need to reduce labour costs.

Luxembourg

2/2. In view of their particular importance the following should be mentioned among the numerous legislative measures introduced during the year:

- (i) the Law of 15 February, increasing family allowances for the second child by 25%;
- (ii) the Law of 29 March, which adjusts all contributory pensions² to the average wage level for 1977 and fixes the contribution ceiling for salary-earners' pension schemes to four times the amount of the statutory minimum wage; this ceiling also applies to pension funds covering self-employed persons in the crafts, trade and industrial sectors but it has also been extended—and this is a new feature—to manual workers' pension schemes;
- (iii) another Law of 29 March, which completely reforms the agricultural pension scheme to bring it into line with the other contributory schemes. This objective was achieved by making changes in the conditions governing entitlement (in particular, the qualifying period for invalidity pensions was reduced from 60 to 12 months; an early retirement pension can now be obtained at 60, etc.) and increasing benefits (special adjustments, as in the other schemes, and introduction of a minimum pension). Alignment with the other schemes also entailed the adoption of similar financing rules, though with certain modifications: earnings-related contributions subject to the ceiling referred to above; contribution rates guaranteeing the financing of periodic adjustments;

¹ Social Report 1978, point 214.

² Under a Regulation of 29 March, the same adjustment was made to industrial accident pensions.

- (iv) the Law of 23 April which introduces a flat-rate benefit in the event of sickness for self-employed persons (craftsmen, tradesmen) at least equivalent to the statutory minimum wage and payable for 52 weeks. The allowance is not, however, paid during the month in which incapacity for work is reported, or the following three months. A Regulation of 24 May extends the same measure to members of the liberal professions. In both cases the measures are to be financed by a slight increase in sickness contributions (0.10%).

Reference should also be made to the Law of 16 April, which introduces a special allowance for all seriously handicapped persons (that is to say, persons for whom an attendant is essential) provided they are resident in Luxembourg. Provision is made for two monthly rates: up to 18 years, LFR 3 034; over 18 years, LFR 6 068 (at the cost of living index in effect on 1 June 1979).

Lastly, the medical examinations previously carried out by the various social security bodies have now been entrusted to a central-government body—the 'Contrôle médical de la sécurité sociale'—to enable the legal provisions relating to disability and rehabilitation to be applied to insured persons on a uniform basis.

Netherlands

213. The system of family allowances is being restructured in several stages. After completion of the first stage last year,¹ the second stage provides for a 50% reduction in family allowances for the first child aged under three, provided he was born after 1 January 1979, whilst the age at which, under certain conditions, the allowance may be doubled or even tripled has been raised from 16 to 18 (Law of 28 March 1979). In the third stage, family allowances for wage-earners and self-employed persons are to be increased and unified under a single scheme covering the entire population from the birth of the first child (Law of 20 December 1979).

Young disabled persons aged 18 to 27 receive invalidity benefits instead of family allowances, pursuant to the general law on incapacity for work. However, under the Law of 10 March 1979, the family allowances are payable on a provisional basis when the young person in question is not resident in the Netherlands.

The general law on incapacity for work was revised (Law of 20 December 1979) pursuant to the Community Directive on equal treatment for men and women in matters of social security (the same procedure will be followed in other areas of social legislation).

As in the previous year, increases in benefits were cut by an amount varying from 0.3% for minimum benefits to 0.7% for maximum benefits (Law of 28 June 1979). However,

¹ Social Report 1978, point 216.

measures were taken to keep the net amounts of old-age and survivors' pensions in line with the net minimum wage. At the same time, beneficiaries of early retirement schemes became eligible for compulsory sickness insurance (health care).

Reference should also be made to a draft law concerning the establishment of legal responsibility for payment of social charges by the entrepreneur (even where work has been sub-contracted).

Restrictions have been imposed with a view to curbing the growth in health expenditure (particularly as regards hospital administration, pharmaceutical consumption, pay adjustments, etc.).

United Kingdom

214. The main social security benefits were increased in the autumn. Contribution rates were raised in April, as were the related thresholds and ceilings.

From September most people have been able to claim, and be paid, unemployment benefit every two weeks, instead of weekly as had previously been the practice. From December payment of unemployment benefit to students during the Christmas and Easter vacations has been limited to those who are normally employed during those periods.

The implementation of the child benefit scheme was completed in 1979 with a further increase in child benefit (from UKL 3 to UKL 4) and the removal of child tax allowances. The child benefit addition for one-parent families was also raised in 1979.

The list of occupational diseases has been extended.

The Pensioners' Payments and Social Security Act, 1979 made provision for a lump sum to be paid to pensioners in November or December each year; in 1979 the sum was UKL 10.

By the end of the year the phasing in of mobility allowance had been completed. All severely disabled people aged 5 to 65 can now claim the allowance and continue to receive it up to the age of 75. The allowance was increased to UKL 12 a week from November.

National Health Service dental charges were increased in July by 20%, while charges for drugs and appliances went up by between 100% and 130%.

Safety, hygiene and health protection at work

Trends within the Community

215. In 1979, as in the past, the Member States were concerned with improving the protection of workers at work, as can be seen from the large number of laws, regulations and other measures which cover practically all areas and which are difficult to classify and compare systematically within an overall framework.

Many of these activities relate to the incorporation of Community provisions into national law. It has long been observed that the necessary procedures do not always seem to function smoothly and that they are relatively time-consuming. This readily explains many delays in adopting the provisions.

A further area activity is concerned with improving the working environment in its widest sense, facilitating work processes in the plant, and safety training; in this respect the remarks made in the last Report¹ still apply.

Finally, the Member States are also devoting considerable attention to improving the safety of machinery. As such, these tendencies are to be welcomed, because safe and ergonomically faultless machinery and equipment are one of the essential features of modern safety practices. The more advanced the technology of the plant, the greater the need for new safety requirements in respect of equipment, methods of testing equipment prior to use and for periodic tests—indeed, under certain circumstances, what is required is type or individual approval for certain machinery and equipment. Many Member States still have a considerable backlog in this area and we shall have frequent occasion to report on new provisions of this kind in this chapter.

However, the Member States should bear the following point in mind: if, in laying down certain safety requirements for equipment, only national qualitative values and standards

¹ Social Report 1978, point 218.

are taken into account, difficulties similar to those which have given rise to the harmonization work to remove technical barriers to trade are certain to crop up in the foreseeable future. It would be a considerable advantage if, from the outset, the Member States ensured a certain degree of flexibility in the technical requirements, made provision for the recognition of non-national standards and tests and, accordingly, gave the competent authorities generous discretionary powers. In this way many problems could be avoided which otherwise would have to be solved *a posteriori* in lengthy and complicated procedures pursuant to Article 100 of the EEC Treaty. However, it would be even better if it were possible, in the foreseeable future, to encourage the specialized technical committees to work effectively in this area at Community level.

Policy on safety and health at work is based on the action programme approved by the Council in 1978.

As part of the action programme the Commission decided to propose a framework directive which would make it possible to draft specific directives as part of an integrated policy. This framework directive does not merely provide a statutory basis as such, but also makes requirements as regards worker participation and the protection of workers against any adverse financial effects which may result if measures have to be taken.

Development of the situation in the member countries

Belgium

216. The only legal provisions on occupational safety to be mentioned are contained in three Royal Decrees which were issued at the end of 1978. The Royal Decree of 11 October 1978 amending the law on economic organization of 1948 and the law on occupational health, safety and hygiene of 1952 improves the regulations pertaining to the establishment of works councils and of committees for occupational safety and hygiene. The Royal Decree of 23 October 1978 on the administration of labour legislation and industrial law lays down the specific rights and measures open to the authorities with particular reference to the access to plants, the procedure, police support and penalties for infringements. Finally, the Royal Decree of 24 November 1978 amends the safety regulations for woodworking machines.

The following provisions were issued in the field of occupational medicine. The Royal Decree of 15 December 1978 concerns the protection of workers exposed to harmful dusts (including unbound silicon and asbestos). The Royal Decree of 10 January 1979 coordinates the measures for safety, occupational hygiene and improved working conditions in mines, surface workings and underground quarries. The Royal Decree of 12 February 1979

designates as generally binding the collective wages agreement of 22 June 1978 of the Joint Building Committee, containing individual provisions on sanitary installations which must be provided for workers on building sites. The Royal Decree of 20 July 1979 deals with the protection of workers against gases and vapours generated in the production and application of monomeric vinyl chloride and certain polymers. Finally, the Royal Decree of 27 July 1979 stipulates the conditions under which worker representatives on the committee for safety, occupational hygiene and improved working conditions or the members of the staff union delegation can demand the replacement of a company doctor.

The revision of provisions relating to the areas¹ mentioned in the last report was continued. Work has started on the revision of the provisions concerning oxygen and acetylene piping, containers for gases which are compressed, liquefied or released under pressure and the use of shoes with non-slip soles.

Denmark

217. By an Act of 8 June 1979 amending the Industrial Environment Act² the Minister of Labour was empowered to introduce provisions governing the notification, registration and use of hazardous substances, in order to protect workers against occupational health hazards. By an Order of 5 October 1978, similar provisions were laid down governing polyurethane and epoxy products; in addition guidelines were published providing information on the use of these substances. An Order of 23 November 1979 contains further regulations on the use etc. of asbestos and materials containing asbestos.

Further regulations based on the Industrial Environment Act are contained in the Order of 29 January 1979 on work clothing and personal protective equipment and in the Order of 5 October 1979 governing the employment of experts in all fields to advise and assist undertakings in planning a safe working environment; here also, further explanations are furnished in guidelines. The Decree of 20 June 1979 regulates contributions by the State, insurance institutions, local authorities and employers to the industrial environment fund, and how they shall be distributed; the fund, with an anticipated revenue of some DKR 30 million annually, is used to promote a better working environment by providing information and training and by other suitable measures.

The Order of the Minister of Labour of 24 October 1978, which regulates in greater detail the granting of State subsidies in order partly to offset expenditure arising out of the establishment of occupational health services, was supplemented by an Order of 15 June 1979 regulating the power of local authorities to grant subsidies for occupational health services. In 1979 the first occupational health centres were set up.

¹ Social Report 1978, point 219.

² Social Report 1977, point 225.

Other legal provisions govern the operation and rules of procedure of safety committees (Order of 7 March 1979), the qualification certificate for crane divers (amending Order of 21 March 1979), and stonemasonry firms, which are equated with other industrial establishments as regards industrial safety by the Order of 25 June 1979.

Finally, guidelines were also published on the topics of safety training and the measurement of air pollution for industrial hygiene purposes.

Further progress has been made in preparing provisions implementing the Industrial Environment Act.¹

Safety campaigns were carried out in the construction industry (the first campaign focusing on traffic routes, a second on safety organization) and in respect of plant health and safety measures; at present a campaign is being carried out on the 'shielding of machinery in the wood-processing industry'.

Federal Republic of Germany

218. Supplementary to the Order respecting workplaces of 20 March 1975² six further directives on workplaces were published. The Directive on fire extinguishing apparatus concerns protection against incipient fires, and in particular contains regulations on the installation of hand fire extinguishers in undertakings. The Directive on artificial lighting lays down basic requirements for artificial lighting, as regards for example uniformity, absence of glare and colour. It also stipulates minimum illumination levels for a number of premises and activities. The other directives on workplaces concern the ventilation of working premises (natural ventilation, forced draught ventilation), minimum requirements for power-driven doors and gates and protection against the falling of doors and gates opening upwards.

In connection with the Order respecting high-pressure gas pipelines, technical rules covering the following topics were published: pipe layout; rupture testing; pipes, pipe components and electrical installations at stations; operation and monitoring of stations; maintenance work at stations; testing of high-pressure gas pipelines.

To implement the Order on hazardous working materials² the technical rules respecting technical guide levels for hazardous working materials (new edition) and the measurement and assessment of toxic or noxious working materials in air (application of technical guide levels) were published.

¹ Social Report 1978, point 220.

² Social Report 1975, point 227.

Supplementary to the Order on flammable liquids, two newly drafted directives on the lining of storage tanks were published. In connection with the Order on acetylene plants, the technical rules on acetylene pipes and on plant for the production of acetylene dissolved under pressure were revised.

With the first Order implementing the law respecting technical working media of 11 June 1979, the EEC Directive of 19 February 1973¹ concerning the use of electrical appliances within certain voltage ranges was incorporated into national legislation. Accordingly, electrical appliances which are technical working media or components thereof may be marketed by producers or importers only when they comply with the standards of safety technology operative in the European Communities.

The general administrative regulation amending the general administrative regulation made pursuant to the law respecting technical working media of 11 June 1979 stipulates that supervisory bodies should base their examination of electrical appliances on the first Order pursuant to the law respecting technical working media.

Under the law amending the law respecting technical working media and the Industrial Code of 13 August 1979, machines and equipment which have been voluntarily submitted for testing and passed by an established body may bear the marking 'GS' (= safety-tested). For medical equipment, the Federal Minister of Labour and Social Affairs is authorized to issue orders containing further safety provisions. The resale of hazardous equipment and its display at exhibitions may be prohibited in future by factory inspectors even in the case of trading companies.

The mutual industrial accident insurance associations issued a safety directive entitled 'Electrical installations and appliances' on 1 April 1979. It stipulates that undertakings must ensure that electrical installations and appliances are installed, changed or maintained only by a skilled electrician or under the supervision of such a person and in accordance with the electric technical rules. They must also ensure that electrical installations and appliances are operated in accordance with these rules. The electro-technical rules referred to in this provision are the generally accepted rules of electrical engineering contained in the regulations, issued by the VDE (German Electrical Engineers' Association) which also embody the harmonized standards.

The bill respecting protection against hazardous materials (draft Chemicals Act) was forwarded in June 1979 to the legislating bodies. It is designed, *inter alia*, to implement the 6th EEC amending Directive on hazardous materials. A draft order to amend the Order on hazardous working materials, which will also implement several EEC Directives, is being prepared.

¹ OJ L 77 of 26.3.1973.

In connection with the legislation on installations requiring supervision, an order is imminent which will incorporate into national law the EEC Directives concerning general provisions for pressure vessels and methods of testing them, aerosol packaging and electrical appliances for use in explosive atmospheres.

As part of the action programme of research into the 'humanization of working life'¹ announced in 1974 a number of research projects on occupational safety, health protection at work, ergonomic jobs planning and organization of work were completed and contracts for new projects awarded. Among the main points of emphasis of this programme, research into the problems of night and shift work plays a major part. In addition to the industrial sectors the public sector has now also been included since a large amount of shift work is both common and necessary in this sector. Special importance continues to be attached to noise abatement, particularly in the design of machines and equipment.

One of the main concerns of the Federal Government is now to step up the practical implementation in industry of ergonomic knowledge gained so far.

France

219. The Act to promote the prevention of industrial accidents of 6 December 1976² was further implemented by four decrees dated 22 March 1979; these were discussed in detail by the Council for the Prevention of Occupational Risks (Conseil Supérieur de la Prévention des Risques Professionnels). The first decree deals with safety training which the employer has to provide for newly-recruited or temporary personnel, for personnel changing their workplace, and when working methods are modified; it gives detailed instructions regarding training and specifies the assistance which works councils and company health and safety committees are required to give in this area. The second deals with the incorporation of safety features in the design of dangerous machinery; it covers the procedure for prior testing of the most dangerous machinery and its protective devices and for mandatory certification in respect of manufactures or importers of other dangerous machinery, as well as requirements concerning equipment already in use and the prohibition procedure. The third decree deals with the incorporation of safety considerations in the manufacture and use of dangerous substances; it contains rules respecting the ways in which the authorities can act to regulate the technical provisions applying to substances, respecting the notification of new substances and preparations, and the taking of samples for analysis by the factories' inspectorate. The fourth is concerned with occupational medicine; it lays down rules for the establishment of inter-company occupational health services and ensures that both sides of industry play a more effective part in the work of the medical services; it is also designed to facilitate checks on medical services by the factories' inspectorate and to create better working conditions for the occupational physician.

¹ Social Report 1975, point 227.

² Social Report 1977, point 227.

The Decree of 28 September 1979 lays down safety requirements for the fireworks industry.

The inter-ministerial Decree of 25 April 1979 updated the regulations on the marking and packaging of dangerous substances and certain preparations in order to conform with the directives of the European Community; explanatory notes are contained in a circular of 30 May 1979.

Regulations on the protection of employees exposed to vinyl chloride and on protection against noise are being prepared. General regulations on the guarding of appliances, machines and machine parts and on circular saws, band saws, planing machines and presses are also in preparation. In addition a large number of individual technical regulations relating to very diverse areas are being prepared in the context of social security.

In 1979, the Ministry of Labour, in close cooperation with the Council for the Prevention of Occupational Risks, conducted a large-scale national campaign, especially on radio and television, to inform the public about the prevention of occupational risks; it is planned to continue this in 1980.

Special information in the form of a brochure entitled 'Greater safety at work' has been sent to groups with a particular interest or responsibility in this area; a first practical guide, published in October 1979, supplements this brochure, outlining and discussing the rules on safety training.

Legislative work continued steadily in agriculture. The abovementioned Decrees of 20 March 1979 on protection against machinery and dangerous substances and preparations as well as the inter-ministerial Decree of 25 April 1979 also apply to this branch of the economy. The Decree of 10 March 1979 extends the general provisions on hygiene and safety committees to agriculture. Two Decrees of 10 July 1979 implement the EEC Directives on noise and safety devices in the event of the overturning of tractors. Two further Decrees extend general provisions on internal rail traffic (6 June 1979) and on safety measures for passenger and goods lifts and certain other hoisting equipment to agricultural holdings. Numerous legal and administrative provisions are being prepared, in particular on protection against noise, agricultural tractors (type approval), general protection against machines, circular saws, band saws, etc, as are various provisions designed to extend general regulations to agriculture.

Ireland

220. Under the Factories Act (of 1955) and Mines and Quarries Act (of 1956) the Minister of Labour issued three regulations in 1979 amending provisions on electrical equipment in factories, mines and quarries. They are designed to keep pace with technological develop-

ment and deal with earth leakage circuit-breakers for use with portable and transportable electrical apparatus in the above branches.

The Regulations on the protection of eyes in factories of 1979 prescribes measures to be taken for the protection of eyes of persons employed on or near a process specified as constituting a hazard to eyes.

The 1979 Regulation amending general provisions on mines provide that persons first employed in a mine on or after 31 August 1979 (other than a mine specified in the Sixth Schedule to the Mines (General Regulations) must be medically examined during the last quarter of each twelve-month period of service.

Under the Dangerous Substances Act of 1972 the Minister for Labour issued Regulations in 1979 on retail and private petroleum stores, petroleum bulk stores, oil jetties, conveyance of petroleum by road and licensing fees. These Regulations, which came into operation on 28 September 1979, provide for protection of persons and property against risk of injury in relation to the handling of petroleum.

An amendment to the Dangerous Substances Act (1972) passed on 15 July 1979 enabled the Act to be brought into operation in stages.

Under the European Communities Act, Regulations were brought into operation on the classification, packaging and labelling of dangerous substances and the marketing and use of certain dangerous substances and preparations. These came into force on 30 November 1979 and implement the corresponding Council Directives (general standards for and limits on the marketing and use of polychlorinated biphenyls and prohibition of the use of vinyl chloride monomer as an aerosol propellant).

The parliamentary debate on the bill to improve safety in industry¹ has yet to be concluded. A bill is being prepared to provide for the safety, health and welfare of persons employed on off-shore installations, which will be supplemented by recommendations on safety standards.

Special attention has been devoted to the eradication of brucellosis, which is still an occupational hazard for farmers and workers in meat factories. Guidelines on precautions to be taken were issued by the Minister for Labour to the factories affected on 30 July 1979.

Italy

221. The Standing Advisory Committee on Safety, Hygiene and Health Protection at work has issued several opinions in the course of its activities during the past year. Among these, mention should be made of the opinion on fork-lift trucks which was incorporated in

¹ Social Report 1978, point 223.

a circular, and the opinion incorporated in the Ministerial Decree of 27 March 1979 on 'Recognition of the effectiveness of a new safety system within the meaning of Article 395 of Presidential Decree No 547 of 27 April 1955' on flame-proofing systems for rotating shafts.

An inter-ministerial decree is in preparation laying down rules covering containers for beer and/or carbonated beverages.

In response to requests from undertakings, a set of standards is being drawn up to cover construction using special steels.

Lastly, measures are being drafted for the incorporation into national law of the following EEC Directives:

- (i) 76/434 of 13 April 1976 adapting to technical progress the Council Directive 73/361 of 19 November 1973 on the approximation of the laws of the Member States relating to the certification and marking of wire-ropes, chains and hooks;
- (ii) 78/610 of 29 June 1978 on the protection of the health of workers exposed to vinyl-chloride monomer;
- (iii) 76/767 of 26 July 1976 relating to pressure vessels;
- (iv) 74/150 of 4 March 1974 on the approximation of the laws of the Member States relating to the type-approval of wheeled agricultural or forestry tractors;
- (v) 73/173 of 4 June 1973 relating to the classification, packaging and labelling of dangerous preparations (solvents).

Luxembourg

222. The Grand-Ducal Decree of 13 February 1979 lays down the noise level in the immediate vicinity of factories and building sites which operators must observe by taking suitable measures and precautions. Night shifts on building sites in populated areas are forbidden.

On 14 March 1979 the Law on the classification, packaging and labelling of dangerous substances was passed. It lays down the conditions for marketing such materials, the packaging requirements and special labelling provisions (designation and origin of the material, danger symbol and hazards during use, details of specific risks) and is designed to implement the relevant EEC directives.

The Law of 16 April 1979 on factories etc. which are dangerous, endanger health or cause nuisances, supplemented by the Grand-Ducal Order of the same day with a list and classification of such installations, has a wide area of validity. It applies to all public and

private industrial, craft and commercial companies which, by their existence or operating methods, can generate hazards or nuisances for the general public, the neighbourhood, their employees or the environment.

These are divided into:

- (i) Class 1 (licence issued by the Ministry of Labour);
- (ii) Class 2 (licence issued by the burgomaster of the municipality in which the company is located); and
- (iii) Class 3 (notification of the start of operations to the factory inspectorate).

Finally, guidelines for safety in schools have been laid down by Grand-Ducal Order of 15 June 1979.

Netherlands

223. With effect from 2 April 1979, the Decision on safety in agriculture, based on the 1934 Safety Act, was extended by Royal Decree of 15 November 1978 to cover work comparable to that undertaken in forestry, carried out by employees in subcontracting firms, construction firms and lumber businesses.

The Decision on lifts, which is based on the Hazardous Equipment Act, was amended by Royal Decree of 5 July in respect, *inter alia*, of standards for the doors of newly-constructed electrically-powered lifts.

In addition supplementary regulations were adopted, respectively aimed at improving the welfare of workers and combating monotony and noise at work generally, and at regulating work in poultry slaughter firms.

Since the beginning of the year under review, the factory inspectorate has been applying the 1978/79 list of maximum allowable concentrations it publishes for pollutants and harmful agents, the values for which are taken from the American list of threshold limit values.

Work on the projects mentioned in the last report¹ has continued. Work is also in progress on an amendment to the 1938 Order respecting safety in factories and workplaces, requiring proof of fitness for drivers of mobile cranes and similar lifting devices in the construction industry, on the definition of those firms (in particular chemical firms) which must send in a safety report, on provisions governing gas-heated plant and the storage of flammable liquids, and on a comprehensive regulation on protection against noise at work.

¹ Social Report 1978, point 226.

United Kingdom

224. The Health and Safety Commission made further progress in the fields of legislation and the provision of advice on health and safety at work, in discharge of its duties under the Health and Safety at Work Act 1974.¹ It established three new Advisory Committees for the printing, foundries and paper and board industries, respectively bringing the total of such committees up to eight. It also published a report on man-made mineral fibres (control limits), the second report on major hazards, and the final report on asbestos.

The following consultative documents were published: Proposals to amend the 1974 Regulations on agriculture (tractor cabs) to align them with EEC Directives on noise requirements and roll-over protection structures for tractors; Proposals for the notification of accidents and dangerous occurrences; Proposals for safety signs at work, to meet the requirements of the EEC Directive, work on thermal and acoustic insulation and sprayed coatings, to follow up recommendations made by the Advisory Committee on Asbestos in its first report.

The Mines (Precautions Against Inrushes) Regulations 1979 came into force in April; they apply to all types of mines and make provision for measures to be taken against the hazard of inrushes of water or gas or material which flows when wet. The Petroleum (consolidated) Act 1928 (Enforcement) Regulations 1979, which came into force in July, consolidated the various provisions governing the transport of petroleum spirit and other substances to which the 1928 Act applies, and also clarify the position with regard to offences.

In Northern Ireland the Health and Safety at Work Order 1978² came into operation in two stages. On 1 February 1979 the Health and Safety Agency and the Employment Medical Advisory Service came into being. On 1 May 1979 the remainder of the provisions came into effect. Thus substantially similar provisions on health and safety at work now apply throughout the United Kingdom.

¹ Social Report 1974, point 299.

² Social Report 1978, point 227.

Chapter XI

Health protection

Legislation and measuring techniques in radiation protection

225. The Community is waiting for the Council to enact a Directive laying down the revised basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation. This revision is based largely on the fundamental principles recommended by the International Commission on Radiological Protection in its publications Nos 26 and 30.

Under these circumstances, only a few specific provisions have entered into force.

In the Federal Republic of Germany a circular issued by the Federal Ministry of the Interior on 23 March 1979, containing directives relating to the intervals at which the imperviousness of sealed radioactive materials must be checked.

Two orders have been published in France: one is dated 6 March 1979 and relates to the authorization of liquid and gaseous radioactive waste releases by the Gravelines nuclear centre (sections 1 to 4), Journal Officiel, NC of 13 March 1979; the other is dated 6 June 1979 and relates to the authorization of gaseous and liquid radioactive waste releases by the 'Phébus' experimental reactor at the Cadarache nuclear site (Bouches-du-Rhône), Journal Officiel, NC of 16 June 1979.

In Italy a ministerial decree was issued on 13 May 1978 (published in the Official Journal of the Italian Republic No 318 of 14 November 1978) relating to the safety and health protection of workers in the mining industry against ionizing radiation.

In the field of measurement techniques in radiation protection standards on personal dosimeters (pendosimeters) as well as standards relating to the transmission of the new units and conversion factors between the units have been adopted in the Federal Republic of Germany.

In France a low background noise counter has been developed by the Service Central de Protection contre les Rayonnements Ionisants (Central Agency for Protection against

Ionizing Radiation). This counter is a beta measurement apparatus meeting the provisions on the equipment of radiation protection laboratories in nuclear power stations.

As regards the intercomparison programme for dosimeters used in radiation protection which is being carried out under the auspices of the Commission with the participation of a limited number of specialized institutes in the nine Member States, the section concerning beta radiation dosimeters has been completed.

Monitoring of environmental radioactivity

226. The general monitoring of environmental radioactivity provided for in Article 36 of the Euratom Treaty was undertaken by the monitoring networks already operating in the Member States.

An analysis of the available data which have been transmitted to the Commission relating to radioactivity in air and in precipitation in 1978 and during the early part of 1979 shows a general decrease in global beta activity. The quantities of ^{90}Sr , ^{137}Cs , ^{238}Pu and ^{239}Pu remained the same.

Following the nuclear test carried out on 14 December 1978 in the Far East slight increases in short-lived radio-elements were discovered in the samples taken at the different measuring stations in the Community.

These increases have no health consequences and correspond to no more than a minute fraction of the threshold limit values for the annual intake by individuals in the population laid down in the Euratom Basic Safety Standards (Directive of 1 June 1976).

The quantities of ^{90}Sr and ^{137}Cs detected in milk in 1978 are almost identical to those detected in 1975-76 and 1977.

The results of measurements carried out in air, deposition, water and milk will be contained in a single report covering the nine Member States for the year 1978.¹

Health education

227. The political go-ahead for action on certain specific health problems was given by the Council on 13 December 1977, at which meeting the Public Health Ministers of the nine member countries were present, for the first time since the foundation of the European Communities; a second meeting was held on 16 November 1978, during which the

¹ EUR 6620—Results of environmental radioactivity measurements in the Member States of the European Community for air - deposition - water - milk, 1978.

Ministers underlined the fundamental importance of health education in the context of health policies and pointed out that smoking and nutrition were important areas to which health education would have to pay particular attention.

As regards smoking it was agreed:

- (i) to exchange experience concerning the measures taken in the various Member States;
- (ii) to establish common methods by which to compare the results and to assess the effectiveness of health education campaigns on smoking;
- (iii) to carry out health education campaigns of an experimental nature, in particular to determine the main features of cigarette smoking by young people and to identify their effects on health and the family and socio-economic factors which may play a part in the commencement and development of cigarette smoking;
- (iv) to seek a common attitude on advertising.

As regards nutrition it was decided:

- (i) to develop common methods of improving the collection and analysis of more accurate epidemiological data;
- (ii) to improve the reciprocal flow of information on the results of nutritional research;
- (iii) to exchange experience regarding the principles and methods of organizing health education campaigns on nutrition, with particular regard to children and adolescents;
- (iv) to evaluate, using common methods if possible, the effectiveness of the educational measures taken to prevent nutrition-linked diseases.

Since then a certain number of projects have been started in collaboration with the national experts.

On the basis of a survey carried out in the Member States, preliminary conclusions can be drawn in respect of the action taken by the Member States to combat smoking and dietary errors.

Smoking

In all Community Member States substantial work is being done to integrate the anti-smoking campaign into the health education programmes with a view to fostering healthy behavioural patterns. Young persons are considered to be a particularly vulnerable group everywhere and it is for this group in particular that information is being provided and that in several countries the health authorities have launched anti-smoking campaigns. Women constitute another critical group which is being alerted to the health risks of smoking.

As regards the effects of the policies adopted; only in the United Kingdom has there been any significant decline in tobacco consumption among all groups of people. Elsewhere smoking still seems to be increasing slightly amongst women, whereas the figures are constant of young persons and men are smoking somewhat less. In this respect, however, one should remember that health education is a long-term undertaking and that in most Member States the health education campaigns are still in their infancy. It is accordingly not yet possible to make a definitive pronouncement on their success.

Nutrition

The main dietary problem in Europe is constituted not by malnutrition, as is found in many developing countries, but by a series of dietary errors, which differ, depending on the individuals involved.

In all Community Member States therefore, considerable importance is attached to the task of educating the public about dietary matters.

Although the nine Member States have not as yet enacted any laws or regulations stipulating that health instruction, including dietary information, must be provided as part of general education, dietary training is given, although to a varying extent, in primary and secondary schools.

As regards the training of physicians and paramedical personnel, appropriate instruction is provided to certain categories of specialized physicians or qualified dieticians.

Dietary advice is given to expectant mothers in order to learn about healthy nutrition and to realize the importance of food, intake for the health of the mother and the development of the foetus or child.

Various laws and regulations exist in all Member States in respect of foodstuffs additives, sweeteners, foodstuffs quality criteria, foodstuffs quality control and personnel monitoring.

In contrast to the indifference shown to smoking, the population is very interested in receiving information on nutritional problems and the level of motivation is very high.

The demand for information is characterized on the one hand by concern, purely from the consumer's viewpoint with the conditions in which the products are manufactured, distributed, etc. and on the other hand by interest in the health aspects of dietary balance and the individual's responsibility in selecting his diet.

228. At the end of 1979 the Commission decided to introduce a degree of centralization into its public health policy as such. Until then the various aspects of public health had been dealt with separately within the different Directorates-General. The Commission decided that the Commissioner for Employment and Social Affairs should coordinate these activities within the Commission and share responsibility for them.

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Every April the Commission publishes its annual Social Report, which gives an outline of the main developments in the social field during the past year which have taken place in the nine countries of the European Community.

In January the preliminary draft of the publication is the subject of two meetings for consultation: one with Government experts and one with experts from the two sides of industry at European level.

The introduction (Section A), of a general and political nature, outlines the prospects for the near future on the basis of an analysis of the present social situation and provides a summary of Community activities in the social field in 1979.

An analytical outline (Section B) follows, giving details of these activities which cover a wide range at European level: they include collaboration with both sides of industry, employment policy, the functioning of the European Social Fund, policies concerned with improving living and working conditions, the extension of social protection and health protection policies.

The development of the social situation (Section C) in the nine Member States is contained in eleven chapters which constitute the main substance of the Social Report. Each chapter is divided into two sections; the first, which is of a political nature, marks out the trends within the Community as a whole, whilst the second, which is of a descriptive nature, outlines the specific developments in the social field during 1979.

A list of tables and a summary of contents provide for easy consultation of the volume.