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**EUROPEAN SOCIAL POLICY -
A WAY FORWARD FOR THE UNION**

A WHITE PAPER

PART B

1

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GREEN PAPER ON EUROPEAN SOCIAL POLICY
OPTIONS FOR THE UNION

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SUMMARY OF RESPONSES

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INTRODUCTION

1. This paper summarises all written communications received by the European Commission, following the call for contributions contained in the *Green Paper on European Social Policy: Options for the Union*. In addition, the discussions at the European Conference on the Future of European Social Policy of 26-28 May, 1994, held in Brussels, are taken into account. This summary was prepared between 31 March 1994 (official deadline for submitting contributions) and 15 June 1994.
2. As more than seven thousand pages of written material, plus the rich discussions of the two days of conference, had to be taken into account, it is inevitable that not all nuances can be reflected in detail. However, the authors have aimed to capture the main lines of thought and argumentation. Any shortcomings are the responsibility of the authors.
3. The paper is set out under nine chapters headings. Chapters 1 and 2 give a general overview of the responses and the issues they raise while Chapters 3-9 provide greater detail on specific areas.

CHAPTER 1: The Responses

4. In general contributors have welcomed the opportunity to contribute to the debate and thinking on European social policy and have stressed the interdependence of the Green Paper on Social Policy and the White Paper on Employment, Growth and Competitiveness. In addition there is agreement that unemployment is the greatest single problem facing the Union, bringing challenges on the economic and social front.
5. More than 530 written contributions, were received. The Institutions, organisations and associations at European Union level provided nearly 100 responses, while 378 originated from European Union (EU) Member States. The United Kingdom provided by far the largest number of these. Contributions from Member States of EFTA amounted to 46 submissions and the remainder came from international organisations and countries not members of the EU or EFTA.
6. Social partners' organisations, representing employers and employees were important contributors; European, cross-industry and sectoral organisations submitted responses, representing nearly 30% of the total. At national level, German, Greek, French, Italian and Portuguese organisations were the most active contributors.
7. Non-governmental organisations (NGOs) were very active, contributing more than 40% of all responses. They represented the unemployed, disabled persons, the elderly, the

family, women and migrants as well as issues like housing, poverty and social exclusion. Contributions were received from EU level associations and from many similar organisations at national level.

8. At government level, contributions were received from all EU Member States and from EFTA members. In addition, local and regional authorities sent contributions, especially from Denmark and the United Kingdom. These were supplemented by submissions from their respective associations at European level.
9. The remainder of the contributions came from international organisations, religious bodies, universities and research institutes as well as individual citizens.
10. This summary of responses covers only the written contributions received by the Commission, together with the information submitted to the conference dedicated to the theme at the end of May 1994. It captures in summarised form the major lines of thought and argumentation. Additional, more focused analyses of the submissions will be undertaken as the debate on the direction of the European Union's social policy is taken forward. Where sources are quoted, the aim is to provide illustrative examples, not an exhaustive list.

CHAPTER 2: The Political Scene: Defining a European Social Policy

11. A number of contributions, mainly from governments, unions and employers' organisations, go beyond the specific themes and issues addressed by the Green Paper. They deal with general principles and concepts governing the definition of European social policy.
12. Contributions from all sides stress that there is a *European social model*. It is a cornerstone of our society, even if the levels of social protection differ from country to country. This model is based on negotiation, solidarity and a high level of social protection. The quality of it should be protected and improved. Some suggest the inclusion of this model, without saying how, in the European legal system.
13. There should be *no lowering in the quality of social protection*; while there seems to be consensus on this, employers' organisations stress the need to reflect economic and demographic realities and to ensure that such protection can be afforded. The unions agree on the need for cost adjustments but insist that the model and all the benefits it has brought to European citizens should not be jeopardized. While all parties agree on the need for *converging social policies*, the unions insist on an "upward" convergence.
14. To secure what has been said above, most union and many NGO contributions argue the need for *ensuring such social rights for all citizens in the Treaty*. The rights of

employees, as defined by the Community Social Charter, should also be included in the Treaty, when it is revised in 1996 European Trade Union Confederation (ETUC), or at least guaranteed by the Treaty (German Government).

15. The issue of *subsidiarity* is addressed by all parties. Two kinds are referred to: legislation versus collective bargaining and the EU versus the national level.
16. Most contributors agree on the need for *legislative* action at EU level in order to establish *minimum binding standards*. Such legislation should, however, be of a framework type, broader, less detailed and more flexible than to date. Details and implementation should be left to national policymakers so as to take account of the diversity of national social systems. Framework legislation should define the aims and leave open the means of implementation. It should be defined in close relationship with the social partners and NGOs.
17. Such framework legislation could *reinforce collective bargaining and contractual agreements*, discussion on which could involve, according to the issues, the relevant NGOs. Such collective bargaining could take place, both at European and national levels.
18. The *balance proposed between legislation and collective bargaining* differs greatly, according to the contributions. Unions and NGOs are inclined towards the use of legislation on a wide range of issues. ETUC suggests, for example, the following issues for EU action: a European scale of minimum social standards; social infrastructures for childcare, equal treatment, code of good conduct in companies and a directive on training, employment and mobility of disabled workers. While some governments (e.g. Germany) also express the wish to extend the basic set of binding minimum standards, others (the Netherlands, United Kingdom) as well as most employer organisations would not support further legislative action or would leave as much as possible to collective bargaining (Danish government and local authorities).
19. UNICE, (Union des Confédérations de l'Industrie et des Employeurs d'Europe), while not excluding further legislation, indicates a number of issues, which should be explicitly excluded from EU legislative action, for example, directives on the protection of workers which would inhibit flexibility; minimum income legislation. In addition, it sees the need to tie social progress to economic growth, with new legislation being introduced at a "natural rhythm". It also calls for legislative stability and the implementation and evaluation of existing legislation, before any extension or revision.
20. Whilst wide consensus can be found on the need for minimum standards to be established by framework-type legislation and supported by a strong collective bargaining process, three areas of dissent can be seen:
 - the *levels* at which minimum standards should be set. While unions and governments call for a high or reasonably high level, echoed by NGOs (e.g. Confédération des organisations familiales de la Communauté Européenne),

employers' organisations request that the levels not be set so high as to be unrealistic;

- the *range* of issues to be dealt with by EU legislative action. On the one hand, unions, local authorities (United Kingdom) and NGOs indicate a broad agenda for legislation e.g. in employment, health and social protection, vocational training, and equal treatment. On the other hand, employers and some governments (e.g. the Netherlands, United Kingdom) would not support further legislation or indicate that it should be kept to a minimum. UNICE points clearly to some areas which should be excluded from the legislative field e.g. wages, workers' protection;
- the *pace* of legislative action. Again while the union side calls for prompt action, employers tend to express a desire for a "natural rhythm" of change, where social progress would be consequent on and in line with economic progress.

21. *Where legislation has been adopted, it should be enforced.* There is a wide ranging consensus on this. The "*acquis communautaire*" should be rigorously implemented (UNICE). The Council is called upon to break the deadlock on a number of draft directives such as those on atypical work, works councils, cross-border subcontracting, protection of young workers, and the reversal of the burden of proof. Most governments, unions and NGOs call for adoption of these texts.
22. In looking at *procedures*, a general consensus emerges on the need:
 - to establish quickly a new set of rules and procedures following the Treaty on European Union and in particular in relation to the Protocol on social policy. UNICE requests the Commission to set out its policies on how and when it will base legislative proposals on the Social Protocol (signed by 11 Member States) and ETUC wants priorities to be quickly established and a timetable provided on implementation;
 - to seek, whenever possible, an agreement between the 12 Member States before considering agreements on an 11 State basis.
23. Several governments (e.g. Denmark, the Netherlands) indicate their opposition to *quantified objectives* and monitoring devices similar to those established for the achievement of the European Monetary Union (EMU), on the basis that this was not in the Treaty. A number of NGOs (e.g. organisations of the unemployed and the poor) have on the contrary indicated that quantified social objectives, e.g. setting targets for reducing unemployment rates, are necessary. Otherwise economic objectives may be met to the detriment of social protection.

24. Many contributors stress the need for a *coherent integrated approach*, taking into account social and economic policies, and providing a clear definition of roles and various levels of competence. The Commission is expected to deliver on this issue.
25. In *conclusion*, there is a core of opinion across a range of organisations (government, union, employer, voluntary sector), which agrees on the need for:
- the recognition of the "European Social Model";
 - legislative action at EU level, in close consultation with all parties, to set minimum standards for social protection and avoid social dumping;
 - such legislation to be flexible and of a framework type so as to take account of the diversity of national systems, leaving initiative to the national level and giving more weight to collective bargaining.
 - a coherent and integrated social policy programme, defining roles and levels of competence;
 - the enforcement of existing legislation and the breaking of the deadlock on draft directives currently under discussion.

CHAPTER 3: Employment, Job Creation and Competitiveness

26. A very large number of responses addressed this complex set of questions. There was practically unanimity on *unemployment* as the greatest single social and economic problem facing the European Union. While all agreed on the need to create more jobs, there were significant differences on the means and conditions to achieve this.
27. Many contributions stressed that any developments from the Green Paper, with its emphasis on social standards, should be reconciled with the approach of the White Paper on Growth, Competitiveness and Employment. Many argued that the *two policy initiatives must go hand in hand*.
28. Most trade unions, many governments and employers' organisations believe that competitiveness and growth can be achieved without lowering social standards. However, the full range of *social benefits and non-wage costs* should be examined to determine which are essential. The aim would be to bring the cost of social security systems into line with the financial realities of public budgets, though there are differing views on how this might be achieved.

29. With regard to *job creation*, the important role of small and medium-sized enterprises (SMEs) is frequently stressed. SMEs should therefore be supported through tax measures, EU-sponsored advice programmes, the sharing of "good practice" across Member States and through other EU services and networks.
30. *Local job creation* through methods appropriate to local needs and to special target groups is seen as an important and developing field of activity which should receive political and financial support through EU social funding, especially from the European Social Fund (ESF). Partnerships of local businesses, local authorities and local community groups, who can understand local needs are seen as initiatives worthy of wider recognition and support.
31. The need to match jobs to appropriate job seekers is raised, including facilitating cross national mobility of workers. The EU is seen as having an important role in an EU-wide system of *guidance and placement* (as exists in a developing form already in the European Commission EURES programme). This should be strengthened and cross-Union interchange could be further supported by EU programmes. As long as the principle of a free guidance and placement service accessible to all is upheld, it is thought that private and voluntary sector agencies could play a useful complementary role to the public services in matching job opportunities and people.
32. On the question of *education and training*, there is overwhelming agreement that Europe needs a highly skilled, life-long learning population in order to restore competitiveness and aid job growth. There is, however, no clear agreement on how this could be achieved. The tripartite apprenticeship model finds favour with those governments and social partners familiar with it, but some fear it is a model more appropriate to the industrial context whereas future job growth is more likely in fast-changing service sectors and in new sectors such as alternative energy.
33. There is unanimity on the need for more "*training for change*" i.e. the ability to recognize and adapt to change in a positive and creative way. General education, vocational training and on-the-job learning should, it is stressed, be more interdependent and integrated into each other (governments and NGOs e.g. European Youth Forum). Employers would need to be encouraged in some countries to recognise the importance of them playing a more active part in training, assisted by the appropriate EU programmes. Trade unions argue for a social right to life-long learning.
34. There is a general consensus that it should become financially more attractive to work than remain unemployed. Many stress the usefulness of *social employment schemes* but others point to the dangers of job substitution and distortion of competition especially for small companies operating in the same market e.g. maintenance and landscaping of public parks and open spaces.
35. Although a few submissions point out that low paid work is not in itself degrading, the majority opinion, expressed by a good number of governments, employers and trade unions, clearly points towards the desirability of a *high skill, high income workforce*,

producing high quality goods and services. In other words, the United States' example of job growth in low skill, low paid work is not seen as a desirable option for the EU.

36. It is generally felt that *young people* should receive more assistance in the transition from education to working life. That there should be a right to training and a subsequent right to a first job for young people drew support from unions. Some employers' organisations support this as a social goal but do not feel it should be enshrined in legislation. The approach adopted by the Commission to-date ("Youth Start") is quoted as a good example. There is practically no support for the idea of lower entry level wages for young people though there is a minority view, mostly from the United Kingdom, that wages should be subject to market regulation.
37. In relation to *older people* in the labour market, a broad based consensus exists for flexible retirement schemes to become the norm, allowing a combination of pension income and income from (part-time) work, for example the Greek Government and some NGOs (e.g. European Platform for Seniors' Organisations) press for this. This is seen as important both psychologically, giving time to gradually adjust to retirement, and in terms of the future viability of social security schemes. Regarding the employment and training of older persons, there should be no age discrimination (e.g. Eurolinkage).
38. Some suggest social security might be financed by a combination of the shared cost system with additional income coming from general tax revenue. This is seen as necessary for employees in part-time or low income work and those not in the official labour market. The idea of a "citizens wage" is mentioned in this connection, particularly in contributions from NGOs and individuals.
39. An important area of agreement between the different social actors may be in the field of working time and more diversified forms of non-standard work. Unions and employers at EU level, and most governments agree that *a diversification of work forms* in terms of working time or of a contractual nature could contribute a degree of flexibility and adaptability of enterprises, which is postulated as a major precondition in achieving competitiveness. The ideal situation is seen as achieved when the needs of the employers and the wishes of the employee are mutually met (win-win situation). Examples are given of how this can be achieved particularly for part-time work. It is thought that a legal framework to regulate temporary staff agencies is worthy of consideration across all Member States.
40. In summary, there is a fairly substantial *core of agreement* between the major actors in the field of employment, job maintenance and pay: good jobs with good pay require a strong and competitive economy and a well-skilled and motivated work force. This is compatible with and dependent on a good level of social security. Opinions differ on how to achieve this: trade unions want to see the two aims achieved simultaneously, most employers' organisations would make the further development of social security systems dependent on a return to growth and greater competitiveness.

CHAPTER 4: The Role of the Welfare State

41. All Member States face the same challenges in this area. With the increase in unemployment, they face severe pressures in financing their welfare systems as the numbers relying on them rise. At the Brussels conference there was general agreement on the need to ensure growth in jobs and economic security and to deal with budgetary problems in a way which would not reduce efficiency and solidarity. A balance needs to be achieved between collective and individual social security systems, with policies oriented towards positive use of human resources and a decent level of income. At the same time the ageing of the European population will have a significant financial impact on social security systems. New approaches to promoting integration, and not only labour market integration, need to be identified to tackle the major increase in social exclusion.
42. This chapter examines responses in relation to the above issues as well as proposals related to social protection measures in a broad sense ie. including policies to tackle poverty and social exclusion and policies targeted at the needs of particular groups (e.g. elderly, disabled, youth, family). Contributions regarding the free movement of workers and migrating workers are dealt with in Chapter 5 and those on the equal treatment of men and women in Chapter 6.
43. The great majority of respondents urge that the traditional social protection systems of Europe, based on solidarity, should be maintained. Trade unions as well as NGOs stress that European policies should aim at upwards *convergence of social protection* objectives. There is a broad consensus among governments, social partners and NGOs that economic and monetary policies need not lead to a lowering of social standards. The maintenance of European welfare levels must, according to the trade unions and NGOs, be assured through the adoption of *minimum standards* and the insertion of binding non-regression clauses in legal social instruments. There was a suggestion at the Brussels conference that the financial problems could be in part solved by shifting the burden from income related taxation (employers' and employees contributions) to VAT and eco-taxes.
44. There is a consensus among NGOs (e.g. European Anti Poverty Network) and some other respondents that European social policies should go beyond employment-related issues and be directed towards *economic and social integration* of all citizens, including those not economically active. It is thought this should be explicitly mentioned in the Treaty. The fight against social exclusion and poverty must also be pursued through a range of policies in a coordinated way, including employment, education, training, health, housing, urban and rural development and through improving access to social services.

45. The NGOs also propose that social protection rights should be individualised and that secondary rights, those based on the concept of dependency, should be eliminated progressively.
46. Most respondents from all sides support the combination of *income maintenance policies* with "*active*" *labour market measures*. Both trade unions and NGOs point expressly to the need for a guarantee of fundamental social rights and notably minimum income provision. The important role of the social partners in these questions was stressed by the conference participants, as being indispensable in the creation of solidarity and cohesion in Europe and the better integration of the economic and social elements of policy.
47. Some NGOs draw attention to the place of the *family* in social policy. Changes in the structure of families and the roles of women have significant implications for social protection systems, especially in the southern Member States. Families play important roles, however, in providing education, care and services in all Member States and family policy should therefore be explicitly mentioned in the Treaty.
48. NGOs (e.g. European Anti-Poverty Network, European Union for Local Authority Staff) particularly stress the need to pay special attention to *vulnerable groups*, such as older people, one-parent families, the disabled, the long-term unemployed, ethnic minorities/migrants and to *disadvantaged areas*, both urban and rural. The need for social integration measures at local level, including voluntary services and cultural activities, is identified by governments, local authorities, NGOs and individual experts.
49. Issues centering on the impact of the *ageing population* and the role and contribution of the elderly attracted responses from NGOs (Eurolinkage, European Platform for Seniors' Organisations). The need to look at the impact of the ageing population on other policies was also stressed. At the conference, calls were made to pay more attention to ageing workers (age discrimination, flexible retirement practices) and the needs of the older elderly (care and poverty). Those elderly with additional handicaps such as the disabled and immigrants, were identified as being particularly vulnerable.
50. Organisations representing *disabled people* (e.g. European Disability Forum) also called for additional measures to strengthen their economic and social integration. Technical adaptation of workplaces and special training were seen as fostering their integration into working life.
51. NGOs and local authorities called for further support for *areas in decline*. Rural development is considered a wider issue than agricultural development and local authorities, NGOs and some social partners suggest integration measures in the form of job creation in tourism, transport, health, care and social services.
52. General support was expressed for EU programmes operating in this area, but at the conference a call was made for greater attention to be paid at all levels to the gender and race dimensions of welfare measures.

53. While recognising the positive role of the *Structural Funds*, notably the European Social Fund, respondents from all sides point to the need for more effectiveness and improved working methods, including greater transparency, more flexibility, involvement of grass-root organisations and regular evaluation of results.
54. It is also agreed by a majority of contributors that the *role of the European Union* in this area should be to draft flexible framework instruments, aimed at the convergence of policy objectives. It can also actively offer "added value", through social action programmes which encourage the spread of good practice and the exchange of information and experience. Declarations, codes of good practice, encouragement of pilot projects, networking, financial support and, last but not least, regular monitoring of the implementation of existing social legislation should be undertaken.
55. Wider *consultation* of all parties concerned - governments, European social partners, and representatives of European regions and NGOs - is considered indispensable. In addition, it is generally suggested from all sides that all policies aimed at economic and monetary convergence should be subject to regular *monitoring and assessment* as to their social consequences.

CHAPTER 5: Free Movement of Workers and Migrating Workers

56. This chapter looks at contributions on two main issues: measures aimed at facilitating the free movement of Member State nationals and issues concerned with immigrants to the European Union.
57. Free movement is one of the oldest principles of the Union and there is a common understanding on the need to facilitate *free movement of workers and citizens* within the Union through lifting the remaining obstacles. This includes improving the co-ordination of national social security systems and of related supplementary systems. Some NGOs and the Belgian government also propose more flexible access to health services.
58. A majority of respondents support the Commission's views on better co-ordination of rights to *unemployment benefits* so as to take account of the changed socio-economic situation and to facilitate labour mobility.
59. The social partners notably refer to the position of *seconded workers* who are sent to undertake jobs in other Member States and propose EU regulation in this area. The French and Dutch governments also support this view.

60. With regard to the *labour market*, there are numerous calls from all sides for a simplification of the rules of co-ordination. At the same time there is a general demand for improvement of mutual information dissemination on jobs and applications through the EURES network. Simpler administrative procedures could also encourage people to look for jobs in other Member States.
61. Respondents also point to the urgent need for more effective mutual recognition of *diplomas and qualifications* across the Union.
62. A majority of NGOs, special interest groups and individual experts call for an extension of European integration strategies to cover immigrants and provision for better co-ordination of policies on visas, rights to asylum, right of permanent and temporary residence.
63. Extension of the possibilities for "*family re-groupment*" of migrants - for family members currently excluded, such as the elderly and disabled people not in the charge of a local resident, - is estimated by all NGOs and interest groups as indispensable for the better integration of migrants.
64. Requests are made to include the principle of prohibition of *discrimination* in the Treaty, including that based on grounds of race, colour, ethnic origin and religion. Additional legislation is also sought to prevent and punish discrimination and acts inspired by *racism* and *xenophobia*.
65. Application of the *principle of equal treatment* to all legally and permanently resident third country nationals and their families is widely supported and *positive action* is proposed to improve the social and economic integration of migrants into trade unions and other associations, and into existing education, training, housing and health systems. There are pleas for rights to travel without visa and the right to live and work in other Member States as well as for an EU-citizenship for migrants after a certain period of residence. However, it should be noted that some governments call for caution in any extension to free movement (Luxembourg) and to general free movement without an agreed EU policy (Germany). Some contributors, e.g. Spanish government, stress the need for the EU to develop a *co-operation strategy* with the countries of origin of migrants.

CHAPTER 6: Equal Treatment for Men and Women

66. At the Brussels conference it was stated that equality between men and women is a key issue of democratic legitimacy, since it concerns more than half of the population. Most feel that despite efforts to-date, much still remains to be done to achieve equal opportunities for women. Gender equality is generally thought also to be a means for improving the economy, although the policy proposals vary between unions, employees and NGOs.
67. Unions and some NGOs favour specific active measures to support the *reconciliation of professional, family and social responsibilities* of men and women, the *desegregation* of the labour market and increased *participation* of women in decision-making. Employers support labour market *flexibility* and governments and other NGOs argue for a *mainstreaming* approach, including the gender dimension in all policies. All actors point, however, to the importance of changing societal and cultural attitudes to the question of gender equality.
68. The *participation of women in decision making*, both in political and economic life, is seen as a normal consequence of the application of democratic principles. EU Institutions should take a lead in this, including the posts of Commissioner and appointments to the Court of Justice. As a part of active citizenship rights, women as a group should have the right of petition to the European Parliament.
69. NGOs and local authorities are seeking greater *legal safeguards* and *better information* on rights and point to the difficulties for women in taking their cases to the courts. They support the adoption of the directive on the burden of proof. NGOs (e.g. EC network on women and decision making) also propose the establishment of an *Observatory* on equal opportunities issues and a *Commissioner* for equal rights.
70. In relation to the labour market, there are calls for *equal treatment* in the workplace in pay and in opportunities for training and advancement. Society and the workplace should be better adapted to the actual specific needs of women and the family.
71. Support should be provided to enable women to enter *areas of employment not traditionally occupied by women*, which should go hand in hand with measures to change attitudes to gender issues. Proposals are made to change teaching methods in education and attitudes of parents and to encourage girls to study science subjects and pursue scientific and technical professions. Boys should be taught skills to enable them to contribute fully to family and caring tasks. Particular attention should be given in the Member States to include equal opportunities training in the initial and further training of all teachers.
72. *Equal pay* for work of equal value should go hand in hand with a greater value being attached to women's work in the caring area (child and elder care).

73. The *reconciling of work, family and social life* for both men and women was universally recognised as essential to the achievement of Union goals in employment, quality of life, equal opportunities and social integration. Several NGOs pointed to the need for a new sex-neutral concept of "*time*" and for a redefinition of "*work*", including unpaid work. They request a Commission study on the latter in both the family and the voluntary sector in the Member States. *Parental leave* was supported for both men and women, including that it should count for social security contributions.
74. Particular attention is requested for the problems of *specific groups of women*: the self-employed, women in agriculture, lone parents, migrants, disabled, older women and those from ethnic minorities.
75. Certain NGOs and the trade unions also believe the equality issue at EU level should be extended to a wider definition to include disability, race, ethnicity and disadvantage (European Disability Forum, ETUC).
76. The following were mentioned by a majority of contributors as the most urgent equality issues:
- appropriate implementation and monitoring of existing directives and recommendations;
 - adoption of the draft directives on:
 - . parental leave and leave for family reasons,
 - . social security and other rights of atypical workers,
 - . burden of proof;
 - modification of national and social systems so as to encourage unemployed women to undertake training and seek employment;
 - European legislation to combat sexual harassment at the workplace.

There was also a call at the Brussels conference for an EU study on the costs of individualising social rights and benefits to support economic independence for women. The opposition of UNICE to the parental leave directive and of the UK government to further equality legislation at EU level should be noted.

77. In addition, NGOs underline the importance of continued EU funding for programmes and networks, such as IRIS and SOCRATES, and the Structural Funds. "Gender proofing" programmes (ensuring that the equal opportunities dimension is taken into account) is seen as important such as in the European Social Fund and the NOW programme. Some governments (e.g. Spain, Portugal) and NGOs call for a *Fourth Action Programme for Equal Treatment between Men and Women*.

CHAPTER 7: Social Dialogue and Labour Law

78. In relation to *Social Dialogue* at EU level, those parties already involved express satisfaction with the process and confirm the need to continue to be actively involved in policy formation relevant to their membership. There are, however, reservations about what Social Dialogue can achieve. EU-level collective agreements are supported by the unions, especially in industry branches and for trans-national companies but employers' organisations generally reject the need for these and say it should be left to national level collective bargaining.
79. Generally speaking it is argued by employers, unions and several governments that the autonomy of the social partners at national level in matters of pay and working conditions should not be undermined. Concern is expressed by the trade unions that the Social Dialogue may be used to camouflage inactivity at EU level, if and when there seems to be no common position amongst the social partners.
80. The unions wish to see an extension of Social Dialogue into all matters related to EU integration, including issues relating to restructuring, rationalisation, redeployment of activities and technological change. It sees the industry level as the most relevant for conducting actions and concluding agreements on employment, especially through the new opportunities opened by the new Objective 4 of the European Social Fund (ETUC). On the other hand, the employers would restrict the agenda of Social Dialogue to those matters defined in the Social Protocol of the Treaty on European Union.
81. The second main issue highlighted in the responses is the extension of the principle of social dialogue to a wider process which might be termed *social consultation*. Other social actors, especially NGOs, are arguing for their right to be heard and considered in the future in the same way as the social partners. This call is supported by the Unions (ETUC) who see a need for concerted dialogue and action from all social actors, particularly to deal with economic growth, job creation and social exclusion.
82. In relation to *labour law* and *policies on working conditions*, views on these issues are partly covered in Chapter 3. There is, however, a general agreement that EU action in this area should be in the form of framework agreements, achieved in close consultation with the social partners and other relevant groups and respecting their autonomy. There is a call for *binding minimum standards* (unions, NGOs, several governments, local authorities) in the field of labour law, with a *convergence* towards higher levels. Employers' organisations are generally less supportive of this view and would also in this field prefer a "natural rhythm" of convergence, in line with financial realities. There is general agreement by all that existing legislation must be implemented and there be stricter control of the application of legislation.
83. Most agree on the need to finalise proposed directives currently before the Council (e.g. Greek, Dutch, German and Luxembourg governments, unions, NGOs, local authorities).

84. Among specific actions suggested in the responses are:

- equal treatment for *part-time work and fixed duration contracts* (supported widely);
- a *social clause in trade agreements* (unions, NGOs, Confédération des organisations familiales de la Communauté Européenne, Economic and Social Committee) particularly related to the issue of child labour and in the case of public contracts;
- *working time* is more controversial. While the unions link this to a better distribution of work and reduction of unemployment, employers wish no EU action in this area;
- the same could be said in relation to *workers' representation*. While employers in general (but not all) see no need for EU legislation, some governments (Greece, Netherlands, Germany, Luxembourg) agree with the unions that consultation and participation should be given priority;
- the need to define the rules for *seconded workers* is mentioned by many (unions, governments) as also is the need to regulate *atypical forms of work and homeworking*.

85. Finally a number of areas are suggested where EU action should take place:

- the principle of paid holiday and sick leave (German government);
- *burden of proof* (unions, NGOs);
- the right to *personal/parental leave* and generally more flexible time arrangements (NGOs, unions, some governments);
- basic principles for protection in case of dismissal (unions, German government) although UNICE states that this issue should not be subject to legislative action;
- phased and flexible retirement (unions, NGOs).

CHAPTER 8: Health and Safety

86. The Green Paper is criticized for "leaving out" the health issue. European policies should be more integrated and this applies also within the social dimension. Therefore, although there exists already a specific Commission "health" programme, health issues should be included in any White Paper on Social Policy. This being said, few new proposals have been made in this field and little is to be found in the contributions.
87. The issue of *occupational health and safety* is addressed mainly by employer and union organisations which agree on the need for minimum standards. Employers stress the need for framework guidelines, scientifically justified and cost effective. Both sides of industry insist on the enforcement of existing legislation and UNICE calls for stability and the evaluation of existing rules before further revision or extension. It also directs the Commission to look again at the 1993 joint proposal of the tripartite consultative Committee.
88. The strengthening of the role of the labour inspectorate is suggested by ETUC and the unions also make employee consultation a major condition of any health prevention improvement programmes.
89. Finally *public health* is mentioned by various contributors, generally to say that the EU should be concerned with issuing general principles, leaving national policies to play the major role. Preventive action should be increased, a guarantee of health care for all introduced (ETUC) and special attention given to groups with specific problems (disabled, older people).

CHAPTER 9: The Construction of a Democratic Europe

90. There is relatively little direct reference to this set of questions, but many indirect hints at where things might be improved. There is a general feeling that until now, the process of social policy formulation at EU level has been going on outside of public awareness. More *democratic input* and *control* would strengthen the impact and acceptance level of measures to be taken. More *information* on EU measures and policies should be given to European citizens.
91. The principle of *subsidiarity* is felt by many to be particularly pertinent in the field of social policy, as many of the measures affect people as individuals and in their immediate social environment. They should, therefore, have more possibilities to influence it.
92. The problem of *unemployment* is seen as one which would benefit greatly from a more "grassroots" approach, with local community action providing an appropriate framework for social and psychological support.

93. Many NGOs and trade unions are calling for a "*Citizens' Charter of Social Rights*" common to all EU citizens. Such a charter of rights should be simple and easy to understand by all. It should also be easy to claim these rights anywhere in the EU.
94. The existence and continued proliferation of *cross-national networks* of all kinds - spiritually and financially supported by the EU - is seen as a positive development, especially by NGOs.
95. The idea of a *discussion forum* for discussing strategic social policy questions is generally welcomed by those contributions which responded in this area but no clear-cut consensus is emerging as to the nature and procedures of such a forum. Some concrete proposals suggest that such a task could be carried out by existing bodies, such as the Economic and Social Committee or the European Foundation for the Improvement of Living and Working Conditions, where questions of social policy relevance have been discussed for many years in a constructive manner.

96. CONCLUDING COMMENT

In summary, the idea and the process of developing a White Paper on European Social Policy is welcomed. There are many areas of common ground between the actors in this field (governments, trade unions, employers, NGOs, independent experts) on the basis of which discussions can take place with a realistic view to reaching compromise solutions in line with the main characteristics of a "European Social Model", showing solidarity, whilst respecting diversity. The Commission is encouraged to move forward with a White Paper on Social Policy, underpinned by a Social Action Programme. What is asked for is a framework programme which can accommodate specific circumstances, in the spirit of subsidiarity. The policy making process has to be further democratized, bringing in the opinions of the widest possible spectrum of interests.

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BELGIUM

OFFICE OF THE MINISTER FOR EMPLOYMENT AND LABOUR
AND EQUAL OPPORTUNITIES POLICIES

Brussels,

CONTRIBUTION FROM MRS M. SMET, MINISTER FOR EMPLOYMENT AND
LABOUR AND EQUAL OPPORTUNITIES POLICY, TO THE EUROPEAN
COMMISSION'S GREEN PAPER ON "EUROPEAN SOCIAL POLICY - OPTIONS
FOR THE UNION"

1 INTRODUCTION

In response to the European Commission's request, the Minister for Employment and Labour and Equal Opportunities Policy wishes to stress the need, now more than ever, for a European social policy. In a Europe with more than 19 million unemployed and some 50 million living in poverty, it is of paramount importance that the economic changes brought about by the internal European market and the internationalisation of the economy are accompanied by a social package which will strengthen economic and social cohesion within the Union, make our progress towards economic and monetary union easier, bring the Union closer to the real needs of its citizens and prevent the emergence of a dual society.

The Minister is therefore entirely in agreement with the Commission's basic premise in the Green Paper, that the European Union must ensure that economic and social progress go hand in hand and must try to find a way of reconciling economic success and social progress. The recovery of economic competitiveness is not an end in itself. It is merely one of the necessary means of ensuring the general well-being to which every European citizen is entitled.

The Green Paper provides an accurate picture of what the Commission has already achieved in the social sphere at Community level and of the social challenges now facing Europe.

However, failure to come up with concrete new proposals to meet these challenges will raise doubts as to the real will of the European Union (and the European Commission) to develop a fully-fledged European social policy. It is also important that earlier commitments are honoured, which makes it imperative that the final initiatives of the 1989 social action programme are approved.

The Maastricht Treaty has opened up new possibilities for strengthening European Social Policy and the European Union must take full advantage of them.

Furthermore, the Green Paper rightly draws attention to the various types of action available to the Union for implementing social policy, mentioning the following, though not in any order of priority: Community legislation, social dialogue at European level, financial support, the convergence of policies in areas which remain a matter of exclusive

Member State competence, and cooperation through networking and exchanges of experience, good practice, etc.

All these instruments will have to be brought into play to implement a European social policy.

The instruments which Europe chooses, the form which its measures take and the areas which they cover must all be examined to ensure the active application of the principles of subsidiarity and proportionality.

These are political decisions which demand transparency.

Certain issues extend beyond national borders and these can be resolved only by regulation at European level. Examples are the free movement of persons, the establishment of European works councils, the relocation of firms to other countries, economic and social cohesion and the social measures required to underpin economic and monetary union.

There are other issues which are of such fundamental importance that they also have to be addressed at European level, such as the prohibition of discrimination on the basis of sex, nationality, religion or culture, basic social rights such as trade union freedom and collective bargaining, and the prohibition of child labour.

There are areas which need to be handled jointly by the Union and the Member States and on which the Union will give guidelines, such as the achievement of equal opportunities, the development of social dialogue and the fight against unemployment.

There are also areas for which the Member States have chief responsibility, but in which the Union can play a role by developing a common policy framework, such as education and vocational training, measures to combat and prevent social exclusion, measures to help the elderly and disabled and the convergence of social security and social protection.

For each of these areas, we need to examine:

- what form action should take: legislative, i.e. the introduction of directives or regulations, or support measures such as programmes, guidelines, networks, etc.;
- how far solutions should be sought through government intervention, or whether the social partners - at national or European level - should play a role. Negotiations on pay and working time are the specific domain of the social partners.

Protection of pay is now once again in the hands of the governments.

The new possibilities offered by the Union's Social Protocol should be used to the full.

The Minister also feels that decisions in the field of social policy must be unanimous wherever possible. The possibility of decisions being taken by only 11 of the 12 Member States on the basis of the Social Protocol should be used only as a last resort.

Rather than tackle all the questions raised in the Green Paper, the Minister for Employment and Labour and Equal Opportunities Policy prefers to focus on certain priorities which should provide the basis for social policy in the years to come.

2

PRIORITIES FOR A EUROPEAN SOCIAL POLICY

2.1

A strategy for combating unemployment and promoting an economic growth model more geared to creating jobs

Unemployment is the most serious challenge now facing most Member States and thus the European Union as a whole.

The Belgian Government therefore welcomes the consensus reached by the European Council in Brussels on the White Paper on growth, competitiveness and employment.

The Government attaches great importance to the implementation of the growth initiatives agreed on at the European Council meeting in Edinburgh.

These initiatives will give the European Union greater credibility and will boost the confidence of the economic players and the general public. The Belgian Government therefore supports the idea of major infrastructure work, as outlined in the White Paper, and hopes that the necessary financial and other arrangements can be made to allow these measures to be implemented as quickly as possible.

However, growth alone will not be enough to resolve the unemployment problem. A strategy will also be needed to ensure the translation of growth into jobs.

Today's problem is thus caused partly by lack of growth and partly by the type of job being created. Focusing on new types of job is one means of repairing the imbalance of the labour market which deserves consideration. We therefore need to identify the factors which can help to create jobs.

One is the development of the tertiary sector. Even though the number of jobs in this sector has increased phenomenally over the last twenty years, there is still tremendous potential for activities which are not yet established in the European market, such as services for families and the elderly, work in the field of the environment and cultural heritage, etc, all of which have the potential to boost employment growth.

A second, and probably the most important, factor is the development of part-time work, which can be helped by growth in the services sector.

A third factor is the redistribution of work. This would also help to meet the new needs of the active population, such as variable retirement age, the reconciliation of work and family life, etc.

Efforts need to be made both within the Member States and at European and international levels to ensure that jobs created by this growth are distributed equitably.

The challenge we now face is to create more jobs without jeopardising business competitiveness.

Current labour market mechanisms are too rigid. What is needed is increased flexibility, without loss of job stability. The White Paper proposed a list of specific actions for implementation at national level.

The Belgian Government has taken a series of initiatives under its "Global Plan" which are entirely in line with the approach outlined in the White Paper. The objective of the Global Plan is to boost employment, safeguard competitiveness and ensure the maintenance of social security in the future. It should result in a more flexible organisation of the labour market and a general redistribution of work.

The Plan includes specific measures designed to integrate young people into the labour market more quickly, make the recruitment procedure more flexible and reduce labour costs.

The following measures have been taken:

– Corporate plans

Aimed at the redistribution of work, these plans comprise a series of proposals to undertakings. The originality of this measure lies in the fact that the social partners can apply these proposals on a voluntary basis depending on the specific nature of the sector or enterprise. They include reducing working hours, restricting overtime, introducing shift work, flexitime, part-time work, the four-day week, early retirement on a half-time basis, career breaks, etc. Where implementation of the measures leads

to the recruitment of more staff, companies receive financial compensation (reduction of employers' social security contributions).

– Career breaks

Introduced in Belgium some years ago, this system allows employees to interrupt their career temporarily (maximum of five years) with the guarantee that they will have their jobs back at the end of the break. While away, the employee is replaced by an unemployed person.

The scheme has several advantages. It allows workers to stop work temporarily, often to spend more time with their families, and helps the unemployed to be reintegrated into the labour market.

– Early retirement

Designed to encourage phased retirement from working life, this system also allows work to be redistributed to younger people. Older workers are eased into retirement and young people are given the chance to gain professional experience.

The Belgian Government is now promoting the system of half-time working in preparation for retirement to enable older people to continue to work and reduce the costs of early retirement.

– Youth recruitment plan

Designed to help young people under 26 who have been unemployed for six months to find work, this scheme reduces employers' social security contributions following recruitment. The payments increase gradually over several years.

– Youth "entry" jobs

This scheme is designed to help people under 30 who have been in employment for no more than six months to find work. Contracts are for an indefinite period, with short notice periods for the first three years. During the first 12 months, pay must be at least 90% that of a worker carrying out the same job in the same firm.

– Individual support plan

Designed to encourage the reintegration of people threatened with long-term unemployment, this scheme enables jobseekers under the age of 46 who have been without work for more than nine months to be interviewed individually, so that either a job or a retraining course can be proposed.

– Local employment agencies

There are many needs in society which have not yet been met, for example in the field of the environment, the quality of life, services to families and the elderly, etc. Satisfying these needs could be a source of new jobs. At present, such work is often undeclared.

Through local employment agencies, the Belgian Government aims to encourage unemployed people to carry out such work and qualify for supplementary benefit.

– Flexitime

The working time regulations were developed with the aim of protecting workers against dismissal, while respecting the real needs of firms and their economic and technical constraints. A number of derogations were introduced to the main protectionist principles of prohibition of night work and Sunday work and restriction of working hours.

It is now possible to exceed the nine hour/day and 40 hour/week limits provided that the average weekly working time does not exceed 40 hours, calculated over a period of one year. Flexibility was further increased by Collective Labour Agreement No 44 and the Law of 17 March 1987 introducing new work systems. The CLA permits derogation from the working time limits and the prohibition of work on Sunday, holidays and at night.

For part-time workers, provided that a minimum of three hours/day or 1/3 time per week is worked, it is possible to employ a part-time worker for between 0 and 40 hours per week. However, this flexibility is slightly restricted by a Royal Decree which equates certain additional hours with overtime.

It would be useful for the Member States of the European Union to exchange information on national policy measures which have been found to be effective.

2.2

Establishing a minimum level of social standards

The Minister for Employment and Labour agrees with the premise at the heart of the Green Paper that the development of social policy cannot be based on the idea that social progress must effectively regress in order for economic competitiveness to recover.

As a counterpart to measures to make the labour market more flexible, workers need minimum guarantees at European level. This is essential not only for the flexibility of the labour force, but also to maintain harmonious labour relations, which are, of course, crucial to the economy.

To avoid social dumping within the European Union and unfair competition in the field of working conditions, workers need to be assured of a minimum level of protection, based on the following:

- account needs to be taken of the historic differences in the social legislation of the countries of the European Union. We cannot start from the lowest common denominator. At the same time, countries with a higher level of protection must be allowed to maintain that level;
- priority should be given to essential legislation, such as the prohibition of child labour, the regulation of working hours, the prohibition of discrimination on the basis of sex or religion, and aspects which cannot be governed efficiently at European level such as the secondment of workers and the information and consultation of workers in multinational undertakings;
- texts should be general, clear and simple to accommodate national differences; too much detail would simply lead to confusion. They should also be flexible and focus on the priorities;
- mechanisms need to be put in place for the revision of legal instruments. The inclusion of revision clauses would considerably facilitate the adoption process.
- when drawing up legal instruments, account should be taken of other minimum international standards such as those for the ILO conventions.

The Minister for Employment and Labour also attaches importance to the following priorities in the field of labour law:

ATYPICAL WORK

The Minister would like to see certain major principles adopted at European level to guarantee the status of atypical workers, and particularly part-time workers, not only in terms of labour law (same conditions as full-time workers and/or workers on open-ended contracts), but also in terms of social security.

PARENTAL LEAVE

Making parental leave more generally available through measures at European level would actively help the integration of women into the labour market and the reconciliation of work and family life, and would allow men to share family responsibilities.

TRANSFERS OF UNDERTAKINGS

The principles of the "transfers of undertakings" directive could be extended to cases of takeovers after bankruptcy provided that they would not constitute an obstacle to the takeover of such undertakings by a new owner.

INFORMATION AND CONSULTATION OF WORKERS IN COMMUNITY-SCALE UNDERTAKINGS AND GROUPS OF UNDERTAKINGS

Under the Belgian Presidency of the Union a broad consensus was reached on a draft directive on European Works Councils. A final decision needs to be taken on this subject as soon as possible.

It is important to give workers in multinational undertakings the right to information and consultation, so that they can be involved in examining the real risks of relocation due to measures to improve productivity, work organisation, trade policy, etc.

SECONDMENT OF WORKERS

The creation of the internal market has led to a marked increase in transborder activities and consequently to an increasing number of workers being moved to countries other than their own.

It is important to ensure that this new market does not open the way to unfair competition or social dumping, which is a risk when there are differing levels of taxation, social contributions and working conditions.

The draft directive on the secondment of workers should therefore affirm the principle that all laws or rules of public order in the country where the work contract is being carried out are applied without exception or derogation.

In addition to these areas, in which negotiations are already under way, various new issues need to be addressed, such as protection against dismissal, wage protection, the right to information and consultation for workers and the prohibition of discrimination against workers defending their rights.

2.3

Safety and health at the workplace

Community legislation in this field already covers a large section of the conventional working population. The only areas for which there is as yet no specific legislation are those involving work with chemical and physical agents. In addition, initiatives still need to be taken to deal with various

loopholes. There should then be a pause in the legislative work while we ensure that the directives are being properly implemented.

Article 118a specifies that legislation must not entail additional costs for SMEs. This point has been included in all the directives, but no exceptions have in fact been made for SMEs; the level of workers' protection cannot depend on the size of the undertaking.

Funds must therefore be released to inform SMEs about the content of directives. The Commission's action programme aims to do this and must be supported.

The Commission should be encouraged to take new initiatives on less conventional aspects of safety and health, such as quality of work, psychosocial aspects, stress, etc.

This could be done on the basis of Article 118a and also Article 129, which was introduced by the Maastricht Treaty. Article 129 empowers the Union to draw up legislation in the field of health care.

Prevention is an essential component of health care.

The Minister feels that a European approach should be developed, on the basis of these two Articles, to identify work-related stress and prevent its development.

2.4

Equal treatment for women and men

The European Community has played a key role in promoting equal opportunities for women and men. However, obstacles to the equal participation of women and men, both on the labour market and in social life, still exist.

To eradicate these obstacles we need a specific policy, and one which is integrated into all political sectors, both at European Union level and within the Member States.

The first step must be to increase the status of the equal opportunities issue.

At European Union level, the Council of Ministers should examine the problem of equal opportunities at least once a year. Furthermore, all parties concerned, i.e. the Commission, Parliament, Council and social partners, etc. should collaborate more and harmonise their actions.

In addition, we need to ensure that Community legislation on equal treatment for women and men is properly applied.

Information and awareness-raising campaigns need to be set up to give people a better understanding of Community legislation. In addition, people who have been unfairly treated at work and who wish to bring the matter to court are often, in practice, unable to provide the necessary proof

of discrimination. It is therefore all the more important to ensure that the proposal for a directive on reversal of the burden of proof is adopted.

Although there is a directive on equal pay for equal work, there is still a wage gap between women and men, which is rooted in the job evaluation and classification systems. These are not unbiased and are based partly on sex. A European policy is therefore necessary.

The European Commission must seek to develop a code of ethics to act as a guideline for a gender-neutral job classification system.

Improving the integration of women into the labour market, something which all women in the European Union would like to see, means making it easier to reconcile work and family life at European level. Approving the proposal for a directive on parental leave for essential family reasons is a first step in the right direction.

Initiatives are also needed to eliminate segregation, both vertical and horizontal, on the labour market. A policy of positive action to eliminate the de facto inequalities facing women on the labour market therefore needs to be encouraged and introduced on a broader scale.

Efforts also need to be continued to encourage the participation of women in the decision-making process at European level and within the Member States, in both political and socio-economic life.

Belgium has already introduced a number of structural measures in this field.

As part of the Community initiatives which the European Union is taking through the Structural Funds (such as the NOW programme), financing and support must be continued for specific programmes aimed at promoting equal opportunities for women.

The Minister for Employment and Labour and Equal Opportunities would draw the European Commission's attention to the need to prepare a fourth action programme for the promotion of equal opportunities, with adequate financial resources and logistical support.

2.5

Free movement of people

Despite the elimination of the main legal barriers to the free movement of people, only a small proportion of European Union citizens live in a Member State other than their own. This is largely due to differences in the social security systems, but the possibility of their harmonisation in the foreseeable future is remote.

The Union must therefore focus on:

- encouraging further coordination among the systems by simplifying administrative procedures and formalities;
- establishing the jurisdiction of the Court of Justice in the fields of free movement and social security.

A number of measures to encourage the free movement of people could be considered:

- the transferability of pension rights between systems;
- mutual recognition of the equivalence of qualifications;
- greater transparency in the labour market by developing and publicising the EURES network.

Special attention needs to be devoted to the problem of border workers, who face obstacles to free movement every day. The Union can help by promoting and supporting collaboration and transborder programmes.

The development of free movement must also take account of the differences between existing systems, including sectoral regulations whose origin often lies in long traditions of social collaboration.

2.6

International collaboration between social inspection services

The possibility of joining forces at European level to coordinate checks on "black" work at European level should also be examined.

It is imperative that initiatives are taken at European level:

- because social fraud is taking on increasingly international dimensions
- and because, in some cases, measures to combat social fraud at national level can only be resolved with the collaboration of colleagues from other Member States (including the courts, etc.).

Examples are:

- the employment of illegal immigrants (former Eastern block countries, etc.);
- suppliers of contract labour;
- international transport;
- persons receiving social security in their own country and working undeclared in another Member State;
- difficulties of checking the validity of E101 forms.

The absence of organised international collaboration among inspection services hampers proper implementation of EC Council Regulation No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community (e.g.

checking false documents, supposedly issued by another Member State, obstruction or bad will when trying to obtain extra information, etc.).

This is a further reason for developing European collaboration between the inspection services.

Various measures could be envisaged, depending on the readiness of the Member States to make progress in this field.

- list of contact addresses

Each Member State should draw up a list of the coordinators of all the services responsible for labour inspection and social security inspection (central and external services with the names, addresses, telephone numbers, fax numbers and name of the person or persons responsible), which would be distributed to all the Member States.

These contact addresses could then be distributed to all the Member States.

- Designation of a single international contact address in each Member State.

In addition, each Member State could designate one service to answer questions from other countries on all aspects of inspection work in the field of labour law and social security. A "single address" of this type in each Member State would make it easier for the other 11 Member States to find the right service and, internally, enable all the relevant services to be involved in international operations.

- Creation of a standing European Committee to coordinate all social inspectorates

Without creating a "Social Europol", a committee could be set up to allow the representatives of the competent inspectorates or international contact service in each Member State to meet and consult regularly.

2.7 Combating social exclusion

The continued efforts to strengthen economic growth and eliminate rigid labour market systems which hamper the creation of jobs should not distract us from the impact that economic and social changes are having on the major risk groups in society.

In some countries, exclusive attention to job creation is resulting in an increase in the number of poor and "excluded" persons.

Concern for the future of these groups of the population is an essential component of a caring European democracy.

The very high unemployment level is not only the main cause of social exclusion, it also threatens to create a climate of insecurity and fear which could fuel racism, xenophobia and antidemocratic attitudes and behaviour.

This is why the Belgian authorities want the fight against social exclusion to be made a priority both at national level and in the Union as a whole. The following are necessary:

- guaranteed minimum subsistence levels, health care and housing
- measures to promote social integration
- a preventive policy, including measures to improve the school success rate and better opportunities for vocational training after school.

The Union, the Member States and many NGOs are part of a caring tradition which must continue to be supported through exchanges and the promotion and support of measures and policies which have enjoyed past success.

2.8 Promotion of social dialogue

The Belgian Government is convinced that social dialogue has had a favourable impact on the development of European social policy, being more balanced and based on a more flexible approach.

Its strength depends on the will of the social partners themselves, on their organisation and structure, and on the openness of the Commission to dialogue of this kind.

European-level social dialogue is still in its infancy. If we want to build an accessible and viable social model, European social dialogue must be given the chance to develop and needs to be supported. Structures need to be set up at once to allow the European social partners to meet, exchange ideas and advice and formulate joint opinions. Rules also need to be established on the representativeness of the organisations concerned and the legal status of agreements.

For each new initiative, the potential contribution and role of the social partners needs to be examined.

In implementing the Social Protocol, a balance needs to be found between the Council's political responsibility and the legitimate role of social dialogue. The rules will have to be clearly defined.

2.9 The Structural Funds

The Minister is fully in agreement with the mechanisms of the Structural Funds and particularly the European Social Fund, under which a new Objective 4 has been created with the aim of redeploying workers threatened with unemployment due to changing production conditions. This new Objective opens the way for new preventive measures, being an ideal starting point for a policy which will help prevent redundancies. This dovetails with one of the assertions made in the Green Paper, that in-house training is becoming increasingly necessary in response to changes in work organisation.

However, European budgetary procedures for cofinanced projects are still too slow. This applies not only to projects covered by the national plans which the Member States forward to the Union, but also to projects which come under the Community programmes.

It is for this reason that we want to see a simplification of the administrative procedures so that the delay in EU funds being released is avoided altogether or considerably reduced.

2.10 The external social dimension of the Union

The measures taken by the Union in the social field also have an external dimension. Firstly, a link needs to be established between the Union's legislative policy and other minimum international standards.

Secondly, an adequate response needs to be given to the expectations of central and eastern European countries on the development of social policy. Belgium's experience with cooperation demonstrates the need for assistance in:

- developing new social legislation
- labour market management
- establishing effective employers' and workers' organisations
- setting up consultative bodies
- organising labour inspectorates
- developing an occupational health and safety policy
- developing an immigration policy.

The PHARE programme has been criticised because of its lack of transparency and the unwieldiness of its procedures. Any moves by the Commission to remedy this problem would be welcome.

Finally, the Minister for Employment and Labour would welcome the inclusion of social and environmental clauses in trade agreements, covering

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fundamental social rights, such as the prohibition of child labour, trade union freedom, the prohibition on discrimination on grounds of sex, race or origin, and qualitative environmental and safety and health standards.

The European Union must consider how to define, assess and monitor these clauses in the light of the internationalisation of the economy.

GENERAL CONSIDERATIONS

We must continue to intensify our efforts to promote the social progress referred to in Article B of the Maastricht Treaty.

Within a European edifice where most trade takes place between the Member States, if competitiveness extends beyond the business world the benchmarks of solidarity and social cohesion lose all credibility.

Indeed, it is in the name of business competitiveness that some people are attempting to demolish the entire structure of social protection which workers fought to impose upon capitalism.

The crisis of social protection in the narrow sense must be seen from a broader perspective, including in particular the problems of the environment and the economy; it will not be possible to maintain a high standard of social protection unless convergent measures are adopted in all these areas.

We have singled out a few questions which we consider the Commission should study more closely and develop in its work programme in forthcoming years. For that reason we will answer only certain questions concerning social protection, not all of them.

PRIORITY ISSUES COMMON TO THE MEMBER STATES

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

In the field of social protection and exclusion:

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

In the field of equal opportunity:

- (i) targets (work-sharing, income-sharing, decision-making) for specific groups such as women?
- (ii) measures which reconcile family responsibilities with employment?

ANSWER

To ensure greater solidarity among the members of society we have to strengthen the appropriate mechanisms within the different social security schemes and sectors and also

combat social exclusion, *inter alia*, by organising and developing systems of social support.

In many Member States social protection is funded by employment. And up to now this has been a highly significant factor in integration.

The present decline in employment within the Union is such that consideration must be given to organising work differently so that income and work can be shared more evenly throughout the whole population.

It could be interesting for the Union to look into the idea floated in some quarters of "compulsory crediting of time" to help reconcile family responsibilities and work.

Although the Green Paper does not specifically deal with health (see point 6 of the Green Paper), we believe it is advisable to draw the Union's attention to the matters raised by the Belgian Presidency at its informal Council in November 1993 which were favourably received by partners, notably: if the Member States are concerned about taking full advantage of their health infrastructures, when formulating their social budgets, they should cooperate in order to prevent the proliferation of services and introduce machinery for financial regulation acceptable to all the Member States. These measures would help to achieve economies of scale in financing and encourage improvements and higher standards in health care.

People living in border areas are particularly affected by such measures.

Consideration should be given, in keeping with the spirit of the Union, to streamlining the administrative procedures for entitling such people to health care in the different Member States.

In addition, now that technologies for the exchange of information have made such progress, a computer network exchanging information on migrant workers for all social security purposes, particularly health care, on which feasibility studies have more or less been completed, should be brought into effect in compliance with the principle of subsidiarity and in a spirit of partnership between the Member States and the Commission.

CONVERGENCE OF SOCIAL POLICIES

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

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ANSWER

See our answer to question 1.

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

ANSWER

Belgium firmly believes in the European development model which combines economic dynamism with social progress and favours a common strategy for the Member States' social policies.

To that end and to rule out any negative competition between Member States, safeguards should be built in to certain legislative acts to protect us from deregulation of social security systems.

One of the areas where improvements to joint rules are required is the posting of workers.

If not properly organised, posting can create a perverse situation, opening the door to social dumping based on differences in social systems and wage costs.

Steps should be taken to introduce legislation to control such social speculation and preserve our social security systems, promoting convergence.

The Social Affairs Minister has stressed the urgency of finalising a method for the joint evaluation of convergence along the lines of the Recommendation of 27 July 1992 concerning convergence. The Commission could arrange for studies on such an evaluation method.

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

ANSWER

A thoroughgoing process has to be set in train to transform the social protection system and help women integrate more successfully into the world of work and benefit from improved social protection.

It has been established that systems which enhance the value of derived rights cannot promote equality for women, for they are frequently afforded better social protection under derived rights than under individual rights.

Accordingly, individual rights should be promoted to the detriment of derived rights.

The Union can help the Member States to carry through such transformation successfully by supporting comparative studies in this area.

The very idea of the individualisation of rights is, moreover, very often misunderstood. See also our answers to questions 43 and 44.

**THE FIGHT AGAINST POVERTY AND SOCIAL EXCLUSION:
PREVENTION AND REHABILITATION**

15. What types of action should be taken to step up the fight against poverty and exclusion?
16. Should a combination of commitments to fight against poverty and exclusion be more formalised (through appropriate legislation)?
17. Should future action be developed in specific action programmes and/or more precise setting of selected objectives and targets at Union level.

ANSWER

In the context of more precise setting of objectives and targets selected by the Union and the Member States.

By way of example, we would mention one of most serious predicaments of our times which was not, however, referred to in the Green Paper: housing for the most deprived population groups.

There are three arguments in support of Community policies in this area, although such policies must naturally be worked out and put into effect in agreement with the competent authorities, whether national, regional or local.

- (1) Exclusion from employment and social protection systems culminates in the long term in exclusion from housing. More than two million persons in the Community are "without fixed abode" or very poorly housed. Millions of others are housed under conditions such that neither parents nor children can "get off the ground" because they live in isolated areas on the edges of towns far from facilities or because they live in rundown inner-city areas. In such cases housing policy must form part of the fight against poverty and its extension.
- (2) The building of Europe itself causes housing problems for city dwellers. Changes in production methods and the very open economy have brought changes in the location of activities. A number of the Union's policies (Structural Funds) help to counter the adverse effects of such transfers. In some regions and cities companies

are closing down and the inhabitants are suddenly faced with serious social problems, often having to leave their homes for a lower standard of or overcrowded accommodation; they find it more difficult to maintain, while they still have to find money for the rent by making sacrifices, including cutting down on food, health care and children's education. Other cities are expanding rapidly, but increases in property prices, speculation and inadequate urban planning (which does nothing to safeguard housing) makes accommodation scarce or makes access to sound accommodation difficult or even impossible, particularly for marginal groups, migrant workers and even workers on low or average pay. In both cases, therefore, housing is the weak point of social development. Housing policy must be developed alongside economic and social industrial conversion policies like other policies on infrastructure development.

- (3) Although most social policies aim to integrate people into working life, all public expenditure does not have the same impact on job creation. In Belgium we consider that one billion Belgian francs invested in building a motorway will create work for 530 people in all (some of them low-skilled). The same billion spent on the construction of new buildings will provide work for 1 200 people, while expenditure on renovation will provide employment (more skilled) for 1 500 people. If the aim of social policy is to provide employment, house-building and renovation (which has a social purpose in itself) are more effective than the building of motorways. At the same time, the persons involved acquire know-how useful for their future.

All these arguments put the case for a Community role in housing both within social and economic policies. Numerous action programmes comprise measures by the Union in areas bordering on urban affairs; extending the scope of these measures would fit in with the approach in hand.

THE ECONOMIC AND SOCIAL ROLE OF THE ELDERLY

22. How can the present progress of the European Year of Older People and Solidarity between Generations be built on?
23. How could the report referred to in Article 7 be used as a basis for a strong debate on demographic trends and their consequences for social security, employment, etc. and perhaps the development of a regular monitoring progress?

ANSWER

Belgium is currently looking into the feasibility of a specific dependency benefit for older people, that is a benefit which could help with the additional expenditure caused by dependency.

Other Member States are moving in the same direction. But we cannot ignore the problems of coordination connected with the introduction of a new type of social security. The Commission has already organised workshops on this topic.

Further consideration should be given to this matter so that the coordination within the meaning of Regulations 1408 /71 and 574/72 is not affected by the introduction of types of social security the coordination does not cover.

EQUAL OPPORTUNITIES FOR IMMIGRANTS FROM THIRD COUNTRIES

24. How can we best stimulate policies and practices which promote a concerted integration policy aimed at the harmonious co-existence of peoples in the Union?
25. Should the employment conditions of third country nationals be dealt with in the social dialogue with a view to adopting codes of good practice?
26. Should a permanent residence entitlement be accorded to those who satisfy stability criteria, including personal rights for members of the family of legally resident immigrants, in order to ensure successful integration?

ANSWER

At the informal Council on 9 and 10 November 1993, the Belgian Presidency supported the idea of extending to non-Community nationals emergency care in the event of temporary residence with the framework of the coordination of social security schemes at European level.

We should also encourage application of the principle of equal treatment to non-Community nationals:

- legally resident
- complying with social security rules.

The forthcoming work of the Administrative Commission in following up the Green Paper will focus above all on seeking ways (including legal means) of improving protection for such people and bringing them within the scope of the European coordination.

MAIN POLICY OBJECTIVES AT EUROPEAN LEVEL

31. Which areas of social policy are most likely to be amenable to being addressed by collective agreements?
32. Which areas are most likely to need a legislative approach?
33. Can framework laws provide the kind of results required such as, for example, in the areas of minimum standards or equality of opportunity?

ANSWER

Now that there is talk of social security running out of money and we are witnessing a gradual shift from the public to the private sector, it has become essential to legislate in the area of non-statutory or supplementary social security.

The statutory social security schemes must retain their central role within our social protection systems. The supplementary social security schemes, initially designed to supplement the state schemes, cannot supplant them.

It is vital that the Union prepare directives in this area.

Moreover, we should support the Commission's work aimed at helping workers to benefit from supplementary schemes where they have exercised their right to free movement.

THE SOCIAL TRANSITION TO ECONOMIC AND MONETARY UNION

43. Could the Union issue recommendations in this process of economic and social convergence, after due consultation with all the national authorities concerned and the social partners, with a view to making sure that the process of economic integration does indeed contribute to its most basic objectives as defined in Article 2 of the Maastricht Treaty?
44. Should the Union promote convergence of social policies alongside convergence of economic policies through:
 - (i) the definition of common objectives and monitoring (e.g. on the same basis as convergence of social protection policies and objectives);
 - (ii) possible recommendations on important economic issues, e.g. in preventing social dumping;
 - (iii) monitoring procedures for social policy in the transition towards EMU;
 - (iv) strong involvement of social partners in these procedures;

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

ANSWER

Europe has traditionally succeeded in combining economic and social policies; paradoxically, however, European integration is now encouraging fiscal and para-fiscal competition and cutting back on the funding of social protection; yet increased demands are made on social protection on account of our ageing population, rocketing health care expenditure and the employment crisis.

We will not build Europe if we eliminate our competitors by being more "competitive". Such logic would bring us to mutual destruction. Collective interests must be brought back into the focus of our concerns.

Bearing that in mind, we should promote the convergence of social policies alongside the convergence of economic policies by defining joint objectives and taking all the appropriate measures to combat social dumping. It would appear necessary to arrange for joint discussions assembling the national authorities responsible for the social and economic areas.

Furthermore, it is essential that the social partners take an active part in these discussions.

Studies are also required to improve the consistency between tax and social legislation within the different Member States and between the different Member States so as not to prejudice freedom of movement for workers.

We must also organise consultations on the structure of compulsory charges and contributions which, within each Member State, give us the means to establish the desired level of social protection.

The Union is the place where such consultations must be held.

The proposal for the establishment of a European tax on CO₂ emissions, on the agenda of various Council meetings during the Belgian Presidency, demonstrates the need for consultations on this matter.

INTERNATIONAL ASPECTS

58. What should be the principal social policy priorities for the external relations of the Union?
59. How best can the Union pursue the agreement of international labour standards (e.g. via the ILO or social clauses in trade agreements)?

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ANSWER

We should foster relations with the countries of Central and Eastern Europe. The Commission has an important role to play in coordinating all the measures and assistance provided by the Member States for the countries of Central and Eastern Europe under the relevant programmes such as the PHARE programme.

The Union should promote coordination between the different international bodies which take measures in this regard by calling on its partners to consult more closely whenever they take initiatives.

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DENMARK

**Reply from the Danish Government
to the Commission
concerning the Green Paper
on European Social Policy**

Introduction

In Denmark the reactions to the Commission's initiative with the publication of a Green Paper on European social policy have generally been positive. With a view to the Social Dimension of the European Union it is important that the Community is constantly developing its policy in the social field. Targets and instruments should be developed on a current basis with a view to being able to meet the social challenges which the future Europe will entail for the Community.

The Danish Government sees the Green Paper as an outline of a framework for the social policy of the European Union until the turn of the century. A framework which tries to reconcile economic and social objectives in the context of a situation with growing unemployment and the need to maintain competitiveness without resorting to social dumping and without any deterioration of the living and working conditions of the workers. The future social policy - meaning the full range of policies in the social sphere including labour market policies - will, however, not only depend upon the internal development in the Community, and the Danish Government agrees with the broad perspective of the Green Paper which relates the debate to the development in other regions in Europe and in the world.

However, it is also the general view that the Green Paper has initiated a debate which may be difficult to handle. It is a delicate balance to combine a discussion of broad general problems with very detailed issues. In Denmark the Green Paper is seen as an initial effort to raise the quality of the debate on the future social policy in the European Union. It is difficult, if not impossible, to take a position on all the concrete initiatives at this stage, cf. the 65 priority issues listed by the Commission. They are all important questions, but to reply to them would require a detailed analysis in the Member States and at Community level in order to create a better

evaluation basis. This would be a major task which would require more time than allowed by the deadline fixed for the consultations on the Green Paper.

Presently important analyses are being carried out in Denmark on one of the general themes in the Green Paper, viz. the role of the welfare state. The Danish Government has set up a welfare commission which is to explore future employment opportunities and future prospects for trade and industry in Denmark. This work has been accelerated in 1994 and we will have to await the results of this work before we can come up with more analytical replies to the questions raised by the Commission in the Green Paper.

Last, but not least, the Green Paper should contribute to the debate concerning other general initiatives at the level of the European Union, such as for instance the continued discussion on the White Paper on growth, competitiveness and employment prepared by the European Council. It is important in this connection that the formulation of the future European social policy takes into account the strategies to increase employment based on restoring competitiveness and stimulating economic growth which are described in the White Paper on growth, competitiveness and employment.

With the Green Paper the Commission has started an important debate after the coming into operation of the Maastricht Treaty. From the Danish side we welcome this initiative.

Below the Danish Government will make some preliminary and general observations concerning some of the themes presented for discussion in the Green Paper. They are, in particular, related to part III of the Green Paper on the European Union - possible responses to the challenges.

European Union - possible responses to the challenges

The development of the Social Dimension

The Social Dimension has been given an increasingly important place in the European cooperation. This was reflected in the changes to the treaties in 1986 and in 1993 and also in connection with the adoption of the Social Charter on the fundamental social rights of workers in 1989 which has now been incorporated into the Maastricht Treaty and which stresses that the economic policy and social policy of the Community go hand in hand. This was also affirmed by the opinion of the Economic and Social Committee in 1989.

Although some concrete progress has been made, for instance in connection with the Commission's action programme for implementation of the Social Charter on the fundamental social

rights of the workers, it should be emphasised that most of the results achieved until now have been in the field of occupational safety and health where a successful model for regulation at Community level has been developed. This applies in particular to the use of framework directives which guarantee minimum rights for the citizens at an increasingly higher level, but also in the form of the active role played by the social partners in connection with the drafting of the directives and action plans concerning safety and health at the workplace. The cooperation in the field of safety and health is also an important step in the efforts to remove technical barriers to trade, so that it is to an increasing degree ensured that enterprises do not compete on poor safety and health standards. In the opinion of the Danish Government the good results achieved in the field of occupational safety and health are, among other factors, attributable to the fruitful dialogue with the social partners at the European level on safety and health at work. Finally, the Council resolution on safety and health from 1987 has set an important political target. As regards the development in the field of labour law the Social Dimension has made slower progress than expected.

However, the need should also be stressed for examining the impact of already adopted regulations, directives, etc. in the individual Member States. The effectiveness of Community initiatives shall not be evaluated exclusively on the basis of the number of directives adopted and their national implementation; what is needed is also a qualitative evaluation of the implementation and impact. What is further needed is an evaluation of the development in the case law of the European Court of Justice and the enforcement of the directives in the Member States. In this relation there is a need for strengthening the level of information in relation to specific target groups who are working with EU law, so as to ensure that the legal acts of the Community as well as the case law will be enforced at all levels of the Community.

An active labour market policy

In the Green Paper the Commission expresses the view that the European social policy is heading for a critical phase due, primarily, to the changed socio-economic situation with a high level of unemployment which requires innovative thinking. In many respects the Danish Government shares this view, although one should be cautious not to jump to conclusions when it comes to the future role of the welfare state.

But the labour market policy should, as part of the social policy, be one of the top priority fields of action in the Member States supported by framework strategies within the Community. Unemployment is the most serious problem in Denmark and the Danish Government firmly believes that an active labour market policy in conjunction with specifically targeted industrial and education/training policies is a prerequisite for a successful economic policy. This is why

Denmark is spending a very big share of the GNP on labour market and education/training measures, and increasingly on active labour market policy measures. In this connection reference is made to the Act on an active labour market policy which came into operation in Denmark on 1 January 1994. As the perspective underlying the active labour market policy is that economic growth alone will not be sufficient to absorb the many unemployed persons, a policy with the emphasis on improving the skills of the workers, through education, training, vocational guidance, job training and job rotation, will be an important instrument in the combat against unemployment.

An important element of this policy is in particular the vocational and education/training policies in relation to young persons and adults, but it should at the same time be stressed that the different structures and conditions in relation to access to vocational training in the Member States stress the need for applying the principle of subsidiarity. **Future initiatives in this field should - considering the differences in the development in the Member States - be of a very general nature**, so that the Member States are invited to discuss - according to national needs and traditions - the need for and the way in which such action from the Community can be given a high priority and be made as operational as possible. Considering the very important role that the social partners play in this field, an invitation to promote partnerships and cooperation between the parties concerning these matters where no such cooperation exists would be of paramount importance. A strengthening of targeted training activities at Community level must be based on the needs for qualifications recorded and the needs of the enterprises. This is the only way to strengthen the employment prospects of the individual and the competitiveness of trade and industry and thus increase total employment within the European Union. In this connection reference may also be made to the Council Resolution of 11 June 1993 on the vocational training policies of the 1990's. In this context it should be mentioned that the Danish vocational training system has been established on the basis of a close cooperation between public institutions and private enterprises and is based on alternating training, i.e. a training sequence of some years alternating between theoretical instruction in a training institution and practical job training in an enterprise. This is a basic feature of the Danish apprenticeship training system and also of certain advanced level vocational training programmes. By way of conclusion, reference is made to the Danish Government's initiative in November 1993 "Education and training for all" which aims at strengthening young persons employment prospects through education and training, including young persons with learning difficulties.

The present economic and labour market situation differs widely from one Member State to another and there is no consensus on the economic and labour market action to be taken and this is of importance to the planning of initiatives at Community level. In this connection reference

is made to the White Paper on growth, competitiveness and employment in which one of the conclusions is that the Community may and shall - in order to support Member States - set up a forum where agreement may be reached on a broad framework strategy and underpin national measures by means of supplementary community measures, either in the form of financial support through the European Social Fund or in the form of retraining or other measures which ensure the diffusion of good practices. In this connection reference may be made to the Council Resolution (Ministers of Labour and Social Affairs) of December 1992 in which the Council instructed itself to have regular discussions of labour market problems.

The debate on an active labour market policy is mainly taking place in the White Paper on growth, competitiveness and employment and the Danish Government refers to its views as expressed therein. It is also important to stress that the active participation of the social partners is a prerequisite for the implementation of an active labour market policy and that detailed EU regulation may counteract the wish expressed in the Green Paper to make the labour market more flexible.

The future regulatory policy

The coming into operation of the Maastricht Treaty has created a new situation with regards to the social policy at the European level. This is also the background for the questions asked in the Green Paper concerning which areas of social policy are most appropriately regulated by collective agreements and which areas by framework legislation.

The Treaty on the European Union and the Protocol on Social Policy (the 11-Agreement) is the culmination so far of the efforts in the labour market and social policy field which started with the Single European Act in 1986 and this basis makes possible regulation in the form of European agreements and there should be room for developing such agreements in actual practice. At the same time the 11-Agreement explicitly states that matters relating to pay, the right to organise, the right to strike or lock-out are not subject to regulation.

On 30 November 1993 the Folketing (the Danish Parliament) passed a resolution which states that the objective of the Danish participation in the EU cooperation in the social field is to preserve the Danish model based mainly on collective agreements between the social partners rather than legislation. In connection with discussions on draft community directives and in general debates on labour market issues in the EU the Government tries - in cooperation with the social partners - to achieve this objective by advocating the following principles:

- the principle of subsidiarity should be applied so that the Community shall act only if the issue in question has transnational or other general aspects, whereas tasks that concern only a single Member State should not be regulated by the European Union
- the social partners should be given such conditions for conclusion of agreements that regulation in the form of collective agreements rather than legislation will stand a real chance of becoming effective
- community action should leave room for national traditions and decisions
- community measures should, as far as possible, include all-12 Member States
- the social partners in Denmark shall be given the possibility of implementing measures within the framework of the collective bargaining system, including by collective agreements and/or other agreements, and
- community measures should be enforced effectively in all Member States.

By way of conclusion it may be said that the Danish Government does not wish at this stage to point to specific areas which might most appropriately be regulated by agreements or by legislation. But with reference to what is said above the Danish position is that rules of law laid down at community level should take into account the traditions of the Member States and that the rules introduced in the social field should also respect such traditions. The starting point must thus be a reasonable balance between considerations of desirable progress in living and working conditions for all and considerations of the conditions existing in the different regions, including geographical and cultural conditions.

In this connection it should be emphasised that the Danish model and the traditions for regulation are mainly based on direct agreements between the social partners rather than legislation. This model is conditional upon the existence of a widely organised labour market with organisations on both sides which are ready to reach agreement by giving concessions, also in the case of strongly conflicting interests. This model has to a high degree contributed to social progress and it is our experience that such a model gives the highest degree of flexibility. It has the great advantage that the parties feel a higher degree of commitment because they have themselves negotiated the necessary compromises. This means that the parties prefer to solve their disputes without any intervention on the part of the State. **In the field of labour law it is important that the regulation at European level takes place with due regard to the prin-**

principle of subsidiarity so that existing national structures are not interfered with. The ultimate aim is not a harmonisation of labour law systems in Europe.

In most other Member States the labour market is traditionally regulated by legislation. For this reason no specific requirements should be laid down concerning the method of implementation of labour law directives. This view is in accordance with the 11-Agreement on the Protocol on Social Policy.

The future regulation model in the European Union

In connection with the negotiations concerning the Maastricht Treaty the Danish Government expressed - in its memorandum of 4 October 1990 - the wish that the fundamental social rights of workers should be established in the Treaty. The Danish Government would like to take this opportunity to emphasise that it continues to be the position of the Government that the aim of regulation of the European social policy must be to establish minimum rights at community level guaranteed by the Treaty in central social policy areas.

The Danish Government attaches great importance to a strengthening of the Social Dimension of the European Union in order to spread the benefits obtained as a result of the single European market. The Social Dimension continues to be an integral part of the process of building up the single European market and should be considered one of the basic principles of the Community. It is vital that the solidarity in the cooperation also manifests itself in this field - through the incorporation into the Treaty of provisions on the fundamental social rights of workers.

The Danish Government thus finds that a number of fundamental rights should be established in the Treaty. This applies to the right of access to employment and training, social security, protection against industrial accidents and occupational diseases, freedom of association and the right to collective bargaining. It should further be established that the principle of subsidiarity is important in this field with a view to ensuring freedom to engage in collective bargaining on the labour market. Reference is made in this connection to the Danish Government's memorandum of October 1990.

Such rights serve to ensure that a duty is imposed on all Member States to guarantee the social rights of workers so as to avoid social dumping and a deterioration of the terms of competition. Such rights would appropriately balance the establishment of the single European market for goods and enterprises. Regulation based upon inclusion in the Treaty of these rights would

guard against desultory regulation and could at the same time serve as a planning and management tool for future Community initiatives.

In some fields there will not be a need for EU regulation in addition to the inclusion of these fundamental rights into the Treaty. This would be the case for instance as regards those aspects of the social policy which go beyond the labour market policy, such as for instance social security benefits and wage compensation benefits where the individual Member States cooperate on the targets and policies for the national social protection. In other fields, there will be a need for supplementary EU regulation which should take the form of framework directives and concentrate on a few basic issues rather than go into detail. There will be only little need for other specific supplementary EU regulation. Provision should be made for regular reviews of the rules. Review clauses also make it easier to adopt rules as it is made possible to evaluate and adapt the rules regularly. The practical experience with the operation of directives will usually lead to a review of the directive after some years. For this reason efforts to achieve perfection in the drafting of the rules should be avoided and instead a directive should be looked upon as a necessary first step.

The implementation of a basic right - where it stands alone - or of a framework directive should be left to the Member States and to the extent that this is possible, the social partners could be given the responsibility for the actual implementation. This would be in accordance with the principle of subsidiarity and the Maastricht decision to strengthen the role of the social partners in a social Europe.

The directives should be sufficiently flexible and broad. Whenever possible, they should not prescribe a single implementation method which is made binding, but, on the contrary, set up a framework within which the principles can function in all national systems. It is important to leave room for manoeuvres for the social partners. In this connection reference should also be made to the possibility of adopting dispositive provisions as we know them from certain directives.

The single European market and the free movement of people, including the question of transparency in the qualification systems

The free movement of people is one of the so-called four freedoms of the Union, but it must be admitted that it has in actual practice been difficult to realise the principles about free movement due to a number of barriers. In the light of the establishment of the single European market and the constantly growing European integration it will be necessary to take initiatives at Community level which will promote the free movement of labour. In this connection the Danish

Government would like to point to the questions of transparency in qualifications and a simplification of the rules in the field of social security. A proposal to introduce transnational education/training programmes - or parts of such programmes - with a common European certification is considered inappropriate in relation to the existing harmonisation efforts.

As regards the social security field it has been firmly established that there will be no harmonisation at Community level of the substantive rules in the social security legislation. The aim must be to make the administrative rules in the social security field more flexible and the complicated coordination rules laid down in EEC Regulation 1408/71 must be simplified. Furthermore, effective measures must be taken to ensure that unemployed persons who avail themselves of the possibility of searching for work in another Member State receive the unemployment benefits to which they are entitled without delay.

In this connection the Danish Government wants to refer to the fact that both the Council and the Advisory Committee for Vocational Training have pointed to the need for promoting information on vocational qualifications as a major instrument to support individual migrant workers and to benefit the enterprises.

It is therefore important that the Community tries to create transparency in vocational qualifications throughout the Community, for instance by giving the individual employee the possibility at the national level of obtaining documentation for his qualifications.

Such qualification certificates should preferably be drawn up in several Community languages and they should be issued by the national authorities authorised under national legislation and administrative practice to issue qualification certificates, diplomas and other certificates.

Furthermore, it might be sensible to draw up an inventory of the authorities authorised to issue such certificates.

In this connection the European cooperation between public employment services could with the network of specially trained Euro-advisers appropriately form an important element of an information system as regards transparency of vocational qualifications in the labour market with a view to promoting mobility.

Furthermore, new surveys should be prepared on a current basis of national qualification systems and steps should be taken to ensure that such surveys are regularly up-dated.

In order to strengthen the national qualification systems exchanges of trainees, students, teachers, policy-makers etc. in the qualification system should be more widely used. In this connection information transfers among national qualification systems should be used to a higher extent in order to strengthen the national systems and to maintain and further develop the European dimension of vocational training programmes.

With a view to informing users about qualifications acquired in other countries the Member States should dispose of well-functioning transnational networks capable of exchanging information on the qualification systems and labour markets of the individual countries according to non-bureaucratic and flexible procedures.

It should be stressed, however, that the responsibility for recognition of vocational skills lies with those policy-makers who under national law and administrative practice are authorised to issue diplomas, etc. on completion of training/education.

Promoting equal opportunities for men and women

The experience gained from many years' with equal opportunities legislation points to the necessity of integrating problems in connection with equal opportunities into all ordinary labour market and training policy measures (main-streaming). The imbalance between men and women should be included as an important parameter in all relevant analyses. Furthermore, men's and women's equal participation in the decision-making process should be given a higher priority. The Community should continue to work to enforce and interpret the directives on equal pay and equal treatment. Furthermore, information initiatives should be given a higher priority, both at Community level and in the individual Member States with a view to influencing the attitudes of the labour market actors for the purpose of ensuring equal pay and equal treatment in the labour market. However, it is the Danish position that it is not relevant to prepare new legislative rules at Community level with a view to promoting equal opportunities for men and women.

The social transition to economic and monetary union

As regards the economic integration progress and the achievement of the most fundamental objectives as laid down in article 2 it should be stressed that it is the Danish view that the Union may - under Article 103, par. 4 - give recommendations only in the economic and social convergence process with a view to ensuring that the integration process contributes to the achievement of the overall objectives laid down in Article 2 to the extent that the objectives are reflected in the overall guidelines for the policies of the Community and the Member States.

Reinforcing the social dialogue

The Danish Government shares the view expressed in the Green Paper on the vital role of the social partners in the process of European construction although the social dialogue at the European level will take some time to mature. A high level of information in relation to the social partners is extremely important in this context. At the same time the role of the social partners is important in connection with the democratisation of Europe so that the social partners contribute to ensuring a state of law and order for all citizens.

The Maastricht Treaty, the Protocol and the Agreement have created new methods of implementation of social policy instruments. The Commission stresses in its Communication of 14 December 1993 that the Maastricht Treaty (and the 11-Agreement) does not prejudice the Commission's possibility of using the provisions laid down in the EC Treaty, according to the procedures which are binding on all 12 Member States. The social policy may thus be implemented on two different legal bases, either with all 12 Member States (the EC Treaty) or with only 11 Member States (the 11-Agreement).

The Danish attitude to this situation is that the starting point for future regulation in the social policy field should be that the Commission tries all possibilities for reaching a decision which can be accepted by all Member States before the Commission considers a solution which will apply only to the 11. At the same time the aim of the action - to ensure progress in the social policy field - should carry great weight when the Commission explores the possibility of obtaining support from all 12 Member States so that this phase will not take too long. It would be inappropriate if the attempt to obtain acceptance from all 12 Member States hampers progress or leads to concessions to some countries which will actually suspend the effect of the directives concerned in some countries. For this reason the Commission should attach great importance to the new possibilities offered by the Agreement, mainly the possibility of making decision with a qualified majority and the role of the social partners.

The question of whether the consultation of the social partners will be successful and the possible conclusion of an agreement between them will depend upon whether we are talking about existing or new proposals. Existing proposals should be taken to mean proposals on which the Commission has through lengthy negotiations in the Council failed to obtain acceptance from all 12 Member States. When these proposals are put before the social partners under the 11-Agreement in a two-phased consultation process, the parties will not have the same incentive to actually utilise their possibilities. Especially, the worker side might have an interest in the Commission going on with the proposal as this side might find that this would give a more favourable result that could be obtained in cooperation with the employer side. A first example of this attitude is the existing proposed EWC directive.

On the contrary, one could imagine a different course if the Commission puts a new proposal before the social partners under the procedure laid down in the 11-Agreement, i.e. a proposal which has not previously been submitted to or discussed in other fora. In this situation the dialogue with the social partners would become a genuine dialogue as there will be no proposal which has already been discussed and where the positions of the Member States - and thus the chances of its adoption - are already well-known. The procedure under the 11-Agreement which involves the social partners is - in isolation - a sensible arrangement, but it may lose its sense if applied only after the 12-procedure has failed. To ensure a genuine first consultation of the social partners the Commission might consider to have this consultation at an earlier stage so that the Commission consults the social partners before it examines whether there is a basis for a decision involving all 12 Member States. In other words, it should be considered that the Commission suspends its choice of legal base until after the conclusion of the first consultation round of the social dialogue.

It is also important that the possibility of using agreements at the European level instead of directives is taken up by the social partners. This implementation method is an innovation in the Community law. Thus the dialogue between the social partners may take place under article 4, par. 1 and according to article 4, par. 2 the social partners at the European level may request the Council to give effect to the agreement concluded by them if the agreement concerns matter under article 2.

If the social partners request the Council to give it effect by means of a Council decision, the Commission has stated in its Communication of 14 December 1993 that the Council will not be able to change anything in such an agreement. The Commission will give a reasoned opinion on each proposal with its observations and evaluation of the agreement concluded between the social partners which will be submitted to the Council. According to the Commission the Council decision will be limited to giving effect to the provisions of the agreement for all or for certain groups so that the text of the agreement as such will not be the subject of discussion, but will be included as an annex to the decision.

If the Council decides not to give effect to the agreement with the content it has been given by the social partners, the Commission withdraws its proposal and examines the possibility of presenting a proposal - on the basis of the work which has already been done - for a legal act on the subject concerned.

The Danish position concerning this matter is that the Commission's procedure will hardly cause any problems in Denmark where we have a long tradition for regulation of most labour

market matters by collective agreements. This model could probably also be used to implement the agreement concluded by the social partners at European level.

As regards a reinforcement of the social dialogue in individual fields the Danish position is that the social partners should be involved in the discussion of the questions listed in the Green Paper. Both in order to give them the possibility for influencing these policies and to have them share the responsibility. But at the same time the autonomy of the social partners should be fully respected.

Reinforcement of the cooperation between national authorities

With a view to ensuring that the development of the Social Dimension is taking place at an increasingly higher level it is not only the dialogue between the social partners which has to be reinforced. It is also important that the authorities in the Member States are given a more active role in the European dialogue. The cooperation or partnership between labour market authorities should thus be given a more predominant position in the future cooperation within the European Union. This applies for instance to the question concerning the "marketing" of EU legislative initiatives in the individual Member States, including exchange of experience between the countries concerning the implementation of Community rules and the solution of more forward-looking problems.

An example hereof is the cooperation between labour inspection authorities in the EU which should be strengthened with a view to avoiding new technical barriers to trade and social dumping and in order to improve the exchange of experience concerning implementation of directives in the fields of occupational safety and health, programmes such as safety campaigns, etc. in specific sectors.

Another field which could be mentioned is the single European market and the free movement of people. In connection with the measures taken to remove barriers to the free movement initiatives should be taken to improve the communication and cooperation between the relevant authorities in the individual Member States. Action could for example be taken to disseminate the knowledge about, for instance, the unemployment insurance systems of the individual Member States and to develop and modernise the exchange of information.

Better contacts between labour market authorities would strengthen the cooperation within the Community and thus also the role of the social dimension. It is of course important that the Commission and other Community institutions, such as for instance the new European agency for safety and health that is to be set up, are involved in and support this cooperation.

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

From the Danish side we support the work for economic and social cohesion between poor and rich regions and the initiatives to create solidarity between fortunate and disadvantaged social groups. The European Social Fund, as a component of the Community's social policy (Article 3 (i) of the Treaty of Union) and as one of the four Structural Funds of the Community contributes to both.

Denmark will also in the future attach great importance to the transnational character and the Community dimension of ESF-projects. International experience will be of growing importance for the qualification profile of the workers. Transnational projects and networks between actors and vocational training fields, which include exchange of innovative models, could result in a fruitful increase in the quality of education/training methods and systems among the Member States. In the coming years the focus should be on analyses, methodologies and exchange of experience.

In order to ensure the best possible use of the resources made available by the Commission for the Member States it is necessary to establish a clear and closer cohesion and coordination of the possibilities for support which exist within the framework of the ESF and the support which will be made available in connection with the implementation of other major programmes under article 126 (Socrates) and article 127 (the Leonardo-programme). Such synergy and proper coordination should be applied to quality programmes covering both weak and strong target groups. At the same time the administrative procedures should be stream-lined and the support concentrated on bigger and viable projects.

The exchange of vocational training programmes and of comparable information on qualifications will require a stimulation of and support for a transnational cooperation between education/training and labour market institutions. This might lead to joint ventures in the field of training, with a European dimension, and also improve the possibilities for exchanging information on the needs and motivation of those seeking education and training and on the qualification needs of the labour markets.

The Danish Government finds that the changes of the ESF should lead to a higher priority being given to the field of equal opportunities.

In the light of article 127 of the Treaty of Union, under which the Community is to pursue a vocational training policy which supports and supplements the initiatives of the Member States,

support to the establishment of transnational networks among actors will have a bigger impact on the development of policies and measures which promote the targets set by the Community than support for data network within the same region.

International aspects

The Danish Government agrees with the perspective of the Green Paper that social dumping from countries outside the European Union should be avoided. Efforts should be made to ensure that the global economic competition and the international trade in goods and services generated by it will improve, and not deteriorate, social and labour standards. These efforts could take the form of a strengthening of the cooperation with relevant international organisations, such as for instance the ILO and the OECD, in accordance with the competence of the Member States and Commission in such matters. The principle of inclusion of social clauses in trade agreements should be considered in the context of the discussions of the above problems, for instance concerning the world trade organisation WTO. Not only for the purpose of protection of the working conditions of workers in the EU against unfair competition from third countries at an unacceptably low level, but also for humanitarian reasons in order to avoid the serious problems with for instance child labour and gross exploitation of workers in certain countries. Such initiatives should to a wide extent be coordinated with the assistance policy and other relevant policy fields within the Community so that these policies are not in conflict with each other, but support each other.

Accordance between objectives and policies in the social field

In the social policy field as such - that is when it comes to those aspects of the social policy which go beyond the labour market policy and which in Denmark fall under the competence of the Ministry for Social Affairs - the Danish model is characterised by central legislation setting up a framework for concrete decisions taken at the decentralised level. This contributes to ensuring responsibility, efficiency, flexibility and user-friendliness.

As regards these aspects of the social policy the Danish Government finds that the Protocol to the Maastricht Treaty lists the objectives of the Community and the objectives of the Member States in the social policy field. They include improved living and working conditions, proper social protection and action against social exclusion. With a view to achieving these objectives the Community supports and supplements the action taken by the Member States in the fields of social security and social protection of workers.

A European social policy in these fields shall be implemented in accordance with the principle of subsidiarity. This means that the responsibility for the initiatives to be taken to establish and

improve social rights lies with the individual Member States. This emphasises the basic principle that the individual Member State formulates and is responsible for its own social policy. This principle has also been emphasised in the Edinburgh Agreement which stresses that the individual Member State should continue to be able to pursue its own distribution policy and to maintain or improve its social standards.

The Danish Government finds that it is a natural element of the Community's work to cooperate on the objectives and policy content of national social security schemes. Furthermore should for instance the housing policy be taken into account in the social policy in relation to action targeted on elderly people, disabled persons, etc.

In this connection reference is made to the positive experience and results which have already been obtained in the cooperation in broad fields within the family policy, measures in the fight against poverty and social exclusion and the policies in relation to elderly persons and disabled persons. It is important that the cooperation at Community level within these policy fields continues.

The further procedure

The Danish Government is looking forward to the follow-up initiatives on the basis of the responses to the consultation process. It is extremely important to have a broad debate which will give the opportunity to discuss the replies from the Member States and from the organisations, etc. in a European context before the Green Paper is translated into a White Paper.

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FEDERAL REPUBLIC OF GERMANY

Opinion of the government of the Federal Republic of Germany on
the Commission's Green Paper on European social policy

I. General remarks

The German government believes in the need for a broad discussion of the basic assumptions underlying European social policy. It therefore welcomes the fact that the Commission has produced a Green Paper to set the ball rolling. Now that the Community's social policy action programme has been very largely implemented, what the European Union needs is fresh momentum on the social-policy front. The Maastricht Treaties make express reference to European social policy (cf. Preamble to the Treaty on European Union and Articles 2 and 3(i) of the EC Treaty); indeed, with the Social Policy Protocol and the Agreement on Social Policy, they have created entirely new opportunities. One very important point is the greatly enhanced involvement of the social partners in the European legislative procedure and the greatly extended potential for reaching decisions by majority voting, e.g. the creation of European works councils.

The current deep-rooted economic crisis in all the Member States is causing major problems and structural distortion, with an attendant effect on our social protection systems. First and foremost, we are having to contend with a lasting and high level of unemployment and an ever increasing proportion of people in long-term unemployment. The European Union too is expected to come up with answers to these challenging issues. The Union's social policy must now address these matters as a priority.

Against this backdrop, the German government welcomes the fact that the Green Paper provides what are in the main accurate analyses of the social-policy situation in the Community and in the Member States. For instance, the stocktaking of European social policy achievements to date in Part I is a useful and largely accurate description. The current problems in our social protection systems (Part II) are likewise analysed in a largely accurate manner. As in the past, though, it will be mainly up to the Member States to find an answer to the question of how our social systems should develop in the future. While an exchange of views on such matters within the Union can undoubtedly be useful, jointly agreed solutions are unlikely to be forthcoming. The situation in the individual Member States is just too different for that, quite apart from the fact that there are widely divergent views on what exactly our social systems should be trying to achieve. A speedy *rapprochement* of the Member States' basic positions is just as unlikely as is the harmonisation of the systems themselves.

The Commission rightly concludes - in line with the decisions taken by the European Council in June and December 1988 and in June 1989 - that economic and social progress must go hand in hand. This aim is being jeopardised by the persistently high level of unemployment. The important thing in all the Member States of the Union must

be to achieve higher employment. This central challenge was the subject of the G7 employment conference in Detroit, where it was agreed that improving the employment situation was a matter not just of creating favourable macroeconomic conditions, but also of enabling people to come to terms with, and take an active part in, the process of technical and structural change. This is very largely a function of **high-quality vocational training**. At the same time, though, we need an **adequate level of social protection** to ensure that people perceive economic change not as a threat, but rather as a positive opportunity.

The German government takes the view that the European Union too can and must make a contribution to consolidating economic activity in Europe and hence improving the employment situation in the Member States by adopting measures in the fields of **economic, financial and structural policy**. Steps are already being taken in this direction; the European Union, the Member States and the social partners too must take a look at what can be done to free the labour markets of unnecessary regulation, to improve training opportunities and employment conditions (e.g. by making working time more flexible) and to curb non-wage labour costs. The Commission's White Paper on growth, competitiveness and employment contains interesting and useful suggestions on how this could be done.

The German government would urge the Commission to maintain the linkage between the White Paper on growth, competitiveness and employment, the Green Paper and the forthcoming White Paper on European social policy.

However, the Community has only little to contribute to labour market policy in the narrow sense of the term, as President Delors acknowledged at the Council meeting in March 1994. Pride of place here must go to national measures at the sharp end, which is where the Structural Funds, and more particularly the European Social Fund, can make their contribution. The requisite resources were greatly increased and fixed up to 1999 by the Edinburgh European Council. Following the revision of the Structural Funds regulations, the only outstanding need for new legislative measures is in conjunction with the accession negotiations with Austria, Sweden, Finland and Norway. Additionally, the Structural Fund resources must now be put to use efficiently, addressing the needs identified by the Member States and concentrating on **tackling long-term unemployment and unemployment among women and young people**. These aims must enjoy absolute priority over all other proposals. Far from being complicated still further, the **administrative procedures** must be simplified.

While the analytical parts of the Green Paper can be largely applauded, it is regrettable that the Commission has not yet presented **its own views** on the future of European social policy; more particularly, there is nothing on the question of how, and in which specific areas, the new opportunities available under Maastricht should be utilised.

The German government acknowledges that the Commission's 65 questions address important fields of social policy. Organising a detailed discussion of this list of questions would, however, go well beyond the bounds of an efficiently targeted discussion within the Union. **The German government's views are therefore focused on the concrete**

opportunities and necessities for Union action. Discussions are now getting under way at national and Community level, the point of which cannot be to cover all the areas addressed by the Commission's catalogue of questions, as most of these questions do not fall within the Community's field of competence or are far removed from the Community's current and short-term potential for action.

It is the German government's view that the Community should concentrate on **the things that European social policy can really achieve and on the aims it should be pursuing.**

The German government would also point out in this context that the total financial resources for the measures and programmes proposed on the basis of the Green Paper and the forthcoming White Paper must be entirely consistent with the expenditure ceilings fixed by the European Council in Edinburgh.

II. Guidelines for a future social policy

The Community has achieved a great deal in the field of European social policy with the Community Charter and the Action Programme. In the general field of **labour protection**, we have had the internal market directives and a framework directive and a total of 13 individual directives, covering the more technical aspects of health and safety at work and hazardous substances, and also more social-oriented measures (e.g. maternity and pregnancy protection and the organisation of working time). The Community has also reasserted its presence in the field of **labour law**, with provisions on the obligation on employers to provide employees with details of their conditions of employment, and on collective redundancies.

This policy should be continued. The aim of any future social policy should be to extend the **basic set of Community-wide binding minimum standards in important areas of social policy, concentrating on concrete minimum standards in the field of labour law.**

Minimum standards are the appropriate instrument for making **gradual** progress towards economic and social convergence in the Community, having regard to the economic strength and capacity of the different Member States. Minimum standards do not overstretch the economically weaker Member States, but at the same time they allow those which are better developed to maintain a higher social standard in the interests of workers, or to decide on a level which is commensurate with their economic strength. The idea of having Community-wide minimum standards is an effective response to what is seen as an inevitable decline in social standards in the Union.

The German government welcomes the fact that the Commission too attaches due importance to the concept of minimum standards, though it is unfortunate that the Commission has restricted itself to this abstract demand, despite the fact that the German government, the conference of labour and social affairs ministers of the German *Länder*, the social partners and - we understand - other Member States too have indicated specific subject areas for minimum provisions. We have thus, for the time being at least, missed the opportunity for a broad public discussion of particular social-policy proposals.

The German government therefore calls on the Commission to publish the proposals made in connection with the Green Paper as soon as possible in a separate document (as announced by the Commission at the meeting of national coordinators in February 1994) with a view to directing discussion, more than is possible at present, to particular areas of European social policy.

The German government takes the view that the current approach of laying down minimum standards should be continued pragmatically, having regard to what is feasible and capable of achieving consensus, and in strict compliance with the principle of subsidiarity. It is essential for Community-wide standards to be sufficiently flexible to embrace national traditions, peculiarities and legal systems.

As regards a gradual extension of the **basic set of minimum standards**, the German government feels that consideration should be given to the following subjects:

1. Equal treatment in respect of part-time work and fixed-duration employment relationships
2. Ban on discriminatory treatment of employees who assert their rights (e.g. complaints) or refuse to do work which is not allowed
3. Right of employees to make their views known in matters concerning them personally
4. Personal data protection for employees, with special reference to the collection, processing and dissemination of employee data
5. Basic principles of protection against dismissal
6. Principle that no employee in the Community may be placed at a disadvantage vis-à-vis others at work because of his/her sex; this does not rule out specific cases of positive discrimination to compensate for existing disadvantages
7. Principles of continued payment for public holidays and sick leave
8. Cooperation between public authorities to deal with trans-frontier temporary labour
9. Integration of the disabled into working life
10. Creation of an across-the-board, impartial and free-of-charge system for vocational counselling and job placement

In making these proposals, the German government reaffirms its commitment to the social dimension as an indispensable element of the European unification process.

The German government expects the Commission to take a detailed look at these proposals and at any proposals which may arise from deliberations on the Green Paper in Germany, more particularly within the law-enacting public entities; the social partners will be making their proposals directly to the Commission. The German government also keenly anticipates the proposals made by the other Member States and all other interested parties.

The German government further expects the Commission to discuss its proposals for specific minimum standards with the Member States before it finally presents its White Paper.

The German government is also very keen to see further discussion of **those aspects of the Action Programme which have not yet been finalised** (more particularly the directives on European works councils and - albeit in a tightened-up and much revised form - on equal treatment in respect of part-time work and fixed-duration employment relationships ("atypical work")). The latter directive could be an important element in a basic set of European labour law minimum standards.

III. Individual points of criticism

Community action must be restricted to the areas of competence allocated to the Community and to the framework set by the EC Treaty and the Social Protocol, bearing in mind the principle of subsidiarity. The German government feels that what is missing in the Commission's document is a clear delineation of the various levels of competence in accordance with the **principle of subsidiarity**. This kind of delineation is particularly important in the sensitive field of social policy, which is for the main part the responsibility of the Member States. Because of this, the German government has **considerable reservations** on a number of the areas for action presented for discussion in the Green Paper:

The German government has objections which it wishes to raise in respect of question 44 (Part III C 3) as to whether the convergence of social policies should be promoted, and thus transferred to social policy, by the "definition of common objectives and monitoring" according to the "monitoring procedures" used in the economic policy field for the transition to Economic and Monetary Union. These mechanisms were negotiated exhaustively for the Economic and Monetary Union in the Maastricht intergovernmental conference and enshrined in the Treaty in the form of economic indicators and non-economic-policy goals. In other words, whereas the "convergence criteria" for the EMU are firmly rooted in the EC Treaty, similar concrete and contractual aims in terms of social policy were not negotiated at the intergovernmental conference, nor were they provided for in the Treaty. The use of these mechanisms and convergence objectives in the form of specific indicators for social benefits is not possible, given the differences in social protection and labour law systems, and would blur the distinctions between economic and social policy, for which similar procedures are not appropriate, either in terms of content or of the range of policy instruments.

Although there is no question-mark over the idea of convergence of social policies in the sense of **step-by-step agreement on common objectives**, this is not something which must lead to the (statutory) harmonisation of national social-policy legislation. In terms of social policy, we must proceed with great care and by, in the main, preserving national legal systems. The Commission's call for "quantified objectives" (Part III, B) as a basis for the convergence of social policies amounts in practice to unwanted harmonisation and goes way beyond the "definition of common objectives", quite apart from the problems involved in seeking and finding quantified objectives for the differing systems and applying them in practice.

Furthermore, the Commission's Green Paper touches on aspects of social policy which, in the opinion of the German government, should not be a matter for Community concern:

1. The Commission's suggestions on a "consolidated statement of citizens' rights" (question 62, Part III C 9) is a doubtful starter even as regards the basic idea of enshrining abstract, social citizens' rights. The fact is that enshrining these rights would exceed the Community's statute and case-law and would lead in practice to the "Communitisation" of important areas of social policy, with unforeseeable consequences. There is also the danger of differing interpretations. For instance, the Court of Justice of the European Communities has, in interpreting the requirement for equal treatment of men and women, thrown out the idea of different ages of retirement for men and women in occupational pension schemes, while the German Constitutional Court's view has been that bringing the age of retirement for women forward is justified to compensate for disadvantages arising from the dual role of women at work and in the family.
As regards citizens' rights, the Community should stick to what Article F(2) of the Treaty on European Union has to say on fundamental rights and freedoms and not jump the gun on decisions which might be taken by subsequent intergovernmental conferences.
2. The Commission's call for the general freedom of movement (questions 34 and 35, Part III C 1) likewise warrants more detailed discussion, although the German government at the present time sees no compelling need to go beyond what is laid down in Maastricht and in the current secondary legislation. As regards the idea of uncoupling the freedom of movement from the pursuit of an occupation or proof of health insurance and sufficient resources, special attention has to be paid to the reservation expressed in Article 8a of the EC Treaty in respect of secondary law. In view of the considerable economic and social differences between the Member States, these conditions regarding the exercise of the freedom of movement should be maintained for the time being. The Community should offer no encouragement to the unjustified trans-frontier claiming of social benefits. Community rules and regulations should not lead to people being able to meet their needs (illness or old-age) by moving to wherever the best social benefits are on offer. Such rules and regulations would place an unreasonable burden on the people who pay the taxes and/or social security contributions.

3. The call for "equal opportunities for immigrants" (questions 24-26, Part III B 3 e) must not be allowed, in terms of the acceptance of immigration from non-Community countries and migration of third-country nationals from one Member State to another, to raise expectations which cannot be fulfilled. The policy of the German government - and presumably of other Member States too - is directed at limiting and controlling the inward migration of third-country nationals in a variety of ways. This must be borne in mind in the context of any call for freedom of movement within the Community for third-country nationals who are legally resident and employed in a Member State; it will be recalled that the Member States regard this question as a matter of common concern within the meaning of Article K 1(3) of the Treaty on European Union. It is not acceptable for **one** Member State to open up access unilaterally to **all other Member States**. We have similar objections to the unrestricted granting of a right of residence for persons with a permanent abode, equal opportunities in terms of employment, education and training and a simplified naturalisation procedure.
4. No convincing case has been made for the need for coordination with respect to occupational pension rights (question 34, Part III C 1). In the Federal Republic of Germany, one of the aims underlying the voluntary benefits granted by employers under occupational pension schemes is to reward employees for their loyalty to the firm. Coordination at Community level which would need lead to such loyalty no longer being given the importance it deserves would continue to meet with the disapproval of the German government.
5. As far as the Federal Republic of Germany is concerned, the Green Paper's call for a general revamping of the education and training systems (Part III B 2) is not necessary. Account must also be taken of the Member States' responsibility for the content and form of vocational training (Article 127(1)). In the dual system of vocational training in operation in Germany, the desired openness for continuing training on the basis of the broad provision of specialist and key qualifications is guaranteed, and the training sector is, for good reason, not regulated by the State, but is primarily a matter for the social partners, various social groupings and free market competition. For this reason young people cannot be "guaranteed" a job or training (questions 1, 20; Part III B). Nor is it clear who is supposed to offer such a guarantee (the Community? the Member States? business?). What is more, question 1 would seem to indicate that thought is being given to the institution of a general right to work, which is something which we have to reject, for the same reasons.
6. We are also sceptical about the proposed equal treatment of all students from Community Member States "as regards social and tax advantages" (question 34, Part III C 1). This would mean that, despite not being in employment or being the children of employed persons, students would qualify for grants in another Member State according to that Member State's legal provisions, i.e. in Germany under the Training and Education Promotion Act, although hitherto the various Member States' grant systems have differed widely. The German government's thinking is that Council Directive 93/96/EEC of 29 October 1993 concerning the

right of residence of students constitutes the basis for equal treatment of all students.

7. In Part III C 7, the Commission rightly emphasises the important role played by the European Social Fund and gives a useful and largely accurate analysis of the current situation in this field. However, the questions give the impression that the intention is to amend existing law and interfere with the Member States' rights. Following the 1993 revision procedure, the Structural Funds regulations, including the regulation on the European Social Fund, now deal with financial inducements up to the end of 1999. There is a need for further regulation only in respect of the accession negotiations with Austria, Sweden, Finland and Norway. Under Community law, the Member States are responsible for implementing the Structural Funds regulations. It is therefore not up to the Community to look into the mechanisms for implementation at Member State level (question 52), nor to contribute to the removal of "institutional and systemic disincentives" (question 53). It is likewise not up to the Community to go beyond the existing rules and regulations and "ensure that, in addition to the national authorities and the Commission, all the necessary partners (including ... the economic and social partners ...) play a full part in **programming and making operational decisions**" (question 56).

The task now facing the Union and the Member States is to concentrate resources on those areas which are likely to contribute most to easing the pressure on the labour market.

Notwithstanding these critical comments, the German government has high hopes of the forthcoming discussion in the Council of Ministers on the Green Paper, and subsequently on the White Paper which is supposed to emerge from the newly generated discussion on the future direction of European social policy. The German government hopes that the White Paper will set out a concrete and realistic timetable for the Union's future social policy.

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GREECE

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**SPEECH BY THE MINISTER OF LABOUR
EVAGGELOS PANNOPOULOS**

Ladies and gentlemen, in accordance with the programme of the National Conference on the Green Paper on European and Social Policy, I wish to declare open the debate on this subject. I would also like to extend a warm welcome to Mr P. Flynn, the Commissioner responsible for employment and social affairs.

The Greek Ministry of Labour organised this conference in cooperation with the Commissioner, who is responsible for employment and social matters. In other countries the ministries of labour, like ours, are called either Ministry of Employment or Ministry of Labour or Ministry of Labour and Social Affairs or Ministry of Social Affairs. They may have slightly different names but their purpose is the same.

You already have the programme. I will introduce it and present the positions of our ministry. Afterwards I will give the floor to Mr Flynn. We will have a break. Then Mrs Sotiriadou, in charge of Employment and the Management of Social Resources, will take over.

Mr Flynn is a friend of our country and also a personal friend. We have worked together at the Ministries of Labour. We are a new government, and I met him in Brussels when I went as Minister of Labour to the last meeting of the Belgian Presidency, when Mrs Smet was in charge, and handed over to me.

Greece now has the Presidency. Today I will not discuss the subject from this angle, for we ourselves have our own problems. We have asked Mr Flynn to address us as well, because he is the person behind the Green Paper. The Green Paper is the social side and the White Paper is the economic side. These two papers should be seen in tandem, in our view, a view that is also shared by Mr Flynn.

First I will speak, then Mr Flynn. Mr Flynn is a distinguished Irishman, who has been minister in several governments, and has held many other important posts in Ireland. As Commissioner responsible for social affairs, may I say that he has succeeded in making his name a household word both outside the Community and in all the countries of the European Union, the former EEC.

Ladies and Gentlemen, the Community is one of the wealthiest regions in

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the world. Although it only has 7% of the world population of working age, it produces approximately 30% of the world's GNP and 45% of world trade in industrial goods.

There is no doubt that all Europeans want to live in a world in which economic and social progress go hand in hand, a society in which men and women can participate as equals. However, in recent decades, employment, the welfare state and equal opportunities have been facing new challenges.

Although Europe experienced major growth during the eighties with the creation of over nine million new jobs, unemployment has continued to increase and the welfare state has been coming under increasing pressure. Poverty and social exclusion are ubiquitous.

Since the early Seventies, unemployment in the Community has been increasing steadily, except for the second half of the Eighties. Today there are over 17 million jobless persons in the European Union. Full employment can no longer be considered as the norm, as the automatic result of economic policies that generate growth. The proof is that, while in the past 20 years the increase in GNP was in the region of 80%, total unemployment increased by only 9%. In other words, while a high level of economic development is essential for creating new jobs, the increase has been small and the problem has not been solved.

Likewise, there are great differences between countries. For example, between 1970 and 1992 the US economy grew by 70% while employment grew by 49%. In the Community, where economic growth was greater - 80% - employment rose by only 9%, while in Japan where the economy grew by 173%, employment rose by only 25%. These figures are very contradictory.

Here I would like to mention, or rather to remind older and younger participants, that the Second World War saw our country aligned with the democratic countries - England, the Soviet Union, the United States of America - against Nazism and Fascism, against the axis.

While the countries who were conquered at that time should in some way have picked up the bill, it came about that the United States of America supported Japan and what at the time was Western Germany, so these two countries became economic monsters. Now the competitors of the United States are Germany and Japan, in other words the vanquished countries.

Greece, one of the victors (but at what cost) finds that it is not always being treated fairly today. For one reason or another, it is always Greece that gets the blame, even when it is defending its national interests.

But let us move on. Even among the countries of the European Union there are major differences. Between 1970 and 1992 economic development and growth in employment were, respectively, 70% and 11% in Germany, 77% and 6% in France, 75% and 18% in Italy, 51% and 3% in the United Kingdom. But the most striking example is Japan, in which growth was 103% but employment dropped by 0.3%. A paradoxical situation.

As the Green Paper mentions, the grim reality is that Europe has been creating fewer jobs than Japan and the United States. Only 60% of the population of the European Union of working age have jobs, as opposed to 70% and 75% in the two other countries respectively.

This means that Europe has a greater latent number of people who want to work, who swallow up new jobs without reducing unemployment. Probably there are a greater number of people without the necessary qualifications and skills to fill the available vacancies.

The truth is that - as mentioned in the White Paper on growth, competitiveness and employment - there is no panacea that would cure all our ills. This is because protectionism is out of the question, being contrary to the goals of the European Union as regards aid to third countries. Moreover it would in the long term be counter-productive, since after all we are the world's largest trading block.

Neither can we reheat the economy because this can only have very short term effects. In the medium term such a policy would create serious damage in the shape of inflation and external imbalances and would ultimately lead to an increase in unemployment. Neither can the general reduction in working time and the national redistribution of work help us, because this would lead to a downturn in production due to lack of skilled personnel.

Finally, to reduce wages and to cut benefits, with a view to aligning the European Union with its competitors in the developing countries, would worsen the crisis, because it would reduce the domestic demand essential for development and for maintaining jobs. As well, such a solution is socially and politically unacceptable.

The fundamental goals of the European Union remain the same: pursuit of economic and social progress as two sides of the same coin and the volition to ensure that the integration process goes hand in hand with an increase in social welfare and an improvement in living standards, rather than a reduction.

The western socio-economic model was created after the Second World War

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on the bedrock of full employment and the welfare state, i.e. on the basis of social policy. These foundations in conjunction with political democracy and human rights were what gave this model its dynamism.

Today, with the world no longer divided into two military blocks, world competition and cooperation will increasingly be based on successful socioeconomic development. This is something I want to stress again because economic development and social welfare must always go hand in hand.

We should not forget that social progress in Europe has been considerable since the signing of the Treaty of Rome. Nevertheless, Europe today faces unacceptable levels of unemployment, inequality between men and women, poverty and social exclusion and growing job insecurity.

The role of social policy is particularly crucial, because of all the policies this is the one that concerns people's everyday life. In other words, it concerns work, social protection, working conditions, living standards and quality of life, as well as the dignity of the worker and citizen.

The publication of the Green Paper coincides with a new and definitive phase in the process of European integration. Firstly, the entry into effect of the Treaty on European Union and in particular the Charter on Social Policy, signed by 11 Member States, has opened new perspectives and has enhanced the role of the Union in the social domain. As we know, the only country that did not sign the charter was the United Kingdom.

Secondly, awareness of the need for a global debate concerning the causes of and solutions to the crisis affecting European societies today led the Union to adopt the recently published White Paper on development, competitiveness and employment. The central idea of the White Paper is the organic interlinking of social and economic factors and the quest for new forms of production, in which job creation must become a key strategic goal and not just a mere byproduct of development.

The European Union and the European Council have roundly declared that economic and social progress must go hand in hand and that it is senseless to argue that social progress should play second fiddle to economic success, i.e. countries' economic prestige or economic status. In other words, it is wrong to argue that economic prestige should be achieved at the price of abolishing or restricting social rights.

At the beginning of this decade and with the impetus provided by the European Charter on Social Rights of Workers, the situation began to

change. As you know, the social charter was supported, approved and integrated into Community law during the Greek Presidency, when Giorgos Gennimatas was Minister of Labour and headed the Council of Labour Ministers.

In 1982 work began on the social charter at the Ministry of Labour, and I can say that our hands were full. Under the Greek Presidency the Social Charter became a genuine contract between the Member States of the Community.

In this changing environment the Community and the Member States began increasingly to advance new objectives, such as promoting employment, improving living and working conditions, appropriate and economically viable social protection, and fleshing out a basis for dialogue between both sides of industry, and combating social exclusion.

At the same time, in the context of the new perspectives offered by subsidiarity, people became increasingly aware that improvements in working relations are not the sole preserve of the Community or national legislator, but could also emerge from independent and responsible activities and thinking of the responsible agencies and the social partners.

The principle of subsidiarity made headway at the summit conference of 10-11 December 1992 in an address by Andreas Papandreou. Papandreou pointed out that each country should take those measures which were either imposed or allowed by circumstances. That is the principle of subsidiarity.

The Treaty on European Union and in particular the aforementioned social charter have given substance to these ideas. For the first time the Community dared to speak of European-wide agreements, something which many people still consider utopian.

As to employment, the Green Paper could be the point of departure for developing a different and more strategic understanding concerning the creation of new jobs, so as to reduce the unacceptable levels of unemployment which could lead to the disintegration both of the European Union and the social systems of the Member States.

Today there are 17 million unemployed in the European Union. What will happen if the number rises to 25 million, as some people fear? Imagine the social disruption that would ensue - indeed I believe that only through creation and expansion of firms, industries, small businesses, commercial undertakings, etc. can unemployment be beaten.

Thus, the first thing is to tackle unemployment, I think that this is achievable. The great economic and social cost of unemployment - estimates show that in 1993 unemployment cost the European Union over 200 billion ecus in the form of unemployment benefits and foregone income, without calculating the wider social cost. So we must look for solutions and try to overcome the disfunctionalities of the economic system in the shape of the unsatisfied needs coexisting beside unused resources.

We agree with many of the proposed solutions. They include: better adaptation of workplaces, improved vocational training systems, better use of the potential for employment in new sectors, job creation by small firms, local initiatives, etc.

The proposal that labour costs be reduced may be correct but at least for our country this cannot take the form of a reduction in employers' contributions. It is well known that our social security system is in crisis and that the social security institutions are in dire economic straits.

Any reduction in contributions would be fatal and render them unable to fulfil basic obligations, such as paying pensions.

Neither can a reduction in labour costs take the shape of wage cuts.

This may be possible in the rich countries of the north, where wages are very high by comparison with the south. But such a measure would be difficult to implement in a country in which the majority of wage earners do not have a satisfactory living standard. First of all one must ensure that people have a decent income.

The effect of reducing wages would be that more and more people would seek second jobs. Hence, any policy focusing exclusively on reducing labour costs to increase employment and competitiveness is not feasible in Greece.

Likewise, the implementation of new working time arrangements, if it involves splitting jobs, is not possible in Greece for the same reason.

Such a measure should only be considered if it is freely chosen by the worker and does not have an adverse impact on full employment and provided workers in such jobs have insurance cover.

I would like to make a comment on the Volkswagen example. Here the Volkswagen workforce - numbering hundreds of thousands - came to an arrangement whereby they agreed to accept lower wages in exchange for fewer working days, so as to avoid redundancies. But there was no question

of their insisting that other workers should do the same.

Here the Ministry of Labour has said that if the social partners - employers and workers - agree to such a measure, the ministry will not be ecstatic but will also not stand in the way. We are not very happy, because it is the beginning of a vicious spiral. Here I am talking about the Greek situation, to tell Mr Flynn how we see things.

What we need is a courageous and ambitious investment programme so that growth will be accompanied by an increase in employment, the creation of new job opportunities and the absorption of unemployed persons.

In this sector, the priority objectives are a better trained workforce, reduction in inequalities in the labour market, greater labour market flexibility, and the combating of exclusion from the labour market.

New forms of work organisation can be sought via social dialogue provided they correspond to the realities and needs of the individual countries. In the context of democratic planning, such measures must be implemented on three fairly distinct but interrelated levels: national level and local.

As to whether equal opportunities should be given to immigrants from third countries, this is a hot topic with many potential repercussions for economic and social life.

We must distinguish between legal and illegal immigrants. The European Union must do more to discourage illegal immigration, to control illegal unemployment and to return illegally employed persons to their countries of origin.

We need a suitable mechanism to penetrate local labour markets, to identify vocational training needs, the need for in-house training, to pinpoint opportunities for employment and to investigate the supply of and demand for labour in local markets.

The idea is to ensure rational planning with an eye to employing the local labour force, while identifying needs for outside labour.

This will make it easier to draw up a code of good practice which will include training and sensitisation measures. As everyone knows, free movement of workers has been a reality for several years for citizens of the European Union.

Broadly speaking Community citizens can work in Greece if they want to,

without any particular formalities which might put them off coming here.

However, coordination is required between the Member States as regards, in particular, social insurance. Notably, we need to coordinate unemployment benefits, to modernise and improve such benefits, so as to adapt to the new situation - a period of high unemployment. The same goes for early retirement and sickness benefits.

We should examine whether the countries in all cases have the economic resources to foot the bill for the above-mentioned benefits.

As to enhancing the role of the social partners, firms must play a more active role both in training workers and in implementing a training policy designed to integrate and reintegrate the active population in the labour market.

The firm must bear responsibility both as regards prevention of social exclusion and in alleviating such problems where they exist. As to the State, it should be responsible for technical support, coordination, advice and finance, both as regards prevention and therapy.

The basic objective is to reintegrate people who are outside the production process through various forms of training. Unemployed persons who only have initial training should be provided with additional skills.

As to the future social policy of the European Union, we believe that it should focus on maintaining minimum income and on social integration. We believe that for sometime yet individual countries will bear responsibility for social cohesion, because of their different traditions, experiences, social structures, etc. Nevertheless, the Member States of the European Union must identify what they have in common to allow social cohesion and social justice at European level.

Another area in which the European Union should invest is in the information and counselling of workers, via workers' representatives and via the management, in the case of Community-wide undertakings, or in confederations of undertakings in the Community, via the European works councils. This sector is one of the Greek Presidency's priorities for discussion.

A second area where progress must be made is family policy and improvement in the quality of life of workers. This policy concerns the right to housing, child care, leisure activities for working citizens and elderly people, family benefits, scholarships for working students and children of workers.

In Europe, which is experiencing ongoing changes in social structures, all citizens, employed or not, should be involved in Community decision-making not only by right but also in respect of their responsibilities, at all levels - local, regional, national and Community.

Likewise, intra-European information networks must be developed, so as to evaluate and utilise the data collected and to give access to such data not only to government bodies but also to various social groups and, ultimately, citizens.

We also need also need to process data and experience collected via all types of networks (women and decision-making, childcare, etc.) and from the European observatories (national policies concerning the family, observatories on elderly people, etc.) and to make them available on a new basis that reflects Community needs and workers' demands.

The future treaty should include clauses forbidding cutbacks in social rights exceeding the acceptable social margins for each country.

In recent years the economies of all Member States have experienced a recession, with increasing unemployment and downfalls in production. This in conjunction with ongoing environmental damage lead us to the conclusion that the development model adopted in recent decades does not fully correspond to the new circumstances, which require the greatest possible coordination between the two main resources, namely the workforce and the environment.

Full utilisation of the labour force presupposes an overall framework and a new taxation system. Likewise, environmental protection requires an economic framework of incentives (tax, etc.) which will lead firms to avoid pollution not under duress but because such a strategy will maximise their profits.

Hence a gradual reform of the tax system, shifting the burden gradually from work to energy consumption and pollution, will lead to a change in corporate strategy which up to now was focused on manpower cuts. Not to mention the great benefit to nature itself.

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Energy taxes - on carbon dioxide, etc. - and other environmental taxes and incentives, although they are difficult to implement, help to reduce labour costs, and this is a key factor in increasing employment.

Ladies and Gentlemen, these are the views of the Greek Labour Ministry. Mr Flynn will now take the floor. He will talk about the Green Paper. It was he who was the moving spirit behind this paper.

Given his experience, his long years of public service in his country and in the Community, and by having written this "Gospel of Sociology", or the gospel of social protection of the worker as I have called it, he is well placed to discuss and analyse the Green Paper, on which I already congratulated him in Brussels on my first visit there, when I first had the opportunity to read it.

I am very happy because at the time there were dark clouds over the White Paper, which some people were depicting as a recipe for disaster. The White Paper has a lot of positive ideas on economic development, and our only point of difference is that we feel that the social aspects should not be ignored. Thank you for listening to me. Now I would like to give the floor to Mr Flynn.

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**OBSERVATIONS AND SUGGESTIONS
FROM THE SPANISH MINISTRY OF SOCIAL AFFAIRS
CONCERNING THE GREEN PAPER
"OPTIONS FOR THE UNION"**

March 1994

THE GREEN PAPER ON EUROPEAN SOCIAL POLICY: "Options for the Union"**GENERAL OBSERVATIONS**

The publication of this Green Paper is considered to be both justified and timely, given the state of advancement of the Community Charter of the Fundamental Social Rights of Workers, the new legal framework of the Treaty on European Union and its possible evolution, and the economic and social trends both in Europe and the world at large.

The decision to open up a debate on the questions which most vitally affect the lives of our citizens could play a key role in the development of European social policy in the coming years, particularly if, in addition to the institutional players at national and Community level, ordinary citizens choose to make their voices heard.

Viewed in this light, the Green Paper is seen as providing a launching pad for a discussion of the present and future of the Union, the role which the Union plays at present and the role which it should play in the short and medium-term future.

The Ministry of Social Affairs' analysis of the Green Paper focuses primarily on this future and confines itself to those aspects which fall within the Ministry's competence.

OBSERVATIONS AND SUGGESTIONS

The Union should fight to maintain the European model of "social welfare", facing up to the challenges of the loss of full employment, demographic change, social justice and equality of opportunity.

In the perhaps not too distant future work is likely to be only one element among the many activities required of an individual. Integration into society will thus depend on many other factors not exclusively connected with work, therefore the prospect of the loss of full employment should not lure us into abandoning the development of a social policy for the integration of citizens into society.

On this basis, we offer the following suggestions in response to the specific questions posed in the Green Paper.

1. Part III.B.3: Stimulating solidarity and integration

It should be emphasised that maintaining set levels of social protection is important from the economic point of view, since it helps to generate work in the services sector and produces not only social benefits but also economic savings. Correct application of the set levels of protection prevents situations of serious need and personal and social

dislocation, which would almost certainly cost more to deal with in terms of time and resources.

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

The Green Paper foresees the convergence of national policies towards a more active social policy model, a model more geared to enabling citizens to fulfil their true potential and yet compatible with the imperatives of greater flexibility and maximum competitiveness in the international sphere. This new social policy should enable the Welfare State to be maintained as a major cultural legacy of the Union. Its main function would be to make the processes of transformation of the productive structures and flexibilisation of labour relations socially acceptable, and indeed to strengthen them from the point of view of quality, the development of human creativity and the basis of European cultural diversity.

The question is whether this strategy of convergent transformation can be satisfactorily applied by all Member States, and indeed by all regions of individual Member States. The debate must take into account the existence of two radically different situations:

- a) For the northern countries, at the economic heart of the Union, the convergent transformation strategy will mean:
 - little change in their existing monetary and budgetary commitments vis-à-vis the EMU: the convergence indicators in all of these countries are already very close to the proposed goals;
 - some re-deployment of the considerable resources which they devote to social expenditure, with a need to adopt a more active and more flexible approach but with no need to increase the budget significantly.
- b) For the southern countries, on the economic periphery of the Union, the transformation strategy will pose three problems:
 - Their EMU commitments will severely restrict any possibility of budgetary expansion and will thus place certain limitations on economic growth, and specifically on social expenditure.
 - They will be obliged to reduce their existing deficits as regards infrastructure, equipment and investment - in short, as regards their economic development - if they are to participate in the European production quality strategy.
 - Convergence in social policy will need to be accompanied by an increase in social protection in order to avoid situations of social dumping within the Community. The strategy of transforming the Welfare State to make it compatible with flexibility and economic efficiency will require not only

some re-deployment of the resources devoted to social expenditure but also an increase in such resources if the citizens of the southern countries are also to share in this European cultural patrimony.

A common convergence strategy which did not take account of these two very different starting situations could only serve to aggravate the processes of social disintegration and would ensure the political failure of the model in the south. The difficulty for the southern countries of satisfying the three requirements described above will need to be recognised.

The Union's social policy must establish mechanisms to ensure that this convergent policy can be applied in every part of Europe. Redistribution instruments will be needed in order to guarantee that the minimum standards devised for the citizens of social Europe are also applied in the southern countries.

Part III. B.3. (b): The fight against poverty and exclusion

Poverty and economic and social exclusion are not only still in evidence but have actually increased. This is partly, and very directly, due to the present economic crisis, and there is a risk that certain groups of people and certain disadvantaged geographical areas will find themselves excluded from the benefits of society and deprived of the opportunity to exercise their rights and obligations within society.

The Green Paper sets out, for the purposes of the debate, various options and priorities which, although highly pertinent, relate specifically to national responsibilities. It is felt that the Paper could have included other options relating to the effort to be made by the Union, since the fight against social exclusion calls for greater efforts from both the Member States and the Union if we consider that social exclusion could pose a great threat to a European society based on democratic principles.

The Member States should be encouraged to consolidate their social protection policies, preferably on the basis of common criteria based on Recommendation 92/441¹, touching not only on guaranteed economic incomes, which can in their own right cause negative dependencies, but also on active policies for socio-economic integration.

One priority here should be to coordinate policies more closely so as to create a global strategy geared specifically towards helping the most disadvantaged groups and geographical areas.

The Union should continue to develop and strengthen specific Community action programmes against poverty and social exclusion. These programmes could set out concrete common objectives for the Union, as well as technical support arrangements to

¹ Council recommendation of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems.

enable the various actors involved in each Member State to establish formal commitments to combat social exclusion, in accordance with each State's particular priorities.

The Union should also consider the possibility of coordinating and complementing, where necessary, all policies which have some bearing on the fight against social exclusion.

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

The Union should promote positive actions to guarantee young people an active role in society. An "active role" means not only a job, education and training but also an integrated part in the running of society. Young people are one of society's most precious resources, and not only as a labour force. Their integration into society depends on a commitment to assume social responsibilities in diverse areas and with different levels of involvement.

The idea of their role as involved participants in society could be revitalised if the Union were to encourage their participation in activities of social interest designed to promote solidarity (for example between the generations, between ethnic groups, with the disadvantaged or with the third world) and to help resolve social needs.

The Union should continue to develop and strengthen programmes of cooperation between Member States in the fields of education and vocational training, developing the connection between the two so as to bring the world of work nearer to the world of education and thus facilitate the transition from education to work. In this context, priority should be given to improving cohesion between the different Community actions which already exist, and to boosting exchanges and language-teaching.

Mechanisms should be introduced to ensure balanced participation by men and women in all these actions, and to ensure that the least favoured groups are also included.

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

Older people are the great challenge as regards solidarity between the generations, but they are also major consumers of services, which in turn generate jobs. This is an aspect which should not be forgotten when analysing demographic trends and their consequences.

There should be a second Action Plan, continuing the work of the European Year of Older People and Solidarity Between Generations and aimed at promoting the active participation of older persons and investigating more thoroughly the consequences of ageing.

The Union could promote cooperation arrangements between Member States to foster fellowship among older persons and increase their participation in cultural and leisure

activities. It could promote inter-country exchanges to bring old people enjoyment, cultural enrichment and a better understanding of other people's values.

There is also a need for the Member States and the Union, acting in line with their respective responsibilities, to establish more coordination between social and health measures for older people.

Part III. B.3. (e): Equal opportunities for third-country immigrants

The Union should seek to promote a consensus on concepts such as interculturality, the interaction between host society and immigrant population, the development of an adequate protective legal framework, the institutionalisation of equal treatment and the local or territorial dimension.

The Union should establish cooperation strategies with the countries of emigration, coordinating its actions with those of other donors.

Immigrant integration programmes should perhaps only be specific initially, until the immigrants involved are able to integrate into normal programmes.

Special attention should be given to the situation and needs of immigrant women.

Part III. B.3 (f) The integration of disabled people

While the Community programmes in this field admittedly play an important role, thought should nevertheless be given to the idea of developing innovative pilot projects with a multiplier effect.

Measures are needed to ensure greater participation of the disabled on the labour market. The Union should consider the idea of including, in all of its programmes and activities in this field, minimum quotas for the employment of persons with disabilities.

Looking to the medium term, the Community should do more to encourage companies to develop new technologies which would help the vocational integration of disabled people and thus enhance equality of opportunity.

Mechanisms need to be established at Community level for coordination with the United Nations, and in particular with the World Programme of Action 2000.

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

The Union could study, and if appropriate introduce, mechanisms designed to increase awareness of the importance of intercultural education as a means of ensuring that children receive full and continuous schooling. Intercultural education in the early school

years is vitally important for the integration of minorities and for combating racism and xenophobia, since it fulfils two functions. Firstly, the majority group becomes used to an intercultural environment from infancy and thus learns tolerance, and secondly, the minority group, seeing its cultural values respected, will accept full schooling and thus be willing and able to integrate.

Something should be done to promote the adoption in each Member State of a code of ethics for the communication media, in order to afford greater protection to ethnic minorities.

The Union could develop information campaigns, exchange schemes, inter-ethnic fellowship schemes, etc, to improve understanding and appreciation of other cultures, and could link these activities with youth measures.

The idea should be considered of organising, in collaboration with the Council of Europe if possible, a European Year of Cultural Exchange.

There should be more support for NGOs, given the extremely important role they play in the integration of minorities.

2. Part III. C: Main policy objectives at European level

The Green Paper asks which areas of social policy are most likely to be amenable to being addressed by collective agreement. We would suggest equality of opportunity, training in general and training of young people in particular.

Part III. C. 2: Promoting equal opportunities for women and men in a changing European society

Once formal legal equality has been attained in the Member States of the Union, efforts will need to be made to eliminate inequalities, for the statistics continue to show that real equality has not yet been achieved.

As training is one of the keys to access to the labour market, there should be renewed emphasis on developing positive strategies to promote the training of women and thus open up better employment and promotion opportunities for them.

Achieving a fairer division of responsibilities between all members of the family could be regarded as one of the priority aims of social policy, and this requires awareness campaigns, institutional declarations and the adaptation of legislation on leave and absence from work.

Specific action programmes should be developed for single women with family responsibilities and low incomes.

The actions already initiated should be continued in a Fourth Action Programme on Equal Opportunities, which should involve greater commitments and be more geared to achieving practical results.

With regard to immigrant women, the remarks made earlier under III. B.3. (c) apply.

Part III. C.3: The social transition to economic and monetary union

The Union should foster the convergence of social policy with economic policy by defining certain common objectives which would bring both policies together, and by establishing monitoring procedures.

Part III. C. 9: Democratizing the process of social change and constructing a people's Europe.

The following observations relate to the questions in this section of the Green Paper concerning the promotion of better awareness among the citizens of the Union and greater involvement of women in the construction of Europe.

It will not be easy to resolve the Union's social problems if people do not see themselves as citizens of Europe. There is thus an urgent need to boost people's awareness of being European, and we therefore support the idea of a statement of citizens' rights within the Union. There should also be awareness campaigns and discussion forums involving a wide diversity of participants. These should deal with the most pressing everyday problems faced by the citizens of the Union, and in particular with those aspects in which the common elements are more identifiable than the differences.

Women need to be given a voice not only on subjects of specific relevance to women but also on subjects of general interest. To this end, care should be taken to ensure balanced participation in all the European discussion forums.

Madrid, 22 March 1994

**RESPONSE OF THE SPANISH GOVERNMENT (MINISTRY OF LABOUR
AND SOCIAL SECURITY) TO THE GREEN PAPER ON SOCIAL POLICY:
OPTIONS FOR THE UNION**

1 GENERAL COMMENTS ON THE FOCUS AND CONTENT OF THE GREEN PAPER

1.1 The Green Paper and Union action programmes

The Green Paper has the twin aims of summarising work so far done in the social field at Community level and setting out possible approaches for future Community action in this field. This overview of action by the European Union should cover not only the relevant fields but also the approaches to be adopted.

As far as the first two sections of the Green Paper (an assessment of past Community action in the social field and a diagnosis of the major problems) are concerned, the general approach adopted by the Green Paper is a praiseworthy one. More specifically in terms of employment, the approach is similar to that of the White Paper on Growth, Competitiveness and Employment, placing special emphasis on questions such as the consequences of the internationalisation of the economy and of technological change, the importance of vocational training (although perhaps slightly overemphasising this in comparison with the role assigned to other factors shaping the labour market), work for young people, adaptability, etc.

There can also be no quarrel with the focus in the third section on the need for all governments to act together to tackle common social problems and to do this by means of cooperation, the exchange of information and by drawing up certain convergence objectives for the social policies of Member States.

From a methodological point of view, however, the Green Paper adopts a more questionable approach to its fifth section, submitting to the Member States such an extensive list of questions and such a general text. In some instances, the possible answers to these questions represent virtually the solution of all European social problems, whereas in other cases the excessive detail of the questions seems more

appropriate to preparatory work for drafting a directive rather than to such a general policy document as the Green Paper.

This makes it very difficult for Member States to respond to each and every one of the questions posed. A more appropriate response would be a description of the approaches and action plans in respect of the major fields covered by the questionnaire: employment policy, vocational training, adaptability, policies for the elderly and the disabled, free movement, equal opportunities, etc.

For these reasons, the most effective approach will be to base this response as much as possible on the fields and measures covered by the action plan adopted at the Brussels Conference of Heads of State and Government. After all, these represent a consensus among European governments which would be much more difficult to reach if one were to try to examine other questions not as fully discussed. With regard to these specific issues, it can in general be said that the focus of the Green Paper is the right one, although there must be greater in-depth examination of how these issues can be tackled in the future at Union level. The most tangible result of this analysis must be to set out guidelines for a new Community action programme for the next few years, critical as this period is for the building of a social Europe.

1.2 General issues

One field in which criticism can be levelled at the content of the Green Paper is the failure to examine certain fields, or to do so in sufficient detail, in Part III of the Green Paper concerning possible responses by the European Union to the challenges it faces.

At the terminological level, as well, some comments need to be made on the scope and meaning of terms such as convergence, subsidiarity and social dumping, indiscriminate use of which can create confusion. They may need to be clarified before it is possible to determine objectives for action and the methods to be adopted to achieve those objectives.

When discussing the objective of promoting the convergence of social policies, for example, the first question to be answered is what is meant by convergence and what extent or intensity is meant. The use of this concept must not lead to the establishment of quantitative objectives, nor to the inclusion of monitoring procedures (of the kind used for economic and monetary policies) in respect of the three major domains in which the Commission seeks convergence: improving the employment situation, faster progress towards a quality-based production system, and the stimulation of solidarity and social integration.

The Green Paper should also include a Community definition, primarily application-based, of other concepts such as subsidiarity - which must in no way be used as a means of limiting or avoiding Community regulation of social misuse, let alone deregulation. On the contrary, it must take such a form as to favour the existence of Community regulations featuring the maximum capacity for adaptation and flexibility that is compatible with the actual and effective existence of a body of regulatory standards which are the minimum common denominator of basic institutions in the fields of labour relations and social protection.

There will therefore be a need to avoid using wording which implies uniformity of employment and social protection regulations. Instead, concepts such as the harmonisation of criteria and objectives should be used.

As far as the concept of social dumping is concerned, this should in principle be seen as the incorrect application of existing Community legislation, rather than as quantitative differences between systems and/or national practices, which are a result of variations in the economic and social development of the individual Member States. Combating "social dumping" means avoiding a situation in which basic or general rules on individual rights for workers, and the collective powers of their representatives, are either non-existent or not applied. Such rules must constitute the basic social fabric for the development of labour relations in Europe.

To conclude the above comments, attention must be drawn to the importance of having the Green Paper devote more attention to describing the techniques of drafting directives, in order to avoid the temptation of either adopting too stringent a regulation or failing to adopt Community regulations in the social field, so that refuge is sought in the principle of subsidiarity.

This principle cannot be used as a pretext for an absence of the necessary Community regulations on social issues. Instead, it should be used as a guideline for the technique and content of such regulations, the purpose of which must be precisely to encourage convergence on social issues, something which is not only desirable but also possible.

This means that subsidiarity must involve drafting Community regulations so that they are simple and clear and leave the least possible room for varying interpretations, yet permit their application in a way which is compatible with respecting the peculiarities of the labour relations systems of the Member States and the natural development of these systems.

There is a similar need to avoid using procedures which run counter to convergence and harmonisation criteria, such as those recently referred to as "*stand still*" provisions. Especially if combined with other provisions giving broad exemptions from the application of a Community legislative act, these will produce not the desired harmonisation around Community criteria but rather a "freezing" of the standards or concepts of the various regulatory systems in each country, resulting in a continuation of the lack of harmonisation which the Directive seeks to avoid.

Section 3.4 of this document will return to the importance of analysing in the Green Paper issues associated with the techniques for drafting the Community's social legislation, and more specifically with application of the Social Protocol.

2 CONVERGENCE ISSUES

2.1 Employment policy

As far as Section B of Part III "Priority issues common to the Member States: promoting the convergence of social policies" is concerned, the Spanish Government agrees that while employment policy is fundamentally a national matter, it is vital to draw up a joint medium-term strategy to serve as a basis for the adoption by the various Member States of their specific national measures.

As noted by the Spanish Government in its contribution to the White Paper, the strategy for slowing down unemployment and improving employment growth levels must take the form of greater adaptability in employment regulations, refocusing the emphasis of active policies and the creation of an environment encouraging the development of real wages in line with the economic situation and that of the labour market.

With regard to the major labour-market objectives (reduction in unemployment and a substantial increase in job creation), one must not forget that the aim of the various policies must be to offer a stable and coherent macroeconomic framework and also to remove existing obstacles to job creation.

It is accordingly important to bear in mind the short and medium-term Action Plan adopted by the Brussels European Council (along with the seven groups of measures referred to by that Council) to which the Member States should pay particular attention. In this context, as noted earlier, special consideration should be given to what support could be made available at Union level to ensure success in applying these approaches in the Member States.

The Spanish Government is accordingly aware that economic growth alone does not guarantee the creation of jobs and therefore considers that the key objective of action by the Community and the Member States must be the removal of obstacles which now

hinder the creation of more jobs and a more socially-concerned sharing of the existing volume of work.

We also agree with the view, the majority viewpoint internationally, that there is a need to develop a growth model which is more intensive in terms of employment.

Similarly, we consider that priority must be given to combating unemployment by encouraging active policies and the more rational use of public funding, both Community and national.

At the same time, there is a need to implement procedures to rationalise and develop government employment services so that they can redouble their efforts to help those groups most in need of their assistance.

Meanwhile, and also connected with reducing the indirect costs of employment and efforts to combat exclusion, consideration must be given to implementing programmes to encourage SMEs to take on workers receiving unemployment benefit, by means of incentives to make it more attractive to employ them. In this way, the money which would otherwise be used for unemployment benefit can fund an active job-creation policy.

It also seems necessary to take account of measures to encourage group self-employment by aid given to the social-economy sector, as part of an economic and social model expanding the traditional concept of enterprises to reflect these specific characteristics which make it different from traditional categories. Group self-employment and its organisation with the framework of social-economy enterprises should be expressly considered by Community bodies when drafting their measures to attain the objective of enhanced employment.

2.2 Human resources development

Where section B 2 of the Green Paper "accelerating progress towards a quality-based production system" has specific references to vocational training, certain problems arise with regard to the apportionment between the Union and the Member States of the relevant powers and projects.

Thus the term convergence, as commonly understood, is unacceptable to practically all Member States as a typology for Community action in this field, in accordance with Article 127 of the Treaty on the European Union. This has meant that discussions on the action to be undertaken in the training field by Community institutions have not accepted convergence, even slow or voluntary, and have gone only as far as adopting coherence between national policies.

In the field of occupational training, the fact that no form of harmonisation has been expressly accepted makes it impossible to adopt the idea of a European system for the certification and recognition of vocational qualifications, other than the regulated occupations exercised by university graduates.

Despite all these considerations, it is both possible and desirable to achieve a common European area for qualifications and experience based on transparency and the transfer of powers.

More specifically, we support the basic ideas set out in the Green Paper with regard to the development of human resources, in particular those concerning the fact that:

- technical and economic change requires a comprehensive response involving initial and on-the-job training and based on cooperation between governments, the social partners and educational institutions;

- training programmes, particularly those designed to help the unemployed to find jobs, need to take account of the real needs of the labour market;
- much needs to be done to develop European training and qualifications markets;
- protection of the unemployed must be seen as more than simply receipt of a benefit.

We can go along with all of these proposals, even if it is essential to think about the role which the Green Paper assigns to education and vocational training in terms of social and economic policy as a whole. In this context, and without underestimating the importance of training, it is just as dangerous to overaccentuate it, particularly if it is presented as an alternative to the adoption of what are often structural measures. In any case, thought must be given to the broadening of the field of vocational training to include what is known as advanced, graduate or post-graduate vocational training, given that the inclusion of these within the concept of vocational training is extremely questionable, irrespective of whether it is supported by the European Social Fund.

3 EUROPEAN POLICY

This section sets out the position of the Spanish Government with regard to each of the subsections of section C, which deals with the main policy objectives at European level.

3.1 Free movement of people

With regard to the single market and the free movement of people, there is a need to improve, simplify and supplement existing Community legislation, in terms of both the aspects directly linked with the freedom of movement and those concerning the social security of migrant workers and their families.

With regard to non-working citizens of the European Union, and respecting the conditions set out in the Treaty and its implementing provisions as laid out in Article 8A, progress must be made on regulating the right to free movement and residence within the territory of the Member States.

As far as immigration policy is concerned, together with the policy on nationals of third countries as covered by Article K.1 (3), there is also a need to establish legal instruments to formalise intergovernmental cooperation between the Member States, as called for under Title VI of the Treaty on European Union "Provisions on cooperation in the fields of justice and home affairs".

More specifically, the position of the Spanish Government on Community action concerning the social protection of migrant workers and their families is to support the continuation of the following specific schemes, some of which have already been launched by the Community.

- a) As far as implementation is concerned, there is an urgent need to expand the field of application of Regulations 1408/71 and 574/72 to include students, officials and

non-active people, as set out in the proposal already examined by the Administrative Commission of the European Communities on Social Security for Migrant Workers (CASSTM).

One could also consider extending to the nationals of third countries some of the applicable Community provisions, as well as negotiating cooperation and association treaties with those states from which the largest number of migrants enter the labour market of the European Union.

On the other hand, there is scope for assessing the appropriateness of negotiating other legal instruments covering cooperation and association with third countries in Europe such as Andorra, Monaco, San Marino, Switzerland, etc.

Finally, it could be advisable to adopt a standpoint with regard to supplementary social security arrangements, the regulation of which is also an important part of the free movement of workers. Similarly, it is important to conclude the discussions already underway on problems associated with the application of early-retirement arrangements, at present excluded from the field of application of the Community regulations.

- b) With regard to the general measures to eliminate existing legal hindrances to the arrangements for free movement of workers, agreements must be made concerning:
- improvements to the current legislation contained in the "sickness" chapter of Regulation 1408/71, clarifying the regulation of benefits in kind and maternity and sickness payments;
 - better regulation of unemployment benefit and, as far as possible, the elimination, at least in some cases, of residential provisions.

- c) With regard to improved coordination, simplification of laws and the provision of information to the public, the following specific action could be undertaken:
- introduction of the European emergency health card, once the administrative and legal problems which have so far hindered its creation have been resolved;
 - facilitation of the process of establishment and development of the SOSENET project, which will make a major contribution to accelerating and simplifying management procedures in relation to the protective action called for under Community regulations;
 - continuing information-dissemination measures, such as holding debates and other meetings and publishing guides to the material covered in Regulations 1408/71 and 574/72 and on the national social security systems of the individual Member States (which the Regulations are designed to coordinate), as a way of overcoming the difficulty in understanding such complex texts as the Community regulations.
- d) Finally, progress must be made in assessment and decision-making with regard to simplifying the financial expenditure associated with regulating reimbursements between Member States in relation to health-care expenditure, particularly:
- in cases of health care given during a temporary stay, a fixed-fee system is proposed per visitor depending on the length of stay.
 - in the case of pensioners receiving a pension from a number of Member States, the financial burden of care should be shared between all the Member States affected or, alternatively, responsibility assigned to the Member State to whose legislation the pensioner had been subject for the longest period.

- in the case of pensioners residing in a Member State other than the competent State and who stay temporarily in the competent Member State, the latter state should be responsible for any health care given during such a stay.
- As a general measure, the 20% deduction which is currently practised on the payment of lump-sum fees should be abolished.

3.2 The social transition to Economic and Monetary Union

As far as the social transition to Economic and Monetary Union is concerned, the Spanish Government would wish to reiterate the general comments it made with regard to Section B of Part III.

Moreover, it would seem sensible in this context to stress the need to reject wording which gives the impression of uniformity in employment and social protection regulations. On the contrary, use should be made of concepts such as harmonisation of criteria and objectives in these fields, which in a large number of cases will make it possible to draw up texts of a similar tenor to the White Paper on Growth, Competitiveness and Employment.

In terms of social protection and the possible procedures for monitoring and evaluating social policy, there is no doubt that a method has to be put in place for assessing existing standards in each Member State. Such protection is not uniform across the European Community; there are major differences not only in terms of the funding made available but also in terms of individual benefits. This could give rise to an unfounded fear that an economic integration uncontrolled and undirected in its social consequences could result in the dismantling, or at least serious modification, of social security systems.

Initially, this assessment mechanism should measure the level and scope of protection in each Member State on the basis of a range of indicators, primarily qualitative in view of the legislation determining entitlement to benefits but not necessarily ruling out

quantitative ones (associated with, and dependent on, the former), which reflect the level of protection in each branch of social security and for each Member State. At a later stage, each branch of social security should be assessed in terms of the degree of convergence and divergence of each Member State with respect to the Community average.

3.3 Working conditions and employment legislation

With regard to questions of minimum common standards for working conditions and employment legislation, it is worth drawing attention to the failure of the Green Paper to discuss a procedural issue of such importance as the application of the Social Protocol of the Treaty on European Union.

The Spanish Government therefore considers it necessary to examine the new efforts to establish and apply Community legal instruments for 11 Member States and their coexistence with others applicable to all 12 members of the European Union.

Attention must also be paid to the links between the social dialogue at a Community level and the Directives, in terms of the problems which can arise. These vary from entitlement to sign agreements on behalf of the social partners at European level to the form these agreements should take in practice, either through collective negotiation in each country or by means of Community legal instruments.

While we would go along with the reference to free movement of people and equality of opportunities as possible fields for minimum regulations, what is lacking is a greater emphasis on drawing up specific questions relating to the institutional framework of the labour market and the individual and collective rights of workers.

When faced with the usual (and in many ways reasonable) argument that there should be no interference with the particularities and traditions of the industrial relations systems

of the various countries, it must therefore be borne in mind that the economic and social changes of the past few years have given rise to new employment situations. These new employment realities have in many cases not yet been tackled by national legislations, the current content of which is inadequate or inappropriate to handle these new employment problems.

Community regulation of many aspects of employment issues is possible and must be guided by a desire to combine guarantees for the position of workers with adaptability in the management of human resources. In line with the criteria and orientations set out in the White Paper on Growth, Competitiveness and Employment, there is accordingly a need to give more specific shape to the fields to be handled at Community level. In this way, the European Union can support and stimulate national policies designed to achieve this aim. Employment issues will thus have to become the axis of the future Action Programme structuring Community action in the social field over the next few years.

On the other hand, and primarily based on the idea set out earlier of fixing certain basic or minimum criteria at European level for regulating new employment situations, the following topics may arise:

- Employment consequences of the free movement of capital and workers where this is reflected in the performance of supranational companies which either have branches in a number of countries or transfer their staff from one Member State to another.
- Guarantees and rights of workers and their representatives in cases where the increasingly frequent need for adaptability in the management of the company's human resources makes it necessary to modify the terms of the employment relationship.
- The specialities or modifications of the general employment relationship which can arise from the economic changes which have an effect on the work organisation and

work relationships: decentralisation of production, homeworking (including teleworking), part-time working, etc.

- Rights to information and consultation, particularly with regard to new employment situations: new technologies, new forms of work organisation, etc.

3.4 Social dialogue¹

With regard to reinforcing the social dialogue, the Green Paper should be supplemented by the inclusion of the suitably-streamlined and agreed provisions of the document on the application of the protocol on social policy in respect of the procedure and role of the collective agreements it calls for as a way of developing the social policy of the European Union.

As far as this document is concerned, attention must be drawn to quite a number of items not sufficiently explained and which could disrupt consolidation of the social policy of the European Union.

The points requiring clarification include:

- entitlement criteria for participation in consultation and decision-making procedures, together with the subsequent application of the measures drawn up;
- the setting of deadlines to ensure that the negotiation of collective agreements is not delayed (and results consequently put at risk) nor Community initiatives held up;

¹ Translator's note: The original Spanish text numbers this heading incorrectly as 3.5. All subsequent headings have been renumbered in consequence.

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- the involvement or otherwise of representatives of the Member State excluded from application of the Social Protocol in the various stages of the drafting of provisions as part of the application of the said Protocol;
- the (not foreseen) involvement of the European Parliament in drafting Council decisions derived from earlier collective agreements negotiated between the social partners;
- the need to clarify the dual-track approach of applying Community agreements through collective bargaining in the Member States and by means of incorporating their provisions in a Community legal instrument.

It seems in any case obvious that such issues as could be dealt with by a collective agreement should not infringe on areas of competence reserved to national authorities and to the European Union, especially those which could have overriding economic and financial consequences or compromise the resources of national and/or Community budgets.

3.5 Health and safety at work

As far as the subsection (a) health and safety at work is concerned, attention should be drawn to the absence of coverage in the Green Paper of questions concerning this issue: this document should feature these in much greater detail. In order to make good this shortcoming, we propose adding the following considerations.

Given that the 1992 European Year of Health and Safety at Work showed the great level of interest in these issues, as indicated by employers and workers through the high level of participation and commitment reached during the Year, and in order to provide continuity of the schemes so far launched in this field, one could highlight the need to build on these past achievements in order to attain the following objectives:

- (a) to complete the existing body of legislation in this field - already well underway - and improve the mechanisms (particularly consultations involving national experts and the social partners) used to draw up directives, in order to produce legislation which is clear, realistic and therefore easier to apply.
- (b) achieve faithful transposition of directives into the internal legislation of the Member States and its effective implementation, exploiting the experience of its application already gained to obtain consistent data so that this body of legislation can be brought up to date, clarified and made more practicable, particularly for SMEs.

Nevertheless, such legislative action will not achieve the intended aims - a progressive improvement in health and safety protection at work - unless it is accompanied by more extensive awareness-enhancement measures, particularly in the form of information and training aimed at entrepreneurs, workers, management and specialists. Young people must be targeted and an awareness of prevention made part of the educational curriculum. Action along these lines must be accompanied by other supplementary and support measures, such as studies and research and the drafting of guides and other tools to enhance preventive action in the various employment sectors.

Improvements in activities to promote health and safety at work and their results, apparent to a greater or lesser degree in each of the Member States, can be of interest to the others and also to the Community institutions themselves. Mutual understanding of the existing situation, the means available and the work already carried out in each Member State must therefore be regarded as a prerequisite for improving health and safety at work at a European level, without necessarily requiring any significant increase in the resources devoted to this task.

The creation of the European Agency for Health and Safety at Work must accord... represent a major advance in terms of its key objective, which can only be to promote

and facilitate the development of activities carried out in this field by each Member State, to the benefit of the whole of the European Union and in a spirit of solidarity.

In order to achieve this objective, the Agency must be in a position to compile, analyse and dispatch information produced or obtained by the various centres or institutions which work in this field in each Member State. In turn, this means a further step in the process of Community integration, linking such centres into a European network promoted and coordinated by the Agency, under the aegis of the Commission of the European Communities.

Finally, as an additional advantage, the establishment of the Agency and the consequent European Network (as a Community organisation devoted to health and safety at work) will permit a strengthening of existing links in this field within the European Union, international organisations and third countries, as well as making it easier to develop international technical cooperation programmes, in particular with the countries of central and eastern Europe, and the North African countries, as well as with other groups of countries starting an integration process similar to the European one (as is the case in various regions of Latin America) and which could use the Community experience as a model.

In conclusion, the approaches set out in the general framework programme for action on safety, hygiene and health protection at work, to be approved for the 1994-2000 period and which refer to the promotion of health and safety at work, should be incorporated into the tasks assigned to the European Agency for Health and Safety at Work in order to help stimulate and develop the health and safety at work policy undertaken by the Community institutions.

3.6 European Social Fund

Although these are interesting aspects, economic and social cohesion and the role of the European Social Fund should nevertheless form only a minor part of this document. The

objectives, functioning and funding of the European Social Fund, as with all the other structural funds as well as the cohesion fund and the financial instrument called for under the agreement on the European Economic Area, have already been fixed, committed and dispensed under the regulations approved in July 1993 and under the relevant Commission decisions. The Spanish Government therefore considers it better to wait for the reports which should now be being drawn up on the progress achieved with the 1993 reforms before going on to propose changes or modifications designed to make the European Social Fund a better means of achieving the objective of economic and social cohesion.

3.7 International employment standards

As far as the international aspects, and more specifically minimum international labour standards, are concerned, the Spanish Government is in favour of requiring, despite the difficulties involved, minimum international employment standards in third countries. At all events, these should at least comprise fundamental social rights contained in, and regulated by, basic legal instruments on fundamental human rights, as determined by the United Nations Organisation, and the more specific ones relating to labour relations and working conditions issued by the International Labour Organisation. This criterion must be included as a specific clause of any GATT or GATS agreement.

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FRANCE

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**REPLY BY THE FRENCH AUTHORITIES
TO THE GREEN PAPER
ON EUROPEAN SOCIAL POLICY**

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INTRODUCTION

The European Commission has asked for wide-ranging debate in each Member State on the Green Paper on Social Policy.

This document, designed as a consultative document on the future of European Social Policy, looks at all the challenges facing us in the social field, and goes on to outline a number of possible solutions, incorporating what has already been achieved in European social policy.

The Green Paper is based on the premise that whatever the problems encountered, European policy must, in overall terms, endeavour to work towards a combination of economic dynamism and social progress, while attempting to ensure a "balance between individual aspirations and what society can offer".

This approach is a direct extension of the Community Charter of the Fundamental Social Rights of Workers (adopted in 1989, at the European Council in Strasbourg) for which the French authorities take their share of praise.

This initiative comes at a particularly appropriate time:

- Europe's socio-economic situation, growing unemployment and worsening poverty and in general exclusion, are likely to entail serious breakdowns within our societies, prompting European citizens to hope for a European answer and the EU's support for the efforts being made in Member States to sustain social cohesion. If this answer is not provided, a growing number of citizens may well call into question the validity of attempts to build the new Europe;
- our countries are faced by common challenges, especially the growing cost of social protection which is likely to increase labour costs and limit the growth of employment. These challenges require a concerted approach, whether this involves financing structures or the control of health expenditure;
- the entry into force of the Treaty on European Union offers new prospects for the further development of a Social Europe to which France is more than ever committed.

The outcome of this debate should lead to a programme of concrete action forming an indispensable corollary to the White Paper on "growth, competitiveness and employment" adopted by the European Council in Brussels last December, which should make it possible for economic development and social progress to go hand in hand.

SOCIAL AFFAIRS, HEALTH AND URBAN DEVELOPMENT

This report includes eight Annexes, numbered 1 to 8.

Among the suggestions set out in the Green Paper, it seems advisable to give priority to the following key topics:

I. Single market and free movement of workers

Most of the topics discussed are already being considered or worked on either within the Social Issues Group or ad hoc organisations.

Some of these topics are of major interest, including the notions of:

- extending Regulations 1408/71 and 574/72;
- coordinating complementary pension schemes (a topic already launched under the French Presidency in 1989), taking account of the diversity of existing systems in Member States (accumulation or assessment-method schemes).

The following measures should, moreover, be added to those proposed by the Commission:

- improving the requirements for obtaining residence permits for EU nationals as regards workers employed under successive temporary contracts in another Member State (proposal included in the draft revision of Regulation 1612/68);
- improving the conditions for implementing the principle of equal treatment of workers by adopting the Directive on posting of workers in Member States.

It seems problematic, however, to envisage:

- an extension of freedom of movement to family members other than those currently mentioned in Regulation 1612/68, unless this involves very specific cases of people who are victims of exclusion;
- an extension of the social benefits granted under the Treaty to employees and their family members, to all EU nationals benefitting from the free movement of people.

As regards pensioners' rights (right to remain), we would like the Commission to make, as proposed in the Annex to the Green Paper, the revision of Regulation 1251/71 subject to the revision of Regulation 1612/68 that has not as yet reached completion.

II. Issues of social standards

Social dumping is more likely to be prevented by prescribing minimum standards at Community level through the adoption of a Directive on posting and the inclusion of these provisions in the association or other agreements concluded with third countries by the Community and its Member States. The actual respect of these standards would need to be monitored.

III. Equality of opportunity for immigrants from third countries

A concerted policy of integration, respecting the specific features of each of the Member States, has to be based on a continuation of the exchanges of views and experience that have already been set in motion, in order to establish a regular framework for dialogue between senior civil servants responsible for this issue.

Nationals of third countries authorised to settle permanently in a Member State must benefit from a permanent right of residence, as legal security is an essential factor in successful integration. This is, moreover, a consolidated aspect of French immigration policy.

The following points could be further discussed:

- the employment conditions of nationals of third countries should be addressed in the context of future methods of implementing the Social Protocol;
- the problems of coordinating social security systems for posted workers who are nationals of third countries. It is evident that a number of foreigners who are nationals of third countries and resident in a Member State have to move with their European enterprises for the purpose, in particular, of providing services in the other Member States and that, in this case, the application of certain of the provisions of Regulation 1408/71 may prove desirable;

the formulation of a statute for third country nationals who are long-term residents of EU Member States allowing, under certain conditions, free movement and settlement in another Member State.

IV. Equality of opportunity for men and women

In general, we are in agreement with the legislation already put forward by the Commission in this field (atypical work, parental leave, reversal of the burden of proof, equal social security treatment).

The principle of subsidiarity means that the Community should support and supplement Member States' action to establish equal labour market opportunities and treatment at work for men and women.

In accordance with this principle and Article 118, the Women's Rights Service hopes that the action that it is taking, in particular in the areas of equal pay and working conditions, is supported by Community action.

The French authorities also attach importance to the formulation of sex-based statistics on women's access to the labour market.

As regards equal pay, it also seems necessary to formulate grading criteria at Community level.

The Equal Opportunities Unit is working on a code of conduct for the actual implementation of equal pay. This code will have to be as practical and concrete as possible to provide the occupational branches and enterprises that use it with logistical back-up. This code should help the various partners involved to revise grading systems and to compare jobs held by men and women.

V. Solidarity - integration

1. Convergence of social protection policies

Another issue that France has always promoted is that of the convergence of social protection policies, in which area it had already taken some initiatives during its previous Presidency in 1989. Since the adoption of the Recommendation on convergence, it seems that the only text adopted in the area is the declaration concerning the elderly.

It could be useful to look at ways of reconciling competitiveness with the preservation of social balance and systems of social protection and the control of social expenditure (pension systems and health expenditure), issues that are tackled to different extents in the Green Paper.

2. Demographics

The unavoidable growth in the number of elderly people will undoubtedly entail an increase in the number of dependent elderly people.

From the point of view of care for the elderly, it seems impossible, even in the most advanced countries, to accommodate all dependent elderly people in community facilities.

In parallel, the falling number of children in families is going to make it more difficult for dependent elderly people to be cared for by their families, as is still largely the case in some southern European countries.

Consequently, in addition to family ties and the care facilities that already exist, it will undoubtedly be necessary substantially to expand systems under which elderly people can be cared for in their own homes.

Bearing in mind the increasing solvency of this population group, this could provide a substantial source of employment opportunities.

The report on demographic trends and their consequences drafted by the Commission could be discussed, provided that:

- the comments of Member States, consulted in good time, are taken into account in its final version. This would entail the preliminary dissemination of a draft version;
- the final version is debated in the European Parliament and, in the same way as the national report in France, presented and debated in national Parliaments;
- each year, the Member States are consulted to find out what essential issues should be tackled in the report, which cannot be exhaustive every year.

While population aging is a fundamental issue in Europe at present, the above report obviously cannot be limited to this issue. Work and employment, trends in family structures, reconciliation of family and working life, trends in the working population and migratory flows are issues that are just as important.

3. The fight against racism and xenophobia

While policies to integrate immigrant populations are not the same as the fight against racism and xenophobia, they play an essential part in this fight.

The authorities that are responsible for this issue should in the first instance aim to support the integration process, by measures likely to prevent, at key moments, the risks of marginalisation and exclusion that lead to precarious situations and expose people to racism and xenophobia. Even though well-integrated people can come up against racist or xenophobic acts, they will obviously be better prepared to overcome them if they have a well-defined place in society and are treated in a more equal way with nationals, especially on the social front.

4. Poverty - the elderly - the handicapped

In this area, the main responsibility falls on Member States and local authorities which have to shoulder the heavy burden of making sure that action is in keeping with local situations and needs.

It may be necessary for the Community, however, to take steps to formulate a common reference framework that shows a common appreciation of a specific issue, sets out objectives to be achieved and formulates basic principles that Member States undertake to implement in the measures that they take to achieve objectives.

This is true of the Resolution of the Council of Ministers for Social Affairs on the fight against social exclusion of 29 September 1989, and the Resolution adopted in December 1993 at the end of the "European year of older people and solidarity between generations".

These declarations and recommendations are useful to the extent that they help to create a European social area provided, however, that they are not compromised by too frequent repetition.

It is for this reason that it is important for any new declaration or recommendation to reflect a real advance in Community action on the issue in question.

The Interinstitutional Declaration concerning the fight against poverty and social exclusion proposed by President Delors meets this requirement since all the Union's institutional powers will be committed.

The integration of the handicapped is an area in which the European Union could adopt regulations. Common minimum standards for the access of people of reduced mobility to transport and buildings need to be set out in a Directive.

The three specific action programmes for the handicapped, the elderly and the fight against poverty and social exclusion have spin-off effects that go beyond the immediate environment of the action taken, as they stimulate a dynamic of exchanges of experience, comparison of different practices and joint discussion.

In order to provide European Community action with greater clarity and transparency, Community action needs to be coordinated around clear-cut objectives and programmes of Community initiatives of a strategic type. The establishment of an initiative on urban problems should therefore be welcomed in principle.

Similarly, the social impact of European Union should also be systematically studied.

5. Social economy

The social economy is mentioned in the document only as regards the role played by associations in the fight against exclusion.

In the situation of social and economic crisis which provides a backcloth for the content of the Green Paper, broader and more explicit account needs to be taken of the contribution of the social economy.

The specific feature of the social economy is that it combines the quest for economic viability with social concern. Its methods of organisation (cooperatives, mutual societies, associations) are already a genuine economic force in several sectors of European activity (savings, agri-foodstuffs, property insurance, banking, social protection, health and social issues).

French protagonists of the social economy put forward their points of view and proposals in an opinion given by the Consultative Committee on the Social Economy on 18 March 1994.

6. Economic and social cohesion - European Social Fund

The Green Paper's acknowledgement of the European Social Fund as one of the instruments of the Union's social policy confirms the extension of its purposes under the new Objective III to the fight against the risks of exclusion of certain population groups from the labour market.

The goals that led to the reform of the Structural Funds should be maintained and strengthened by implementing specific action in decaying urban areas. It should be borne in mind, however, that this will be an impossibility, particularly in this area of human resource development strategy, without a linked strategy for economic development and the fight against territorial inequalities.

As a supplement to the schemes implemented under Union policy, it could be envisaged, as part of the framework research programme, to take measures to develop Europe-wide research on all issues connected with social integration.

In general, it is to be regretted that the Green Paper neglects the territorial dimension of problems and issues, especially the urban dimension, when over 80% of European Union nationals live in towns, and many programmes have shown that the most serious problems of social cohesion and the most dynamic factors in creative job development are concentrated in towns.

We feel, lastly, that it is again necessary to stress the major interest of discussions of methods of social protection and their financing at a time when the forecasted model of full employment is coming apart at the seams.

EMPLOYMENT, WORK, VOCATIONAL TRAINING

These comments are supplemented by Annexes 1, 2 and 3 of the French reply.

Annexes 1 and 2 look at aspects of vocational training and answer the questions relating to the ESF.

Annex 3 draws up a table of correspondences between the provisions of the five-year law and the recommendations of the White Paper on growth, competitiveness and employment.

France would like to give priority to the following five areas discussed in the Green Paper:

- combatting social dumping;
- promoting the social dialogue;
- formulating the principles of a policy of vocational training in keeping with change;
- implementing the plan of action on growth, competitiveness and employment;
- effectively implementing Community law, especially in the area of health and safety.

I. Combatting social dumping

The Green Paper (III - p. 69) lists the challenges that will have to be faced by the Union in the near future because of distortions of competition arising from social disparities in a context of global trade.

The fight against social dumping must take place on two fronts: international and within the EU.

a. *Including minimum social standards in international trade agreements*

It would be advantageous to include a social clause or chapter in trade agreements in order to improve the working conditions of employees in exporting countries, while ensuring the respect of a minimum social charter and limiting distortions of competition resulting from differences in social protection levels in different countries.

During "G7" on employment, on 13 and 14 March 1994 in Detroit, the French delegation supported the idea of establishing, when international trade agreements are signed, "minimum standards in respect of the rights of citizens at work". France, with the support of other EU Member States, put forward this idea in April in Marrakesh at the conference to finalise the agreement on world trade organisation.

The content of this social clause should be limited to a core of basic social rights: prohibition of forced labour, minimum age of entry into employment, trade union freedom, right of collective organisation and bargaining, prohibition of job and occupational discrimination on the basis of race, sex, religion or political or trade union opinions, minimum prescriptions in respect of health and safety at work, maximum working hours, etc.

This content should be formulated with reference to the body of international rules that already exists in order to avoid re-negotiating general principles included in those ILO Conventions that have already been ratified by certain countries in south-east Asia in particular or in the Council of Europe's Social Charter.

Provision should also be made for a supervisory and disciplinary mechanism without which the shortcomings of trade agreements on certain staple products concluded in the 1980s (tin, cocoa, rubber, sugar, etc.) which required the respect of minimum working conditions, could continue.

Some aspects are worth looking at in further detail at Union level: the development of service and neighbourhood jobs (cf. establishment of the "service cheque"), the future of elderly workers, the dynamic treatment of unemployment, etc.

Efforts should now be made to ensure that the implementation of the plan of action set out in the White Paper is followed up. In this respect, joint European authorities like the standing committee on employment should be revitalised, and in parallel the various statistical resources for monitoring and analysing employment should be simplified and made more efficient.

II. Promoting social dialogue

The Green Paper (III, p. 61) makes reinforcing the social dialogue into a horizontal issue applying to most topics.

France wishes to provide European enterprises as far as possible with the resources to develop the worker information and consultation promoted by the development of collective bargaining at European level.

a. *Recognising the European enterprise committee*

France is very keen on the adoption of legislation on worker information and consultation procedures in the Community-wide enterprises and groups about which the social partners have recently been consulted.

Community legislation would provide a genuine advance in respect of employees' rights, going beyond the simple harmonisation of provisions already in force in national legislation. Its adoption would give a strong signal to public opinion and the social partners in a context in which movements of enterprises within the Union are proliferating.

A number of French industrial groups, including some of the largest, are currently implementing, through agreements, procedures or facilities for informing their employees at European level (Bull, Thomson, Péchiney, Rhône-Poulenc, Renault, Elf-Aquitaine, etc.) and several foreign enterprises have followed their example (Allianz, Volkswagen, Bayer, Europine, etc.) showing that dialogue and exchanges of information between managements and employees' representatives are indispensable in practice for the enterprise's economic and social cohesion.

b. *Promoting the development of collective bargaining at European level*

The Social Agreement adopted by eleven Member States in Maastricht opens the way for Community-wide bargaining, in particular at sectoral level, which could lead to collective agreements applicable in the various Member States, and gives the agreement priority over legislation, by making it necessary, before any legislative initiative, for the Commission to consult the social partners who may comment on it.

The contribution of the social partners to the construction of a social Europe is an indispensable complement to the regulatory activities of Community institutions. The task of the Union is to encourage agreements to gain the upper hand over legislation.

There are several key issues to be discussed:

- anticipation of industrial change: joint opinions on the impact of industrial change on the organisation of labour adopted at the beginning of the 1990s themselves have a content that would be improved if it were to acquire the legal force of an agreement. These opinions cover vocational qualifications (October 1992), new technologies, labour organisation and the adaptability of the labour market (January 1991), training and motivation, information and consultation (March 1987), etc;
- working conditions, the length and revision of working hours: some very competitive sectors (energy, transport, HCR) are already accustomed to "dialogue" in joint committees and informal working parties.

Without replacing the social partners, the Union should provide them with method resources as well as information, research and documentation useful for bargaining purposes.

III. **Formulating the principles of a policy of vocational training in keeping with change**

The Green Paper does not set out a clear and consistent vocational training policy whose objectives are, however, defined in Article 127 of the Treaty on European Union. Training is discussed only as a set of accompanying measures in the chapter relating to social cohesion and the role of the ESF (III C 7).

One of the Union's social objectives should be to lay down guidelines for a genuine policy of vocational training at European level which reconciles the needs of the economy with every worker's right of access to training.

Three key ideas should be taken into account in formulating this policy:

- positive discrimination for groups who have the most need of training: young people, employees with few skills;
- making provision for training time within working hours throughout working life;
- rationalising public expenditure on training, whose growth cannot be unlimited.

These ideas are discussed in further detail in Annex 1.

IV. **Implementing the action plan for growth, competitiveness and employment**

France can only agree with some proposals on employment set out in the Green Paper bearing in mind that these are in line with the proposals set out in the White Paper and approved by the Government at the meeting of the General Purposes Council in December 1993.

The solutions that France has adopted in the five-year law on employment, work and vocational training adopted in December 1993 are also in keeping with those set out in the White Paper.

Some aspects are worth looking at in further detail at Union level: the development of service and neighbourhood jobs (cf. establishment of the "service cheque"), the future of elderly workers, etc.

Steps should now be taken to ensure that the implementation of the plan of action set out in the White Paper is followed up. In this respect, joint European authorities like the standing committee on employment should be revitalised, and in parallel the various statistical resources for monitoring and analysing employment should be simplified and made more efficient.

V. Effectively implementing Community law, especially in the health and safety field

Since the adoption of the Single European Act, the construction of a social Europe has made considerable progress in a very important field, i.e. health and safety in the workplace, and has covered almost the whole of this field.

Although the Green Paper does not stress this issue, France considers that it is now essential to implement the Directives adopted in this area.

The conclusions of the Council of 21 December 1992 on the implementation and enactment of Community legislation in the area of social affairs should be borne in mind in this respect. They stress "the need to ensure effective and equivalent application of Community law by Member States". In a document (COM 560 Final) of 19 November 1993, setting out a general framework for action by the Commission of the European Communities in the area of safety, health and security at work (1994-2000), the Commission also considers "that particular attention should now be paid to the conditions for implementing adopted Directives".

Three complementary channels can be used for this purpose:

- Ensuring that Directives are transposed within deadlines

Statistics on transposition should be drawn up and published by individual Directive and not just overall by Member State. In order to supervise the transposition of Directives, the Commission should give priority to bilateral contacts with Member States.

- Promoting information

Informing enterprises of the many, often very technical, provisions of Community law is a major task. Experience gained during the European year of health and safety in the workplace should be used as a basis for planning new information campaigns which could take the form of thematic campaigns.

INFRASTRUCTURE, TRANSPORT AND TOURISM

These comments are supplemented by Annexes 4, 5, 6, 7 and 8 of the French reply.

Annex 4 looks at aspects relating to building and public works.

Annex 5 looks at social aspects of maritime transport.

Annex 6 looks at the particular features of land transport.

Annex 7 looks at issues surrounding civil aviation.

Annex 8 lists measures to be advocated in the area of tourism.

The Minister for Infrastructure, Transport and Tourism is responsible for social issues in the transport sector and also looks after the building and public works sector. This twofold involvement in European social policy leads us to raise two horizontal questions:

1. **Recognising high international social standards**

Recognising international social standards that are as high as possible is vital for the transport and building and public works sectors as a whole, as both of these are made up of enterprises that are mobile or need to move within the European Union and beyond.

The transport sector is traditionally exempted from joint legislation because of the specific working conditions of employees brought about by their mobility, at least as regards non-sedentary workers.

Because of the imminent implementation of cabotage in road and air transport, migrations and the development of "flags of convenience" in the shipping sector, distortions of competition, due to social dumping, may well develop in the Community. The air and maritime transport sectors are already subject to very marked social dumping outside the Community.

A comparable situation exists in the building and public works sector, since it is possible, under the freedom to provide services in the European Union, for any enterprise to work in a Member State by posting its own personnel who are paid according to wage scales in their country of origin. Without a common core of social guarantees of a sufficient level, the rules of competition may be distorted. The proposed Directive on the posting of workers in the framework of the provision of services should therefore be urgently adopted, taking account of the proposals put forward by the French delegation.

Unless these common standards are implemented, the application of the "law of the land" is likely to prove vital in both these cases in order to prevent excessive disparities within the same country.

In both the building and public works and the transport sectors, there are very close links between high social standards and safety standards, both for employees in their work and for users/customers and the community as a whole.

"The failure of negotiations between the social partners on the European Enterprise Committee raises questions as to the criteria to be adopted to define the list of organisations consulted by the Commission."

The Commission should therefore endeavour, by amplifying Community social dialogue, to remove this ambiguity so that excessive differences in situations do not entail distortions of competition and a decline in safety standards.

This leads to a set of priorities, discussed in further detail in the annexed notes:

- establishment of the EUROS register and further work on the Paris Memorandum on Port State Control;
- French memorandum on working hours in the road sector;
- proposed specific rules for workers in the air sector;
- adoption of the draft Directive on the posting of workers, on the basis of French proposals.

2. Social dialogue

The Green Paper stresses that social dialogue needs to be reinforced in the European Union. Bearing in mind the specific nature of the transport sector, it is vital to advance and develop social dialogue for individual types of transport and for transport as a whole, especially as the transport sector is often exempted from common law.

The social partners in the transport sector are particularly keen on this form of sectoral social dialogue and would like it to continue and be developed at Community level.

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ANNEXES

ANNEXES

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- Annex 2:** Economic and social cohesion: the role of the Social Fund
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- Annex 8:** List of measures to be advocated in the area of tourism
- Annex 9:** Specific features of small enterprises: craft enterprises

ANNEX 1: Contribution to the Green paper's debate about vocational training**1. Vocational training, social policy and economic policy**

The Green Paper's starting point is the statement that the recovery of economic competitiveness must be accompanied by successful social progress, without compromising the idea of European union.

On the basis of objectives that are social and economic, vocational training occupies, in a convergent or concurrent way, a specific place within social policy that is worth looking at in further detail.

The aim of vocational training is to prepare for the practice of an occupation, to increase professional performance and to promote the career development and professional mobility of workers. It is part of an economic policy whose objective, for the European Union, is to move towards a production system based on quality (III B 2).

Training schemes funded by the public authorities must attempt to meet the needs of the economy, just as enterprises must manage their training policy in terms of their development strategy. The resources committed in both cases demand results whose effects are economic in the first instance.

Vocational training must also meet the needs of people, taking account of their past experience which may or may not have enabled them to acquire expertise and skills, and taking account of current developments which may have placed them in precarious situations where their jobs are under threat or may, in contrast, have led to a career progression.

The economic approach is then confronted by the social approach, i.e. that of every worker's right to training throughout their working lives in order in particular to ensure equal opportunities, since "education is not enough on its own" (II E 1), and to correct "inequalities between generations" (II E 3). This is a corrective approach and is in keeping with that of social protection, whether it applies to young people having problems finding jobs, to jobseekers threatened with social exclusion or to workers whose enterprises are faced with unavoidable change.

These comments lead to a twofold observation:

- vocational training may be perceived from a strictly economic point of view: it is this approach that leads to the excellence of "high qualifications" (and therefore reinforces selective processes) and to training investment plans;

- in contrast, it may also have further aims of helping people to advance and of social protection and cohesion, without in this way escaping the bounds of the economic approach.

The Green Paper asks us, implicitly, to consider the second prospect, but does not, however, draw a line between the two and avoids the problems involved in making their objectives converge.

II. Main policy objectives at European level for vocational training

The Green Paper lists nine main objectives as regards the convergence of social policies in Union Member States (III C). Most of these can be helped by the objectives of a vocational training policy as set out in Article 127 of the Treaty on European Union¹.

The consistency of this policy is not clearly evident, however, from the Green Paper. Training is perceived in the Green Paper as a set of accompanying measures that are summarised in the Chapter relating to social cohesion and the role of the European Social Fund (III C 7):

- a. tackling the diverse needs of the unemployed and those excluded from the labour market: a comprehensive and coordinated package of measures;
- b. adapting the work-force to the new challenges: a systematic approach to continuing training.

Formulating the outlines of a policy of vocational training within social policy surely makes it necessary to specify selection criteria making it possible to decide which measures to implement?

Rather than following a strategy of describing advisable measures, the French reply focuses in greater detail on the criteria to be adopted and selects three of these criteria:

- positive discrimination for groups having greater need of training;
- creating a continuum between the training schemes offered to the various groups depending on their status;
- rationalising training expenditure incurred by the public authorities.

¹ Adaptation to industrial change, integration and re-integration in the labour market, mobility of trainers and trainees, cooperation between training centres and enterprise, exchanges of information and experience between Member States.

1. Positive discrimination

Vocational training is for the most part subject to market rules. Market rules make it impossible, however, for those people who have the most need to receive priority as regards training, especially when they are employed. A number of incentive measures could help young people to find jobs by supplementing their training, or help workers with few skills, and in particular women, to receive training leading to qualifications. The concrete form of the measures to be taken and eligibility criteria should be laid down either in consultation with or by the social partners themselves, and the public authorities could play their part in these incentives by offering concessions as regards apprenticeship contracts, for instance, or through commitments to develop training.

2. The continuum of training measures

Whether the groups involved are young people entering working life, people looking for jobs or workers in precarious situations, the problems to be tackled are those of organising training time with respect to working time and making the labour market more flexible through access to vocational qualifications.

Promoting, in the case of young people, employment contracts that make provision for training periods, revising the working hours of employees so that periods of training using individual training leave or a capital of training time can be included and giving priority to qualification objectives in the case of the training offered to jobseekers, are all measures that should be structured from the same point of view of acquiring recognised skills that will then be of benefit to these groups.

These means that continuing information and guidance services need to be organised and offered to these groups throughout their working lives, that procedures for certifying the qualifications acquired both through training and occupational experience are developed and that training skills in enterprise are upgraded in particular by developing forms of mentoring that can be certified.

3. Rationalising public expenditure on training

Social training policy is reflected most obviously by training for young people and jobseekers. In this way, the public authorities also make a structural contribution to the financing of the labour market. While the beneficiaries of this training are the trainees themselves in the first instance, there are also benefits for the production system and enterprises.

The Green Paper does not mention the problems of the limits on the growth of training expenditure especially on the part of the public authorities.

From the point of view of the balance of the training market as well as that of the benefits derived by enterprises from the training of young people and jobseekers by the public authorities, public efforts and those of enterprises have to be shared and developed in a concerted way.

This makes it necessary to provide instruments, at regional and Member State level, comparable throughout the Community, for observing and following up the financial flows of public and private vocational training and their uses on the basis of systematic returns from training agencies and enterprises.

It is also in this context of rationalising finance that the need for high quality services mentioned in the Green Paper is situated. Quality is not an end in itself, but the means of achieving a better cost-benefit ratio.

This improvement in quality should be sought in two main areas:

- developing innovations in the tools and methods used, and in methods of organisation, providing trainees with greater autonomy over the way in which they learn, as stressed in the Green Paper;
- a better match between the training that is commissioned and the results that are anticipated and then obtained, which requires transparent specifications and evaluation methods.

ANNEX 2: Economic and social cohesion: the role of the Social Fund

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

In order to ensure that innovative experiments in national public policy can be transferred, it would be useful to ask each Member State to submit an annual report on all the innovative schemes carried out with Community support (CIP, innovative actions, pilot programmes or Community action programmes). These reports should be disseminated widely to the economic and social partners in each country. The reports from other Member States should also be made available by the Commission. This dissemination would also make a contribution to efforts to step up the publicity and transparency of Community action as desired by the Commission.

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

The new ESF regulation encourages groups on the fringes of the labour market to take up training more than previous regulations as it places the stress on accompanying, reception and guidance measures prior to training itself. For groups excluded from the labour market or threatened by this exclusion, and for the promotion of equality between men and women, the problem of inadequate qualifications is often linked to a social context that needs to be taken into account (housing, childminding, etc.). The ESF should continue to work in this direction.

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

In order to promote links between market and human resource approaches, a possible solution is a more systematic use of multi-fund measures (ERDF/EAGGF-ESF) combining aspects of investment and human resource management. This structure can already be seen from the point of view of regional objectives but should also be carried out in the framework of the new Community initiative ADAPT. This integrates the forward planning of human resources dimension of the new Objective 4, but could also incorporate the production investment dimension of the ERDF.

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

France has established instruments for the forward planning of skills and qualifications that make it possible to forecast any detrimental effects that industrial change may have on employment. The *Contrat d'Etudes Prospectives* (CEP - Forward Study Contract) is a fact-finding and action resource intended to study problems of employment, labour, qualification and training in the occupational sectors. The CEP generally leads to an *Engagement de développement de la formation* (EDDF - Commitment to develop training) which is a resource intended to promote the development of employees' continuing training. It should help to improve the quality of enterprise training plans in order to help people to safeguard their jobs and to promote qualifications. Enterprise training projects subject to an EDDF are part of strategic planning, often linked to technological change and the need to adapt to increased competition in the market, and combine a quest for competitiveness with the upgrading of skills.

Encouraging the use of anticipatory measures of this type which promote the economic development of enterprises, on the basis of improved qualifications, is directly linked to ESF Objective 4 and the future CIP ADAPT. Community support should make it possible to reach a larger number of enterprises and in particular SMEs. These are enterprises where employees' access to training is more problematic, even though it is these enterprises which are most exposed to technological change.

What mechanisms are required to ensure that, in addition to the national authorities and the Commission, all the necessary partners (...) play a full part in programming and making operational decisions to achieve successful implementation of action?

France has structures for consulting social and economic partners on the implementation of public employment and in particular vocational training policies. France would like these structures systematically to be informed about the actions implemented with Community support and the outcome of actions conducted in the past, and would like social partners to be involved in national and regional monitoring committees, in accordance with the requirements of Community Regulations.

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

France is trying to achieve the objective of high-quality training through the development of appropriate methods for commissioning training, especially by the public authorities. Regulating the market by the choices of trainees themselves seems less relevant. The French authorities are also involved in schemes for third-party certification or qualification of training providers, which will then have to be taken into account by the market.

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Annex 3: Table of correspondence between the provisions of the five-year law and the recommendations of the White Paper - Growth, competitiveness, employment

NB asterisks (*) denote provisions mentioned under several headings

White paper	Five-year law
Improving the education and training system	
<ul style="list-style-type: none"> - ensuring good basic training and good links between school and working life - further development of apprenticeship and work experience in enterprise - better anticipation of qualification needs - development of genuine training policies associating public authorities, social partners and enterprises - further involvement of enterprises in the vocational training system 	<ul style="list-style-type: none"> - decentralisation of young people's vocational training; regional plan for the development of young people's vocational training - young people's right to occupational induction schemes - creation of pre-occupational induction classes using alternance methods and apprenticeship sections - harmonised training scheme for young people under employment contracts - SIFE - enterprise training and integration scheme - evaluation of regional apprenticeship and vocational training policies - extension of alternance employment contracts to adult jobseekers
<ul style="list-style-type: none"> - improved cooperation between universities and enterprise 	<ul style="list-style-type: none"> - educational research leave - associate professors
<ul style="list-style-type: none"> - improved continuing training in SMEs - re-allocation of a proportion of unemployment insurance funds to training schemes 	<ul style="list-style-type: none"> - training time capital* - introduction of training credit systems - linking revisions of working hours to the development of training - training and apprenticeship tax credit*

White paper	Five-year law
Making enterprises and the labour market more flexible and re-organising labour	
<ul style="list-style-type: none"> - increasing the number of jobs for a given production level - modifying the structure and level of working hours 	<ul style="list-style-type: none"> - organising working hours on an annual basis - reducing working hours - compensatory leave and overtime - organising part-time work on an annual basis - gradual early retirement - assistance with transition to part-time work - part-time abatement - Sunday rest* - continuous working - TRILD - compensation for long-term reduced-time working - training time capital
<ul style="list-style-type: none"> - developing measures providing incentives to keep new jobs for registered unemployed people - stepping up efforts to integrate the long-term unemployed and young unemployed people 	<ul style="list-style-type: none"> - compensatory benefit for return to work - improvement of return to work contracts (CRE) and CES and consolidated CES - mentoring - young people's centres - combining employment and pensions - employers' groups*

White paper	Five-year law
Reducing the indirect cost of labour and in particular unskilled labour	
<ul style="list-style-type: none"> - concentrating efforts on the employment system in the broad sense, paying particular attention to measures that curb job creation such as taxation and compulsory deductions - reducing the cost of unskilled jobs for employers - reducing the relative cost of labour by reducing employers' social security contributions 	<ul style="list-style-type: none"> - exemption from employers' family allowance contributions* - exemption from social security contributions when recruiting a first, second or third employee* - part-time abatement - training and apprenticeship tax credits*

White paper	Five-year law
Developing new jobs linked to new needs or job creation in SMEs	
<ul style="list-style-type: none"> - financial help with start-up 	<ul style="list-style-type: none"> - advice cheques for ACCRE beneficiaries - help for unemployed people creating or setting up new enterprises (ACCRE) - ACCRE job creation - enterprise nurseries - employers' groups* - exemption from employers' family allowance contributions* - exemption from social security contributions when recruiting a first, second or third employee*
<ul style="list-style-type: none"> - promotion of local development 	<ul style="list-style-type: none"> - employment-solidarity contract (CES) and consolidated CES - partnership fund for the integration of young people
<ul style="list-style-type: none"> - strengthening of activities and employment in sectors linked to new population needs 	<ul style="list-style-type: none"> - service cheque - Sunday rest*

Annex 4: Notes on building and public works

As regards the posting of workers, the Green Paper rightly stresses the need to implement minimum standards in the social field, in order to prevent social dumping which is an obstacle to fair competition.

The building and public works sector is particularly concerned by this issue.

Under the freedom to provide services in the European Community, it is possible for any enterprise to work in a Member State by posting its staff to that State and paying them according to the pay scales of the country of origin.

The European Commission has therefore put forward a draft Directive on the posting of workers in the framework of the provision of services.

Under this draft, enterprises posting workers temporarily to another Member State must apply the same minimum social rights that are applied to nationals of the host country. From a twofold point of view (social: legal security of workers, and economic: laying the foundations for fair competition), the Commission proposes to draw up a hard core of compulsory rules that have to be respected by enterprises in the host State, whether this involves health and safety at work, minimum wages, working hours or paid leave. This common core is formed by the laws, regulations and collective agreements applicable to all workers performing the same tasks in the same economic sector in the host Member State.

Examined in 1992 and 1993 under the Dutch, Portuguese and British Presidencies, this draft Directive has never been adopted because States have very different views on it.

We can only stress the need to re-open discussion of this draft, since the adoption of rules on fair and equitable competition in the European Community is a major issue both for French building and public works enterprises and for employees' working conditions.

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Annex 5: Social aspects of maritime transport

In the case of maritime transport, the existence of a European social policy cannot be envisaged without the inclusion of a "social chapter" in the common policy that the Council is responsible for formulating under Article 84.2 of the Treaty.

1. The lack of a social chapter in common policy on maritime transport

This "social chapter" is still to be formulated in the context of the positive measures expected since 1986 to "counterbalance" the liberalisation measures adopted at that time. The key positive measure was to be the establishment of a Community register (EUROS) entailing both a harmonisation of the operating conditions of Community fleets and assistance measures - linked to the employment of European nationals - to ensure the survival of these fleets against competition from flags of convenience and the maintenance of maritime expertise in Europe (1).

It should also be borne in mind that a Judgment of the Court of Justice (17 March 1993) on the second German register validated the existence of second registers based on pay and working conditions inferior to those of the national register. The Court of Justice considered, on the one hand, that the economy linked to the employment of seamen from third countries (Philippines in this case) could not be seen as State aid under the terms of Article 92 of the Treaty and, on the other hand, that this situation did not contravene the provisions of Article 117 relating to the improvement and harmonisation of social systems. While supporting, in the short term, the existence of second European registers and that of our TAAF registration system, this Court of Justice judgment has not helped to speed up the process of adoption of the EUROS register.

For France, however, the EUROS dossier is a test case as it raises the issues of the competitiveness of enterprises and the preservation of employment and maritime expertise in the Community. Employment and training are therefore the first priority if it is wished to avoid problems in the future (as has already been the case in the UK).

It is this concern that has led to the support measures adopted in France, while awaiting provisions that could be decided at European level.

II. Recognising international standards

In the immediate future, the recognition of universal social standards - which are as high as possible - is of major importance for maritime transport. This sector, which is traditionally open to high levels of international competition, has felt the impact of social dumping for some time. Migrations have taken a particular form in this sector, itinerant by definition, with the development of flags of convenience, some of which operate using vessels below technical and social standards.

Action has already been commenced in this area, under the Port State Control system, in order to harmonise and reinforce, at a broader European level, supervision of the respect of the international standards in force, as laid down by IMO and ITO.

"In the same spirit, we hope that a social clause, under the auspices of the International Trade Organisation, makes it compulsory operators to respect the international standards in force as regards safety and working conditions".

In conclusion, we consider that as long as no element of social policy - relating in particular to training and employment - is incorporated in common policy on maritime transport, it is solely at national level that social dialogue should take place and, in the first instance, at enterprise level (pursuant to the principle of subsidiarity).

This does not prevent the EU and its Member States from encouraging the harmonised application and reinforcement of international standards in force in the area of safety (action has already been commenced) and working conditions.

Annex 6: Particular features of land transport

In the area of working conditions and labour law, the Green Paper does not tackle the general problem of the posting of workers which is particularly extensive in the road haulage sector which is mobile by its nature.

It should be borne in mind that the activities of French road drivers are subject to two sets of regulations:

- European social regulations (EEC Regulations 3829/85 and 3821/85 of 20 December 1985) regulate only driving and rest times and not working hours, and are intended to cover all drivers who are nationals of the European Economic Community whatever their occupational status (employee, self-employed, etc.);
- the national regulations set out in the Labour Code (Decree 83/40 of 26 January 1983, as amended) lay down working hours, which do not just include periods of driving, and are applicable only to drivers who are employees of transport companies.

As the same situation applies in almost the other EU Member States, a harmonisation of working conditions is therefore necessary at European level. In 1989, France submitted a memorandum to the Council of Ministers which brought all the activities of road drivers under the heading of working hours.

The adoption of a European Regulation on road haulage work would have a number of advantages:

- by filling a major gap, it would help to make competition more equitable and would limit the risks of price rises in this sector which would be a factor of imbalance for this market;
- a European regulation would replace the national rules in this area and would therefore place all road transport concerns on an equal footing whatever their nationality and would cover all drivers of vehicles subject to the use of a chronotachygraph, whether employees or self-employed, and therefore also those types of subcontracting that are not at present covered by rules on working practices;
- the precedent of the European social regulation on driving and rest times also shows, even though it is not applied to the same extent in the various Member States, that it is a reliable factor in harmonisation. The adoption of a European regulation which would provide a single rule for Community territory as a whole would rule out any confusion as to the choice of principles of territoriality and nationality as regards the determination of the rules applicable to drivers' activity.

While awaiting a Directive - our preference would be for a Regulation for the above reasons - on working hours in road transport as announced by the Commission, social dumping, as discussed in the Green Paper, may well become a problem in the Community:

- on the one hand, for drivers who are nationals of Member States whose regulations on working hours are less favourable to employees, especially as cabotage, i.e. transport undertaken on French territory by a carrier from another Member State, is developing and should be completely liberalised and not subject to quotas in a few years' time;
- on the other hand, and in a more acute way, for drivers from third countries (especially eastern Europe).

The conduct of cabotage transport is subject, under EEC Regulation 3118/93 of 25 October 1993, to the legislation of the host State in the following areas:

- transport cost and contractual conditions;
- weight and dimensions of road vehicles;
- provisions relating to certain specific types of transport, including hazardous materials;
- value added tax;
- driving and rest times.

These provisions should be applied to non-resident road hauliers under those conditions that the Member State applies to its own nationals in order to prevent any discrimination based on nationality or place of establishment.

Is it possible, however, for the host State to force non-resident road hauliers to respect rules on working hours that are not at present included in the European Regulation on driving and rest times?

The Community cannot disregard this type of problem since, as competition may be distorted if foreign drivers carrying out cabotage retain their social legislation, there may be a levelling down of social standards in a sector where practices are already lagging behind the rules that are applicable.

Annex 7: Issues connected with civil aviation

Working hours: Directive 93/104/EC of 23 November 1993 on the revision of working hours excluded transport from its scope of application. Draft legislation on flight safety is being formulated by the Joint Airworthiness Authority in the area of limits on flying time and rest periods for crews. It is to be hoped that this technical work, which should provide a basis for a specific European Union Regulation on aircrew, is not called into question.

It is also to be hoped that the working conditions of all personnel working in the area of air transport are subject to specific rules that differ from those for employees as a whole. Only aircrew (pilots, commercial personnel, flight mechanics, etc.) are subject to specific working conditions.

Deregulation of the labour market and social dumping: In the aeronautical field, social dumping can take different forms: Chartering (use of a third company with crewed aircraft), Creation of "bases" solely with national personnel located outside the territory in which the main office of the company is located and involving the recruitment of local personnel in respect of whom the labour regulations of this main office are applied, Establishment of subsidiaries abroad. While some developments are fairly new in France (bases), others (chartering) are gaining ground every day.

Use of labour under temporary or seasonal contracts: Although this is unavoidable in the aviation sector, common rules need to be drawn up so that the use of this type of labour that may be disposed of according to needs does not become the rule.

Safety standards: The Green Paper does not look at possible links between the observance of safety standards and social standards. The need to maintain and develop high safety standards in Europe and in third countries is, however, the best guarantee of social policy in this area.

Tariff problems and notion of public service: It is difficult to dissociate competition from social aspects. Regulations covering tariff issues should therefore also be drawn up so that competition is not distorted by sales at cost price or even below cost, leading to a general and ongoing reduction of charges.

"The notion of public service and the role and tasks of the national authorities in these fields should also be tackled at European level."

In general, the Green Paper looks at general issues without offering concrete solutions.

Annex 8: List of measures to be advocated in the area of tourism**1** *Launch of a Community programme on the topic of the enterprise as provider of training*

Incentives for mentoring in enterprise, award of specific grants to enterprise to recognise its role as a trainer in the social and occupational integration of young people.

2 *Collective bargaining in the sector of tourism and hotels and catering*

Progress report on collective bargaining in the various countries. Promotion of collective bargaining with the social partners at European level (especially the hotel and catering and travel agency sectors).

3 *Health conditions of seasonal workers in tourism and hotels and catering in the Union*

Analysis of the problem in the different Union Member States. Measures to be taken to prevent a worsening of the health conditions of seasonal workers.

4 *Promotion of greater mobility among trainees in initial and vocational training in the Union*

Evaluation of initial and vocational training programme schemes. Measures to be advocated to facilitate the training and reception of trainees, especially in enterprises in the different Union Member States.

5 *Promotion of the establishment of networks of training agencies and enterprises in the area of initial and vocational training in tourism.*

6 *European Social Fund*

Possibility of ESF action in the service sector, and in particular in the tourism sector, for the occupational redeployment of employees and non-salaried managers of enterprises (currently limited to the industrial sector under Objective 4).

Initiatives to assist job creation in the tourism and leisure sectors at local level (grants for development officers, local tourism offices, new leisure services in rural environments, occupations connected with the upgrading of the cultural heritage). Support for initiatives to extend the tourist season and consolidate corresponding seasonal jobs.

These comments are also contained in the proposals put forward by the Tourism Directorate during preparations for the French Presidency (Social Affairs).

As matters stand at present, the following priorities of the tourism authorities will be included among the topics covered by the overall proposals put forward by the Labour and Social Affairs authorities:

- social dialogue and collective bargaining;
- entry of young people into working life and role of enterprises as training providers;
- safety in workplaces (health situation of seasonal workers in tourism);
- mobility of trainees (status of trainees in enterprise within the Union);
- methods of promoting new service jobs (conditions for ESF action in the service sector, etc.).

Annex 9: Specific features of small enterprises: craft enterprises

1. In the field of social protection, it seems that a suggestion in the Green Paper needs to be examined further especially in the craft sector: the suggestion that it is necessary to make the most of progress in the area of exchanges of information so that the social authorities of the various Member States can supply individual documents that can be used throughout Community territory by those covered by social insurance.

A development of this type, which would simplify the conditions for the establishment of employees and the self-employed, should undoubtedly be encouraged.

In this respect, the national pension fund for craft workers would be in favour of a simplification of the coordination rules for pension calculations; action of this kind should also involve agencies managing supplementary systems.

2. Measures relating to working conditions, and in particular the reduction or revision of working hours, should be examined while taking account of the specific features of very small enterprises whose internal organisation does not always have the required flexibility.

3. Enterprise creation is an important factor in job creation.

The French craft sector has over 800 000 enterprises and employs over two million workers, including 1.2 million employees. Since 1980, the number of enterprises of this type has continued to grow, reflecting the vitality of an economy that is also characterised by a relatively favourable age pyramid (close on 20% of enterprise managers are aged under 35 and 35% between 35 and 45).

Establishment, whether this involves the creation of a new or a further enterprise, is a very important factor in job creation that should be supported by:

- providing help with the various stages of business plans;
- making support facilities more professional;
- supporting inter-enterprise cooperation and networks (mentoring, entrepreneurs' clubs, group development operations, bulk purchasing, etc.), where necessary by creating a European Entrepreneurs' Label.

Methods of financing enterprise creation exist and could be developed, making sure, however, that they do not lead to excessive distortions of competition with existing enterprises.

This concern should also be taken into account when formulating regional development policy.

It should be noted that the five-year law on employment allows unemployed people to create new or further enterprises, thereby extending measures in force since 1987.

4. In this context, 38% of the 45 000 enterprises set up are in the trade sector; this shows the major role that the creation of one-man enterprises can play. Specific types of aid need to be formulated, however, so that existing enterprises are not destabilised to too great an extent.

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IRELAND

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European Commission Green Paper
- European Social Policy
- Options for the Union

The response of the Minister for Labour Affairs of Ireland

Dept. of Enterprise and Employment
Dublin

May 1994

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1. The Social Challenge for Europe

In principle, the proposition that social progress does not have to go into retreat in order for economic competitiveness to be maintained is a reasonable one and the contribution which a stable working environment can make to economic progress is seen as being of particular importance. Worker and family security, social solidarity and protection are key elements of a stable society and vital to a competitive economy. However, it is also the case that the maintenance of much existing employment makes cost control essential.

The European socio-economic model is more directly applicable to some Member States than to others. There are strengths in the present diversity of approach and the extent of fit with the model which must be respected into the future. However, where the general good of the Union's requires it, this diversity has to be harnessed to common purposes and action.

Certain points in the analysis are seen as being of particular importance in Ireland's case. The pressure of a young population must be added to the challenges and specifically to the demographic trends identified.. Tackling social exclusion is second only to employment creation as a priority field. Given exclusion's multiple manifestations, the need for integrated, multi-faceted responses to it is clear. In the Irish case - for demographic reasons, - measures to create employment for young

people have a high priority. In the women's rights areas, gender-proofing of public action as part of a wider equality-proofing approach, and the provision of childcare facilities are priority issues.

The fruits of the recent GATT Agreement and from increasingly global trade must be realised while finding effective ways of encouraging competing economic models to maintain competition on a legitimate comparative advantage basis. A practical expression of such balance will not however, be easy to agree, to define or to police.

The ease with which small enterprises can be established and operated profitably at national and cross-border levels must be reinforced.

The services area, in particular, is seen as having significant job creation potential.

The competitiveness of economic activity in Europe must be improved relative to that of other competing economies to allow for increased overall social progress.

Competitiveness is a pre-condition of growth which is, in turn, a pre-condition for the funding of new social progress.

Union initiatives aimed at getting growth in employment and improving social provision, including that at the workplace, have to recognise however that convergence between the twelve economies has quite some way to go and that the richest member states have the most advanced employment and social provisions. Uniform union level proposals, in these circumstances, could both delay convergence and impose artificial cost burdens on certain Member States.

2. Possible responses to the Challenges

2.1. General

The introductory analysis at Chapter III. A. of the Green Paper is seen as being generally valid. Clearly, the Union cannot survive without some social ground rules. This is certainly true of our European Union but, also now of the global trading community of nations. The extent and level of detail of the ground rules required at these levels would however differ correspondingly. There may well be situations in which the cost effects of high social standards are affecting individual Member States - if not the overall Union competitiveness in world markets. It would serve no one's purpose that such problems in certain member-states would be "solved" by imposing these same costs on all Member States.

Relative competitiveness is largely a matter for concerned Member States themselves to deal with while, of course, respecting Union rules and regulations. Preserving the social and political credibility of Union, however, requires that a minimum set of standards should be beyond doubt - beyond the realm of internal competition between Member States. The forthcoming White Paper should identify such ground rules.

2.2. Issues common to the Member States

2.2.1 Employment: Maintenance and Creation

Employment is the top priority for economic as well as social reasons.

Specific targets (e.g. the numbers for training and the balance between active and income maintenance spending) may be overtaken by events: a more flexible approach would be preferable.

The more Member States act in cohort or at least, move in the same positive directions, the better the chances of success. The follow-up process to the Commission White Paper on Employment Growth and Competitiveness will play an important galvanising role in this context.

Moderation in wage growth and links to productivity improvements are important elements in all efforts to create employment: high labour costs inhibit growth and competitiveness.

Greater labour intensity may be possible in certain sectors e.g. services but, while there is important social benefit in reinforcing or restoring excluded individuals' capacity for work, we must avoid setting out to reduce productivity levels artificially as a means of creating jobs.

There are undoubtedly steps possible at Member State level to adjust taxation levels e.g. on SME's and to reduce non-wage costs - especially lower-paid workers - which would yield positive effects. These and other such avenues of action e.g. research, are being considered in Ireland in response to the White Paper on Employment, Growth and Competitiveness.

Further ideas for a new balance in the use of resources between active measures for training and employment and income maintenance could be considered. This is a direction in which several moves have been made in Ireland over recent years. The aim has been to help and encourage people in active ways out of the welfare system and back into economic activity. However, notwithstanding an openness to further ideas in this area a generalised major rebalancing between active and income maintenance spending is not likely to prove possible.

Despite its general desirability - notably, in the area of equal rights (see 2.3.3. below) there is a need, to reflect further on the scope for the individualisation of benefits before committing to it.

2.2.2. Progress towards a quality - based production system

Constructive re-adjustment to technological change is important for wealth-creation and for competitiveness. Such change can and does restore competitiveness and create employment more often than the reverse. Issues to do with distribution of productivity dividends are, in principle, however best left to individual firms. Equally, generalised initiatives on the scope for increased employment - intensity in growth are inherently difficult.

As indicated above (at 2.2.1.) a stress on promoting service industry potential could however yield positive employment effects. While growth should be as employment - intensive as possible there are real constraints posed by competing third countries which cannot be ignored for traded service sectors and indeed, in sheltered sectors where significant costs are ultimately transferred to the traded sector.

2.2.3. Human Resource Development

This is an area where in our view Member States and so the Union, can build successful comparative advantage over competitors. MS wage levels are high compared to many third country competitors so the basic requirement for viable production of quality goods and services indicates that training for those at work is at

least as important as that for those without jobs. Necessary changes in education and training systems will have to continue to be made on an ongoing basis and the necessary investments will have to be made by firms and individuals as well as Governments. Firms, employer organisations and trade unions have important roles to play, in their own interests, in improving training for those already in employment.

In Ireland, increased efforts at Government level have been made by modifying existing and introducing new training schemes. Amongst the measures planned is certification for those who complete training courses for the long-term unemployed. Amongst the measures planned is a new National Education and Training Certification Board which will have the task of ensuring that vocational education and training arrangements are meeting the needs of the labour market and of providing for certification of all courses. This will facilitate progression to further education and training and will also create a better trained and more mobile workforce. A new Community Employment Scheme (CES) refocuses the aims and mechanisms being used to best benefit the long-term unemployed.

2.2.4 Labour Standards and Working Conditions

Greater international competition and international trade, the development of information technology and technological innovations in production and distribution have resulted in significant organizational restructuring and changes in the way firms are attempting to utilize their labour inputs. These changes in the demand side of the labour market are having significant impacts on the nature of employment and the

variety of employment relationships which are emerging and becoming economically viable.

The changes on the demand side of the labour market have been matched by equally dramatic changes on the supply side. These changes are associated with changes in workers aspirations and individual needs which, coupled with growing female participation in the labour market, have led to a greater acceptance of the demand for a wider variety of employment options.

The emergence and growth of new forms of work should therefore be seen as associated with supply and demand side factors which must be facilitated in the creation of an efficient labour market.

At the level of the individual firm the emergence of a "core" and "contingent" labour force is but one possible scenario as to how this diversification of employment relationships might develop. The re-organisation of the employment relationships within the labour force of the enterprise is likely to result in a wide variety of combinations of employment relationships which most effectively meet the specific needs of the enterprise. The necessity of accepting these labour market developments in the interests of labour market and broader economic efficiency imperatives is beyond question. The challenges which arise from such acceptance relate to the

need to ensure adequate levels of protection for all workers irrespective of the type of employment relationship under which they are engaged and the need to ensure adequate mobility for workers between the varying forms of employment relationship.

In creating adequate protection for workers in the "new" forms of work, no unnecessary regulatory impediments should be created which would hinder the development of the labour market. Workers engaged in the new forms of work should be guaranteed broadly equivalent statutory protection under labour law and social security as is currently provided to full time workers on open ended contracts in the individual Member States. Such equivalent treatment would ensure the necessary protection for these workers while simultaneously removing potential distortions in the labour market arising from differences in the levels of protection under different forms of employment within the individual Member States.

However, the Union should not seek to legislate for entitlements or conditions for workers engaged in these new forms of work which go beyond the statutory levels of social protection provided for full time workers in the individual Member States. In particular, the Union should not seek to provide guarantees in relation to levels of remuneration of workers engaged in non-standard employment which are not legally provided for full time workers in the individual member States. Such an approach would result in over regulation of these forms of non-standard employment, would create new distortions and rigidities in the labour market and would hinder employment growth.

2.2.5 Re-defining labour market flexibility

The term labour market flexibility has been misused and has become less socially acceptable than the concepts underlying the term would warrant. We prefer to refer to labour market adaptability. Such labour market adaptability requires a labour market which provides relatively free access to a wide variety of types of employment relationships, underpinned by broadly equivalent minimum levels of social protection. Labour market adaptability also requires a high level of training and mobility in the labour force and relatively high levels of numerical and functional flexibility within the individual firms. Clearly the development of such adaptable labour markets within the individual Member States precludes the emergence of a rigid common labour market policy at the level of the Union.

Nevertheless, it is accepted that to ensure that the emergence of adaptable labour markets does not give rise to "negative" competitiveness at the expense of the least protected workers, it is necessary to reach agreement on certain common minimum labour standards. Such bedrock labour standards should take account of the specific labour market characteristics and traditional forms of labour market regulation and wage determination in the Member States. Accordingly, it is important that any minimum standards should, to the greatest extent possible, be agreed and be applicable to all Member States. The establishment of minimum standards which exclude or derogate particular member States will accentuate the dangers of "negative" competitiveness.

In addition to promoting labour market adaptability at the levels of the Union and of the individual Member States it, is also possible to promote adaptability at firm level. The promotion of adaptability at firm level through negotiation between management and workers is the approach favoured by Irish employers. Responses to labour market adaptability at Union level should not have a detrimental impact on labour costs in the individual member States. While particular importance has to be attached to such matters as training and education of workers, sight should not be lost of other more traditional ways to secure competitiveness via more direct means such as control of pay growth.

2.2.6. Stimulating Solidarity and Integration

There are some 52 million people at or below the poverty line in the Union. The development of a dual society must be halted: the exclusion cycle must be broken. Social solidarity and protection are important especially over the longer term to a stable society and to a competitive economy. It is important in localities suffering from exclusion that holistic local development approaches are used. These could typically involve various elements of policy i.e. housing, health education and enterprise as well as income maintenance. The goal should be to break down the dependency culture, improve social stability and to facilitate self-sustaining economic activity. Although the main responsibility for exclusion policy falls to local and national authorities, Union-level funding and information-pooling is most important.

The Community HORIZON initiative is a useful broadly-based innovative response to social exclusion. The increased budget proposed for the successor programme to Poverty 3 is regarded as a welcome recognition by the Commission of the need to respond further to those locked into situations of long-term unemployment and social exclusion. It is also a practical expression of the Maastricht commitment on countering social exclusion.

Despite the fact that housing is not an area of Union competence and given the operation of the principle of subsidiarity, it is surprising that the Green Paper, which seeks to launch a wide ranging debate about the future of social policy, does not deal with housing as an element of social policy. Housing has always been regarded as a central element of social policy in Ireland and has been an important constituent of successive Government programmes. Since 1987 it has been a central element in national development programmes embracing Government, employers and trade unions, and most recently of the Programme for Competitiveness and Work agreed earlier this year. The National Economic and Social Council have also identified housing as a key element in the achievement of social justice.

Housing in Ireland is a major consumer of public resources and, as a means of promoting social cohesion, has a role that parallels and interacts with other social services such as welfare, health, crime prevention, etc. Housing strategies can either counteract or reinforce social segregation which is often characterised by high concentrations of poverty, unemployment, one class housing, vandalism, anti-social behaviour and dependency.

There is a direct link between unemployment and poverty levels and demand for social housing. Tackling poor housing conditions as part of a strategy for social cohesion would involve the provision of new social housing and the improvement of existing estates and has considerable employment generation potential for the labour-intensive building industry. Directly involving local communities in the running of their own housing estates would create local employment in some of the worst unemployment blackspots in suitably structured improvement management and maintenance programmes. Programmes to promote tenant participation have, in addition, the potential to overcome dependency, to encourage self initiative and to develop positive social attitudes.

In saying this one is not arguing that the principle of subsidiarity should not continue to apply to housing or that housing, per se, should become a Union competence. Union housing Ministers have, however, already recognised that there is a European dimension to housing and are now, through the series of annual informal meetings, exchanging information on housing, comparing experience and approaches to

In Ireland, the national Youthstart Programme, under the Operational Programme for Human Resources, will include a number of measures aimed at the provision of full-time employment or a recognised form of education or training to young people.

2.2.8. Integration of the Disabled

Disability, in itself, is often a cause of exclusion. An important test of all policy towards disadvantaged groups is whether and how they help those suffering from physical or mental disability. There is a need to make further efforts to integrate people with a disability to the greatest extent of their potential into mainstream life.

The vocational training of the disabled funded under the Social Fund, the information exchanges under HELIOS and the transfer of experience work being done under HORIZON are the main elements of Union support. It is important to ensure that their work complements each other and that scope for useful co-operation is maximised.

The gender - proofing of EU and Member States policies (see 2.3.3.) should be broadened to a 'equality proofing' approach which would consider the effects of policy on all in society including the disabled.

common problems and exchanging ideas. The Commission has an increasing role in providing support for the Ministerial activities in the form of information gathering and Union - wide research. Because of these developments, the direct relationship between housing conditions and policies and the attainment of social cohesion it is considered that housing must have greater prominence in future union social policy analysis.

An integrated set of social goals for the Member States of the Union should cover housing.

2.2.7. Youth Opportunities and Risks

The Green Paper's emphasis on young people facing 'active' options on entering the job market is a valuable one and in line with recent Irish approaches. In 1993, for example, a successful scheme was set up quickly and implemented which involved identifying over 2,000 sponsoring organisations - mainly voluntary and community bodies and matching these to over 9,000 students who had applied for unemployment assistance. The exercise showed that there are sizeable unmet social needs. It is intended to repeat this on a larger scale in mid - 1994. Welfare and training authorities have co-operated closely in generating training places for such young people. European scale initiatives in this area would be welcomed.

2.2.9. Social Policies and Rural Development

CAP reform and the effects of the recent GATT Agreement will increasingly impact on the nature of agriculture and so, on rural communities. New on-farm agricultural activities and off-farm economic activity will become more important to stabilise rural communities. The replacement of CAP price supports with direct producer payments will reduce the financial effects but not the economic and social ones. As with the exclusion area at 2.2.6. above, regional or local community development initiatives combining all relevant policy areas are required. Initiatives such as the Union LEADER Programme are particularly valuable in this context.

2.3. Main Policy Objectives at European Union level

2.3.1 General

All proposals for Union action in the social field whether legislative or otherwise should be evaluated by or for the Commission before being sent to the Council to identify all their expected effects on competitiveness and employment: the results of this evaluation should be available to Council before it is expected to reach decisions on them. Where appropriate this approach might be used on past decisions particularly in cases where measures are brought forward which build directly on those of the past. This would respond to criticism that Union measures affect competitiveness and employment.

The scope for finding solutions on a Treaty base to differences within the Council on Commission proposals should be exhausted before putting issues forward on the basis of the Social Protocol: decisions by all twelve Member States to be preferred. In regard to future Commission proposals, there should not be an automatic general recourse to Protocol legal bases: this may be needed in certain cases, however, and clear criteria should be agreed with Council to test the exceptional nature of such proposals before a Protocol base is used.

Union legislation should, in principle, be used only where it is necessary to put some fundamental rule or rules beyond doubt in Member States or where collective agreement has not been able to deal with the issues in question. Collective action methods, either between member states or agreements between social partners, should be given preference where such basis is appropriate.

2.3.2. The Single Market and the Free-Movement of People

Action to reinforce equivalence of qualifications for the widest possible range of professions and skills must have a high priority. A new non-legislative approach is needed to realize the Single Market by better matching available trained people with employment opportunities in areas and regions other than those where they live.

Economic efficiency in the use of scarce resources, if not social considerations, dictate the need for action here. With population ageing in certain regions which still have

net employment requirements, reinforcing intra-Union mobility of trained employees addresses several problems in positive ways. Co-ordination of social security schemes and entitlements between Member States must also be a particular priority.

Recent changes in the methods of financing social security in some Member States, in benefit structures and the trend towards voluntary opting out in favour of increased reliance on private insurance carry possible threats to the progress already achieved in co-ordinating social security. It is vital that there be no regression in the co-ordinated social security cover which has underpinned free movement. The provision of information on workers rights in the area of social protection and residence is necessary if workers are to exercise their right of free movement. The divergence of systems and administrative procedures in the Member States requires the co-ordination of such information at European level. Information should be clear and easily understood and focus on the information needs of workers going to or intending to move to another Member State.

Given that intra-Union migrants typically generate social costs in their country of origin in youth and, later, in retirement and benefit their host country during working years, the Commission should take particular steps to identify where the current cost/benefit balance lies between origin and host countries and, in particular, establish how current Union rules on co-ordination of social security for migrant workers affect this.

There have been particular difficulties relating to the co-ordination of social security for seconded workers. The Commission should review current arrangements, always bearing in mind the need to protect the social security rights of these workers.

Ireland would favour an expansion of the rights of work seekers to free movement. In particular, the period of three months during which Unemployment Benefit can be exported from the country of last employment while seeking work elsewhere should be extended.

In addition consideration should be given as to how equality of treatment with national workers can be achieved by migrant workers in the area of income maintenance both during employment and following employment.

2.3.3. Equal Opportunity for Men and Women

Child care facilities are a pre-requisite to the full participation of women in the workforce. The Irish Government, in its recent PCW (Programme for Competitiveness and Work) with the Social Partners has committed to giving special attention to this field. Pilot initiatives are being funded nationally. The availability of EU funding from the Structural and Social Funds (NOW programme) in this area is especially important. The issue of moving towards individualisation of social security rights is important but, as indicated at 2.2.1. above, the full implications of this require careful reflection before acting. All Community - funded initiatives should be gender-proofed as part of a wider 'equality-proofing' approach (see 2.2.8).

above): they should, in their own terms, ensure equal treatment of men and women. The forthcoming Commission Communication on the reasons for slow progress towards pay equality should help to identify the best ways to reduce male/female wage differentials. We look forward to early publication of the Communication.

A legal framework is a necessary but not, sufficient basis with which, to tackle the persistent inequality of opportunity for women. In Ireland, the Government is committed to tackling gender inequality and to broadening the equality principle to cover non-gender groups who may be open to unequal treatment. We support the need to reconcile work and family responsibilities and look to early progress on the draft Parental Leave Directive.

General employment growth will, of itself, help to equalise male/female opportunities. Positive action supplements will, however, be needed. In that context, the setting of quotas/targets is an issue best left to individual employers and employer organisations. This would not, however, preclude action to provide a framework for positive action to address the under-representation of women in higher positions where voluntary action is ineffective or absent. The consistency of mandatory quotas with the principle of equal treatment is not clear. The need to achieve equality in the wider society beyond labour markets e.g. in other political and decision - making contexts must also be borne in mind.

2.3.4. Social Transition to EMU

The Single Market requires social action to deliver its full potential: the same will be true of EMU. The Commission is to be complimented for addressing the EMU issue in this context. EMU is a means to an end: and economic integration in turn, gives rise to new social challenges. On the road to EMU, the need to align fundamental economic variables may, of itself, create real constraints in certain cases. After EMU, individual member states will undoubtedly be more constrained in the range of their responses to social problems. An immediate priority would be to conduct a study to document the likely social policy implications of the process towards EMU and of its consequences.

A convergence of Member States social protection objectives and policies should in any event make a major contribution to ensuring that the achievement of EMU results in a real improvement in living and social protection standards.

2.3.5. Issues of Social Standards

The concept of a common minimum set of Union social policy rules applicable to all Member States is supported. Subsidiarity-based arguments would not justify different rules below such common minima creating distortions between Member States and impacting on the price levels of traded goods or services. Care would be needed however - as the Green Paper recognises, that in framing a set of minimum rules, that legitimate comparative advantage based on the differing objective economic

circumstances of Member States is fully respected. To do otherwise, whether within the Community or outside of it, would be to create costs, to lose the benefits of the single market and of GATT trade liberalisation. Any intra-Union competition based on a competitive downward spiral of increasingly lower labour standards would be neither a sustainable nor an attractive response to the challenges before us: the gains from engaging in 'competitive defiscalisations' are short term. The Union's advantage must be based on skill and technology superiority.

2.3.6. Reinforcing the Social Dialogue

We regard the key responses to this element of the Green Paper as being essentially for the partners themselves.

2.3.7. Health Matters

The key word on the health and safety at work area must be - consolidation. A considerable number of measures have been put in place in recent years. The stress should now be on ensuring that these are transposed into national law and, more especially, on ensuring they are being implemented evenly and properly in all parts of the Union. The Commission should place a new emphasis, towards that end, on the sharing of experience and generally helping to ensure proper implementation. In the event that amendments to a range of specific measure in the acquis are required e.g. following reviews related to subsidiarity or consequent on the accession of Norway, Sweden, Finland and Austria, then the opportunity should be taken of using

consolidated legal measures.

The forthcoming discussions at Council level on the Commission's Communication on Framework for Action in the field of public health of December 1993 on foot of the new powers in Article 129 of the Union Treaty provide the opportunity to chart the course for future developments in this area.

2.3.8. Economic and Social Cohesion: the role of the ESF

The Union has, for good reasons, long regarded funding as a key tool of social policy, and the ESF as its primary mechanism. In the Irish case the ESF has been of particular benefit. Notwithstanding the recent renewal of the Fund's Regulation and the existence of adequate mechanisms for its review there are aspects of the ESF which might usefully be addressed in the White Paper in identifying best practice in the context of ESF expenditure and evaluation.

2.3.9. International Aspects

Proposals in response to calls for a "social clause" in future Union and GATT trade agreements may soon have to be considered by the Community itself or in a wider context. Consistent with the approach to social dumping within the Union however, any such clause should allow the benefits of liberalised trade (i.e. avoid protectionism by respecting fully the effects of legitimate comparative advantage) and focus attention on cases where price advantage accrues from clear and sustained failure to apply

relevant minimum standards e.g. of the ILO. It may be possible in this context for the Union itself to offer its own internal arrangements as an example to others to follow.

2.3.10 Democratizing Social Change and Constructing a People's Europe

In the social policy area generally, measures other than legislative ones which mobilize and involve all relevant authorities and interests whether in policy formulation or also, in later implementation are often the best means of ensuring real progress. Experience indicates that the deeper the base of local popular involvement, especially in areas like exclusion, the greater is the prospect for success. There are already a range of Union-level and Member States information networks dealing with social rights and entitlements where, in order to more fully inform citizens, greater co-operation could be beneficial.

The accessibility of such services has to be maximised and, in doing so the needs of special groups such as the disabled should be given particular consideration.

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ITALY

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**RESPONSE OF THE ITALIAN GOVERNMENT TO THE
GREEN PAPER ON THE FUTURE OF EUROPEAN
SOCIAL POLICY**

The initiative taken by the Commission to encourage a debate on the future of social policy and the various feasible options either at national or Union level, has been welcomed by the public authorities concerned, the social partners and Italian non-governmental associations.

It is indeed of fundamental importance that the Union contribute to the discussion and to moves to redefine the European social state, also with an eye to imminent and future enlargements. There can be no doubting the relevance of the European model: indeed the recent world summit on employment stressed the need for growth which combined competitiveness with solidarity and the proper use of human resources.

In this context, it is particularly urgent to pose the question of a minimum level of social legislation to be observed in all countries which accept free world trade.

It is precisely the processes of internationalisation and globalisation of the economy which make it all the more imperative to restructure a model of society which makes full use of the resources and features which typify the European model, exploiting scientific and technological developments (and in particular information and telecommunications technology), not in order to eliminate jobs but, on the contrary, to make the fullest possible use of human resources and to create new skilled jobs.

A comprehensive relaunching of social policy is therefore the right response to the increase in conflicts, polarisation, unemployment and social exclusion affecting vast sectors of the population both in the Member States and worldwide.

* * *

The many responses submitted by trade unions and non-governmental organisations (Annexes 1 and 2) generally confirm this view. The CNEL has also held consultations with non-governmental organisations on the issues of solidarity and social integration, with many speakers giving their point of view.

In discussions with the social partners, there was considerable common ground both in terms of their analysis of the situation and the suggested approaches, as is evident from the joint declaration issued by the authorities directly concerned and by the most representative trade-union and employers' organisations.

This joint declaration, to which we attach great importance, is significant because of the issues on which agreement was reached and because of its tripartite nature. It has been promoted by the Italian Government because of its conviction that the agreement, reached in July 1993, is also particularly important in terms of the lessons which could be drawn from it at European level.

The situation described by the Commission in the Green Paper, and the need for an adequate response to the social challenges it outlines, confirm our view, already set out in the White Paper on Growth, Competitiveness and Employment, that Europe also shares an urgent need for tripartite agreements which define appropriate policies to ensure that "economic and social progress [...] go hand in hand" and which set down specific objectives and "rules of the game" at the various negotiating levels, including the European level.

As noted in the Italian agreement, negotiations and Community legislation should both target the same objectives, rejecting artificial alternatives. In Italy, as in Europe as a whole, this is a vital prerequisite for active and consensual management of the labour market.

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We share the view expressed in the Green Paper (page 7 of the English version) that the next phase in the development of European social policy cannot be based on the idea that social progress must go into retreat in order for economic competitiveness to recover".

There can be no effective social progress without consistency between national policies and those of the Union. The Italian government agrees with the Commission (page 37 of the Green Paper) that "the need is for a common medium-term strategy around which the individual Member States can construct their specific national measures, in a way which means that the whole of the impact is greater than the simple addition of the national parts."

On its own, no Member State can meet the "challenges" set out in Part II of the Green Paper: actual progress towards economic and monetary union, and the observance by the Member States of the Union of the obligations they have already assumed in this context, constitute the first step towards the future and are absolutely essential if the social policy options set out in the Green Paper are to be achieved.

In order to continue the process of unification and to give effective form to the European social area it is, however, vital that all those involved (the institutions of the Union, social partners and governments) agree suitable social policies and accept their own responsibilities in terms of better understanding, decision-making, negotiation and a search for consensus.

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The Green Paper is a move in the right direction, provided that the current debate leads to structural measures and initiatives as a fundamental and underlying part of the macro-economic plan for the relaunching of Europe. We consider, however, that the Green Paper should not lead on to a separate "White Paper" - which might be regarded as merely a separate and optional appendix to the White Paper on Growth, Competitiveness and Employment.

On the contrary, the Commission's Green Paper on social policy should lead to the drafting of social policies which are consistent with the White Paper on growth.

In other words, the social policies adopted as a result of the Green Paper should not comprise merely simple solutions to the difficult economic situation (in terms of employment), or to the more glaring forms of social exclusion, but rather comprise tools and vital prerequisites for eliminating the structural causes of unemployment and social marginalisation.

It is with this aim in view that the Italian Ministry of Labour has drawn up its own White Paper (Annex 4), which stresses the central role of social policies in achieving solidarity between generations and between the sexes, in combating social exclusion and in ensuring the proper use of human capital; these being the main axes of the new development model set out in the White Paper.

The Italian White Paper, in line with the approach described by the Commission (in particular, page 34 of the Green Paper), is based on the assumption that effective action to counter the serious shortage of jobs will require renewed development but that any such upturn in the competitiveness of the economy will not be sufficient unless it is accompanied by the removal of structural obstacles to the creation of new jobs. This is clearly expressed in the above joint declaration.

Each Member State must accordingly take steps to deal with its own particular shortcomings. In the case of Italy, this means particularly the unemployment rate, the inadequate increase in the number of jobs for women and young people, the insufficient levels of education and vocational training and the unsatisfactory levels of effectiveness and efficiency in the civil service.

* * *

The desired merging of the initiatives promoted by the Green Paper within the more general initiatives to achieve growth, competitiveness and employment must therefore take the form of a specific action programme promoted by the Commission.

A vital prerequisite is exploitation of the *acquis communautaire* and of the previous action plan laid down by the Commission when approving the 1989 social charter.

In this context, we consider that the *acquis communautaire* should be seen as comprising not only the appropriate legislation and the results achieved by programmes, action plans,

etc., but also the assessments and the standpoints expressed by government bodies, employees and employers, together with the successes and failures recorded.

One should certainly not underestimate the positive results achieved, for example in terms of sexual equality and health and safety at work.

In such fields, Community policy has played an important role in stimulating legislation in the Member States.

Nevertheless, it is worth examining the means adopted for implementing the European social charter, intended to set minimum protection standards at Union level as part of a committed European social area.

Two key points must be made. The first of these is that the "minimum level" is too often taken to mean the lowest common denominator of existing legislation rather than the minimum conditions politically and socially acceptable in today's Europe - in other words at least those levels set in the basic ILO conventions and in the Council of Europe's Social Charter.

The second observation is that the programme to implement the Charter of Fundamental Social Rights for Workers requires 47 initiatives to be taken. Although in 29 of these cases the Council's approval was necessary, this approval has been forthcoming in only 16 instances.

Some of the most important provisions are still not in place (Annex): atypical work, European works councils, protection for young people, workers on secondment.

However, the Italian Government sees the adoption of all the proposals set out in the action plan as a matter of priority.

The new programme should form a continuation of the current one.

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The second factor mentioned by the Commission (page 6) is the entry into force of the Treaty on European Union which, as it correctly emphasises, has opened up new possibilities for Community action in the social field with a stronger role being assigned to the social partners.

We accord the greatest of importance to an interpretation and application of the Protocol which calls for the parallel application of legislation and negotiation (the latter at sectoral, intersectoral and transnational level), following the example of Italian framework legislation which sees legislation and negotiation as different approaches to regulating the same issues.

The objective of the social pact should also be to define the respective fields for action, setting out rules for the interplay of legislation and negotiation and avoiding any overlapping of the various levels of the latter.

It is however felt that future Community legislation should make greater use of the legal bases provided by the Treaty (wherever possible and in order to avoid the risk of action being blocked by the Council).

It is therefore important to act primarily by developing the social policies which apply equally to all twelve Member States of the Union. Moreover, any initiative which can be completed or launched in accordance with a Treaty provision requiring only a qualified majority must, in principle, be dealt with on that basis.

Finally, the development of the social dialogue, on which many hopes ride, will in no way undermine the basic importance of European legislation: minimum European standards need to be set in the social field and legislation (directives, future laws, etc) must operate in concert with negotiation in order to achieve this objective, so crucial for the Union, and with any action taken being based on a correct interpretation of the principle of subsidiarity.

With respect to the agreement on social policy signed by eleven Member States, there should be political action to salvage the "opt-out" exercised by the United Kingdom, particularly in the light of the Union's expansion to 16 Member States.

It is indeed a worrying possibility that variations in the development of Community integration processes could create social dumping, aggravating the employment situation in some countries or regions and for certain sectors of the population.

Finally, while recognising that an important step forward was achieved with the Maastricht Treaty, the present course should be more boldly pursued when the Treaties are next reviewed (1996). Given the debate in progress about the establishment of the Union, and while confirming that concern about the population problem which has influenced the plan for that establishment, it should accordingly be emphasised that the Italian Government does not share the doubts expressed by other governments with regard to the role of the Court of Justice, which has, by contrast, so far performed a vital function on social issues.

The third factor mentioned by the Commission is associated with a new phase of social policies and socio-economic change. This is reflected in the serious level of unemployment and requires a new look at the links between the economic and social policies at both national and Community level.

This is the most serious problem: tackling it means more than simply dealing with those people openly on the labour market by virtue of having no jobs. Attention must also be paid to the whole area of temporary employment, those so discouraged that they are not openly seeking work (primarily a large number of women), the long-term unemployed, new forms of poverty and social exclusion, those in employment but inadequately

qualified, those at risk of losing their job and the worsening conditions of work and of safety at the workplace.

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In addition to these determinative factors, there are changes in population patterns, in family structures and in household composition and the appearance of a redressed balance between geographical areas. All of these aspects are given due attention in the Commission's analyses and underscore the need to redefine social policies. Their key importance in the processes of European integration, and for the future review of the Treaties, is thus confirmed.

The Commission has posed many interesting questions about all these issues.

It is, however, vital to do more than merely pose questions. Many responses are not only possible but can no longer be delayed. The White Paper on Growth, Competitiveness and Employment is already in itself a step along the right path.

On the other hand, our experience with European social policy so far can point us towards a number of solutions that can be applied as of now to priority issues on which governments and social partners have already made their views known.

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The Green Paper correctly identifies the possible scope for action.

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The White Paper on Growth, Competitiveness and Employment, while recognising the right to work as a vital aspect of the European model, identifies the shortcomings of the European economic system and suggests measures to correct it, enhancing the system's capacity to adjust and exploiting technological progress as part of a healthy, open, decentralised, competitive and caring economy.

The Italian Government is in agreement not only with the overall approach but with all the priority measures: containing labour costs by comprehensive control of income trends and the knock-on effect on domestic demand, rather than simply through restrictive wage-restraint policies; reduction of non-wage costs, particularly for the poorly-skilled workers; development of infrastructure and major networks (the importance of which is, however, directly proportional to the extent to which these can cover all of Europe); analyses of the various aspects of employment and unemployment and identification of the measures which can eliminate obstacles to job creation.

Appropriate employment policies require in the first instance an analysis of changes in, and the nature of, employment and unemployment.

The Italian White Paper identifies the typical weaknesses of the Italian system, particularly in terms of the employment activity rate and availability of skilled human resources.

The Italian labour market does in fact show only a modest increase in female and youth employment, as well as having fewer students than the European average at all levels of education, both general and vocational.

There is therefore a need to launch a labour-market strategy which is not merely defensive or restricted to the economy but rather one which is medium-term and structural. The point of departure is accordingly full implementation of the provisions of the agreement of 23 July 1993 concerning vocational training, human resources, research and development, together with legislated flexibility in industrial relations.

The Italian White Paper - to which the reader is referred in all matters dealing with analyses and the proposed measures - is based on an awareness that even consistent increases in growth will bring only modest benefits in terms of employment unless it is accompanied by structural action designed to eliminate the causes of unemployment and the shortage of skilled workers.

The policies of the Union and of the Member States can only achieve their respective objectives if they operate in harmony.

The measures proposed do indeed comply with the Commission's suggestions on improving the employment situation and accelerating progress towards a productive system based on qualitative criteria.

The measures regarded as vital by the Italian White Paper (reorganisation of careers and working hours, development of "legislated flexibility" in industrial relations, reform of the apprenticeship system and of income support, reorganisation of the market institutions and of the services within it which coordinate supply and demand, reform of the educational and vocational training system, active use of techniques to soften the social impact of unemployment) are therefore also real options and priorities for the European Union.

Within the priority field of the expansion of training (initial, vocational or on-going), it is vital that the European Union continues progress towards the mutual recognition of diplomas and vocational training qualifications.

One such approach is using the time out of work to undertake training, partly in order to make it easier to find another job.

It would also be useful to set up a unit to monitor the development of new types of employment in order to contribute to the creation of new jobs (environment, etc).

Particularly important is the development of "legislated flexibility" in industrial relations. This involves the promotion and diversification of contractual relations and working hours

by establishing rules to encourage the use of new working practices which guarantee adequate protection of workers yet avoid the fragmentation which would result from a polarised labour market or old or new forms of marginalisation. It is essential to have minimum standards at European level: it is no longer possible to postpone the adoption of the directive on atypical work which, as noted in the joint declaration, has not received sufficient attention from the Council.

Policies on working hours must cover more than just new kinds of working practices: there is a general need for the modernisation of working hours to take account of trends in international legislation (ILO Convention, EEC Directives) and of rights in this field won through negotiation. Two approaches are very evident: the first concerns the need for coherent integration of working hours and non-working hours, partly to better combine working and family life; the second approach, designed to at least maintain employment rates, involves the sharing of existing work (solidarity agreements).

No less important in the interests of effectiveness and efficiency is the reorganisation of government departments to be responsible for implementing active employment policies.

Action should also be taken to give government officials the appropriate training: including by means of special Union initiatives (e.g. Eures network).

Finally, while affirming that full employment must again become the objective, it should be emphasised that there is a need to redefine objectives and scope to reflect demographic trends and changes in the quantitative and qualitative make-up of the workforce. The message contained in the Italian agreement and the joint declaration on the Green Paper is that the objective needs to be redefined and to be pursued on the basis of social consensus.

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When social policies are redefined, employment and solidarity policies should be rendered mutually complementary.

As regards the structure of the Green Paper, the Italian Government is in agreement with the central role assigned to (and the merging of) active employment policies and policies to achieve solidarity and social integration.

As far as the latter are concerned, action to make legislation compatible is not in itself sufficient - there must be decisive moves to achieve convergence of objectives, making use of all available instruments, including legislation.

It has become apparent (including during meetings with non-governmental organisations) that there is a need for further and bolder efforts to achieve a social policy for all citizens, and not only for workers, in order to stimulate solidarity and social integration.

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The prerequisite for this is the merging of social policies - in particular policies to combat exclusion - with economic policies, so that social policies can become an integral part of them and not merely remedies for social exclusion.

The objective of a place in society through work must therefore become an integral part of measures to protect those not able to work.

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We attach particular importance to the recommendations on convergence between the social security systems and to the attendant need to have a stable long-term strategy based on common goals and on a balance between social security and welfare.

We also agree with the Green Paper's statement that there can be no going back on the successes already achieved in the field of coordinating social security systems.

It is vital to simplify, trim and unify existing legislation (for which purpose computerisation is a basic pre-requisite).

The international coordination of social security systems will require certain minimum standards, reference framework legislation and laws which are more structured yet mutually compatible and sharing the same objective - one to which the social partners can also make a contribution.

In the short term, this implies a need to eliminate all obstacles to free movement. It should be noted in this context that the Council has been sitting for approximately two years on a Commission proposal to extend the coordination achieved under Directive 1048/71 to those categories still excluded.

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A comprehensive solution must be sought to the problem of funding the social security system - freeing the welfare state from certain inappropriate practices and re-establishing a proper balance between liberty, solidarity and responsibility.

The Green Paper correctly states on page 13 "it is important to realise that the real debate is less about high or low standards but rather about issues of trade-off between measures universally recognised as desirable, such as high levels of social protection or adequate social security, and the impact of these measures on government budgets and the competitiveness of companies."

A new balance must therefore be found between active and passive measures, between social security and welfare and between the public and private domains.

Given current demographic trends, workers' contributions have been shown to be insufficient to guarantee the funding of distribution-based systems.

It is therefore essential to involve current and future workers so that they themselves take measures to secure the income they will have when they cease work.

It is also advisable to rethink state funding of existing systems, examining forms other than contributions, given that the contributions required from companies have reached danger levels.

There is broad agreement, including on the part of non-governmental organisations, with the possible courses of action proposed by the Commission.

There are a number of corollaries to this. The most important of these is the need, as stated in the Green Paper, for a better balance between active and income-support measures, while recognising that both are indispensable and that in particular there will be a continuing need for measures to soften the social impact during a time of profound structural adjustment giving rise to technologically-based unemployment.

By contrast, we do not regard the proposed guaranteed minimum income as feasible or acceptable. We would prefer to see concurrent protection and training measures designed to allow individuals to be upwardly mobile and to make the maximum use of their talents.

The Italian Government also considers that existing Community policies for the elderly should be continued efficiently, in particular by developing flexible pension arrangements, perhaps linked with part-time work and voluntary or social work.

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Specific policies for the disabled are also needed. It should be emphasised at the outset that such problems can be properly tackled only in the context of adequate policies to achieve social integration and cohesion throughout society.

There is therefore in general a need to redraft social policies aimed at the social cohesion of society as a whole (and thus offering scope for various "disadvantaged groups" to play a role) as well as policies aimed at specific groups of citizens (and at disabled citizens). Integration is impossible in a society that is not cohesive.

This is not to say that specific targeted measures are not necessary but rather that they should form part of a comprehensive approach.

At European level, priority should be given to defining what is understood by "disabled people", based on the recommendations of the World Health Organisation.

A first step in this direction in terms of European policies must be a move towards legislation to outlaw attitudes which lead to discrimination and exclusion.

In the short term, it would be a good idea to review how the management of the various European programmes designed to help the increasing numbers of disabled people has coped to date (particularly the Horizon programme), examining not only their success in achieving their objectives but also the extent to which they can reproduce that success in various geographical and social settings, as well as monitoring the way in which local institutions and social values are brought into play. A similar method should be developed for all Community programmes.

Cohesion and competitiveness are, however, the two kingpins of Community policies. As emphasised in the joint declaration, policies to achieve solidarity and social integration should be linked to European regional cohesion policies in order to achieve a different balance between the regional, national and European dimensions. There should be a strengthening of the initiative to assist regions in industrial decline, less-developed regions and certain agricultural areas. Greater emphasis should also be given to Community social programmes.

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Action is needed to support local development, to develop policies to promote human resources and to establish a close link with private-sector social measures.

To this end, encouragement should be given to some of the "caring companies" of which the primary function is to produce goods and services meeting the essential needs of people. Such companies can make the best possible use of their workers' potential, including those in difficulty, and play an active role in the community life of their home area.

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We agree with the comment in the Green Paper (page 16) that without equality of opportunity European democracy will falter.

The principle of equality of treatment must be unambiguously stated and also apply, in terms of working conditions (including trade-union rights), membership of social security schemes and access to benefits, to legally resident immigrants from non-Member States.

The Green Paper does not, however, refer to some aspects and policies which are fundamental to the implementation of such an equal-opportunity policy for legally

resident immigrants: regulation of migration flows and the combating of illegal immigration and illegal residence by foreigners from non-Member States. This problem, which is the subject of intergovernmental cooperation as set out in Title VI of the Maastricht Treaty, might be helped by promoting more effective action to achieve, in the short term, harmonisation of the legislation defining the conditions under which non-member citizens can enter the territory of the Union.¹

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It is also of fundamental importance to continue Union initiatives to achieve equality of treatment and opportunity between men and women.

It is not a question of advancing from equal rights to equal treatment (as stated on page 57 of the Green Paper), but rather of ensuring that equal rights really exist so that the Union can give fresh stimulus to national policies.

The EEC has for many years been prompting action in the Member States, including those, such as Italy, which have devoted particular attention to social policies.

At the present time, priority should be given to merging equal-opportunity measures, including incentives for positive action programmes, with employment policies.

In the short term, it is just as important that the Council finally adopts the measures which it is still blocking (parental leave, reversal of the burden of proof and atypical work).

In general, we should ensure the creation and implementation of all necessary measures to increase women's freedom of choice, to make it possible for them to take up non-traditional roles, and to utilise to the full the contribution women make wherever they are.

The issue of working hours may encourage the redistribution of family responsibilities between men and women. Another useful measure is the provision of high-quality social services which stay open for longer hours.

It is also extremely important to set up systems which can identify the living conditions of women and men in terms of their varying career paths. This information can be a vital basis for undertaking corrective action to reestablish equality of opportunity.

Where women are present, particularly as organised groups, in the bodies involved in social dialogue, this can help to ensure women's interests are better stated. Group-specific collective bargaining is essential for really effective equal-opportunity policies. Meetings

¹ The Member States of the Union must also make greater efforts, in terms of judicial and police cooperation, in order to combat effectively those illegal organisations which assist the immigration and employment of illegal workers from non-Member States.

between the social partners, government organisations and equal-opportunity groups are also to be encouraged.

There will be an accompanying need for measures to widen the range of jobs available and extend the number of regulated working relationships ("legislated flexibility"). This should avoid situations in which female workers encounter new forms of marginalisation and at the same time encourage new styles of employment. There should also be encouragement of positive-action schemes as an integral part of active employment policies.

One relevant problem to be examined is that of equal pay for work of equal value. This implies a reclassification of jobs and this could be one of the objectives of the social dialogue.

Achieving new and higher-profile objectives on the equal opportunities front will require an approach which brings together legislation, action plans, programmes and social dialogue.

It is in any case of fundamental importance that female workers are seen as more than just a "particular group": the problems emerging as more women enter the workforce call for across-the-board answers which will, overall, enrich the policies of the European Union.

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The problems and opportunities arising from the internationalisation and globalisation of the economy deserve special attention. In particular, their implication for Europe is that it is no longer possible to put off the introduction of basic social regulations to defend current working conditions in European countries and to ensure that workers can also have a share of the profits associated with new development.

In this context, it is advisable to tackle the issue of the so-called "social clause" or minimum international standards.

The Italian Government favours the idea of examining the scope for the inclusion of social clauses in international agreements as a way of promoting respect for minimum standards of worker protection.

There is widespread consensus in Italy that in order to reduce the worrying phenomenon of social dumping, every appropriate forum, and especially the ILO, should be used to achieve general respect for minimum protection standards (such as the ILO conventions - which to a large extent remain unratified - and in particular conventions concerning trade-union rights, especially where these concern rights to negotiation, under-age work and forced labour).

This is one of the preconditions for guaranteeing competitiveness in relation to other areas of the world. It is the view of the Italian Government that the problem of a faster

ratification of ILO conventions should be examined at Union level, identifying suitable political solutions.

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As noted above, specific attention must be paid to regulating migration flows.

Particularly with regard to the flows of migrants from the Mediterranean Basin, it is important to launch economic cooperation programmes so that economic development can be closely linked to real human development, in particular the status of women. In this context, there is a need to make the countries of emigration aware of the necessity to adopt compatible and responsible economic, demographic, human-rights and environmental policies. Migration within Europe as a result of the fall of the Iron Curtain and the migratory pressures which are becoming apparent in a number of countries bordering on the Mediterranean, due in particular to the demographic and developmental imbalances in these areas, make it ever more necessary, judging by information to hand, to launch specific policies to regulate migration in the short or longer term.

Particular emphasis should be placed on stimulating implementation of cooperation programmes in cooperation with other international organisations such as the ILO, IOM and UNHCR, targeted at the countries from which the migrants come, so that income-generating activities can be created in those countries by stimulating SMEs, developing entrepreneurial activities and promoting youth employment and labour-intensive programmes.

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The Green Paper does not tackle the aspects of health and safety at the workplace. We feel that this has to be done because the programme implemented to date has not achieved sufficient harmonisation in all sectors. Implementation of the Social Charter requires a follow-up action plan, as indeed the Commission itself had noted by attaching a memorandum to the opinion of the Tripartite Consultative Committee in Luxembourg, which had submitted a recommendation to this effect. We refer to this recommendation in relation to the content of the Green Paper proposal.

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Moreover, as pointed out in the joint declaration, the Green Paper seems also not to give the necessary clear and bold emphasis to the need to correct the current development model, replacing it with a so-called "sustainable development" one - economic growth which respects the environment and thus preserves natural resources for future generations.

This concept is, by contrast, clearly set out in Chapter 10 of the Delors "White Paper", where it is stated that there is no conflict between policies designed to tackle environmental damage and those to deal with high unemployment. The following approaches are proposed:

- **development of clean technologies.** Governments must set high but achievable standards in order to push the private sector into research and the adoption of more environmentally-friendly technologies (new ways of achieving this are the Ecoaudit and the Ecolabel);

- **reallocation of government investment to achieve environmental goals.** The White Paper mentions some labour-intensive sectors on which public spending should be concentrated such as urban renewal, the treatment of waste water and solid wastes, modernisation of water supply infrastructure and the establishment of protected parks and zones;

- **expansion of research and vocational training.** It is estimated that the number of jobs in the environmental-protection sector will rise from the current 200 000 to 325 000 by 1997 and to 408 000 by 2005, of which approximately 20% (around 80 000 jobs) will be in new occupations;

- **adjustment of the tax burden (price-related action).** The primary form of price-related action is a rethinking of the tax system. At the present time, the tax burden in the Community rests predominantly on wages and salaries (providing some 50% of all Community taxation) and much less on polluting activities and the exploitation of natural resources (which yield some 10% of taxation). What is therefore needed is a readjustment of the tax burden to lighten the load on labour and to encourage, through the introduction of fiscal and tariff incentives and disincentives, a conversion of the economy towards sustainable-development models, although without changing the present level of overall tax load.

One could examine the proposal to include among the economic instruments used to relaunch employment, a "restructuring" of the tax burden. This would comprise a reduction of approximately 10% in the taxation levied on labour, balanced by an equivalent additional taxation on the consumption of natural resources. All of this would, of course, have to be part of a comprehensive strategy to achieve the objectives set out above.

Studies carried out in both the United States and in Europe have shown that such a "shift" would produce a "double dividend" in the form of:

- a reduction in pollution by discouraging environmentally unsound production processes;
- a fall in unemployment resulting from a cut in total labour costs.

Rome, 19 April 1994

Joint declaration by the Government, the General Confederation of Workers, the Italian Confederation of Trade Unions, the Italian Labour Union, the General Confederation of Italian Industry, the Italian Confederation of Small and Medium-sized Enterprises, the Trade Union Association "Intersind", the Trade Union Association for Credit Institutions and the Italian Confederation of Trade, Tourism and Services on the Green Paper on the Social Policy of the Union.

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The objective of the Green Paper, namely to set out European social policies which are consistent both with the European Union's general policies and with national policies, is supported by the public authorities concerned, the social partners and the Italian non-governmental associations.

A debate has taken place, in the course of which we have compared our respective positions and formulated appropriate proposals, expressed in opinions prepared separately by the three sides, i.e. by the employers' organisations jointly and individually, by the trade-union organisations and by the public authorities. These opinions are attached to this joint declaration, which does not prejudice the content of the protocol signed on 23 July, but sets out the priorities which we agree should be addressed both within the Member States and by the European Union.

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The agreement between the partners, which is essential for an incisive social policy as part of the overall strategy of income and employment policies, has important precedents in Italian tradition. The agreement of 23 July 1993 on income and employment policy, contract arrangements, labour policies and production system support is not an isolated case, but a strategic choice in both method and content. We see the call by the European Commission in its White Paper on Growth, Competitiveness and Employment for a social pact for Europe in the same context as the Italian social pact and the need to work towards its realisation. At a time of crisis marked by the spreading of conflicts, inequalities and various forms of social dumping as well as a decline in the economic and employment situation, a European social pact should determine the joint strategies to be adopted to counteract European industry's declining competitiveness and help achieve conditions needed to lend a boost to employment, cohesion policies, transverseness and solidarity, and the search for genuine consolidation and convergence.

In other words, a pact for defining objectives and priorities, identifying resources and rationalising their use, and stimulating consistent national policies in the short and medium term.

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At the root, there is the awareness of the overlap between social and economic policies and of the need for appropriate action to ensure that economic and social progress proceed at the same rate, on the assumption that there cannot be social progress without creation of wealth, nor consolidation of development without taking account of social consensus. Such awareness must always be present, in both national and European Union choices and in view of the forthcoming international meetings (social development

summit, population conference, Beijing conference on women, OECD conference in June, G7 conference in July). Properly structured social policies are necessary not only to ensure that innovation and economic restructuring do not generate social exclusion or put population groups at risk, but also, more generally, to provide an essential and fundamental basis for economic policy choices.

The contribution of the Green Paper towards the relaunching of social policy will therefore have to form an integral part of the debate and initiatives associated with the White Paper on Growth, Competitiveness and Employment, rather than being a mere appendix.

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Only by taking economic and social policies together is it possible to identify the appropriate basis from which to address the problem of labour costs, considering - in accordance with the White Paper - all the variables and the effects on internal demand and advancing solutions for the effective management of income trends.

This is the direction in which the Italian pact has moved, i.e. it is based on the premise that incomes policy is the "indispensable instrument of economic policy, the aim of which is to achieve equal growth in income distribution by controlling inflation and nominal incomes to encourage economic development and an increase in employment by extending the production basis and boosting company competitiveness". The agreement states that such an incomes policy, combined with measures to reduce inflation, will make it possible to achieve the objective of maintaining the purchasing power of wages and pensions.

Control of labour costs not just by following a policy of wage restraint, but through strategic medium-term choices of a structural nature to boost labour productivity and generally improve the utilisation of human resources: such is the solution suggested by the Italian agreement, the Commission's White Paper, and the acceleration towards a quality-based production system which is at the roots of the Green Paper.

In the short term, in accordance with the White Paper on Growth, Competitiveness and Employment, it will be necessary to devote special attention to reducing non-wage costs, especially for less qualified labour.

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The main objective is to reduce unemployment and create new jobs.

In addition to being aware that there is no direct proportional link between growth and employment, in that for example a rise of one percentage point in GDP does not lead to a similar rise in employment, two other basic facts must be borne in mind.

First of all, the statement that there is no such link is not the same as rejecting the view that defending the competitiveness of firms, including small and medium-sized enterprises, is a precondition for economic prosperity and essential for the consolidation and development of social policy.

This implies recognising the role of technological innovation and research and supporting investment plans designed to generate new jobs, with emphasis on the realisation of major Europe-wide infrastructure networks (transport, energy and telecommunications),

facilitation of exchanges of information and simplification of procedures, development of cooperation and services (especially for SMEs), and harmonisation of legislation.

The second aspect is that if the objective of full employment is to be achieved, both short-term economic strategies and innovatory structural intervention on the labour market will be necessary.

In this context the July agreement places emphasis on active and consensus-based management of the labour market in such a way as to identify and make optimum use of the employment opportunities offered by the market.

Forward-looking management of the labour force necessitates active and preventive measures and, in particular active use of "social shock absorbers".

The latter remain essential in promoting production restructuring in such a way as to reduce social costs.

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The priority need of the labour market is for far-reaching structural intervention to boost efficiency and flexibility, on the basis of the guidelines contained in the July agreement, and to make optimum use of human resources, the central factor in quality-based production systems.

It is necessary to encourage diversification in work relationships and modernise practices in respect of working times, as set out in the July agreement, and to emphasise, in the Community context, the need to define "atypical" types of work such as part-time work, temporary work and fixed-term employment, to which the Council of the European Union has not yet devoted sufficient attention.

* * *

Of fundamental importance, as is recognised by the Green Paper, are suitable training policies for the development of human resources, with a view to consolidating basic and vocational skills and improving the competitiveness of the production system and the quality of services.

Measures to establish a European social policy must include the promotion of efficient vocational training and skill acquisition projects for young people, the unemployed (particularly the long-term unemployed) and adults (above all through continuing training).

It is essential to work towards a closer link between school education, basic training and continuing training; appropriate training should be provided in respect of the more difficult transition periods (school to work; job and geographical mobility; reintegration). There is a need for measures relating to the job mobility of workers and the development of new qualifications in response to changes in technological and production-related demands, and also with regard to the training needs of SMEs and firms dependent on those involved in networks, in order to improve quality standards in respect of the products and/or services supplied.

In order to be able to relate training policies to labour market changes, it would be useful to set up a European observatory on new occupations.

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The public authorities responsible for employment policy - certainly in Italy - need to be reorganised and modernised to make them more efficient in providing the services and infrastructure necessary to ensure the productivity of firms and the essential conditions for well-structured and active employment policies.

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The Green Paper justifiably places emphasis upon equal opportunities policies, including equal opportunities for men and women.

A central aspect is to create a continuing training system to prevent exclusion of women from the labour market and help them find or return to work.

It is also necessary to make positive action an integral part of active employment policy. The wider availability of good-quality social services with longer "opening times" would also bring benefits.

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Equal opportunities must be given to all legal immigrants, and more effective action is urgently necessary to harmonise the regulations relating to the conditions for entering the territory of the Union.

* * *

Regarding the social dialogue, the point is made that negotiation represents an important method of settling social questions while respecting the needs of employers and workers. In this context, it is of fundamental importance to implement in full the Protocol to the Maastricht Treaty, which makes provision for the social partners to enter into a negotiation phase within the meaning and for the purposes of Article 4 of the Agreement between 11 Member States.

The Ministry of Labour, the employers' organisations Assicredito, Confapi and Confcommercio and the trade union organisations CGIL, CISL and UIL note that implementation of the Protocol also covers negotiation at sectoral level.

* * *

In redefining the European social state, employment policies and policies aimed at solidarity should be regarded as complementary to each other.

The structure of the Green Paper is consistent with this, in that it recognises the central nature (and interrelationships) of active employment policies and policies aimed at solidarity and social integration.

From this point of view it is extremely positive that the Green Paper should launch a discussion on the overall idea of a social model as a foundation stone for the Union, also with a view to imminent and future enlargements.

Specification of needs, pinpointing of individual and collective responsibilities: these are the steps which must be taken immediately. Both because of the crisis imposed by the reduction in the state resources available, and to adapt the social state to the changing demands of its citizens and provide the public services with the necessary skills.

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A new balance is necessary between public and private intervention and between old and new forms of solidarity.

The solutions proposed must be flexible and adaptable. The problem of financing social security systems must therefore be addressed immediately and comprehensively.

* * *

Policies targeting specific population groups (including the disabled) are necessary, but must be consistent with the overall revamping of cohesion policies targeting the whole of society.

Special attention must also be devoted to encouraging voluntary work in the social sector and to a follow-up to the Union's initiative in respect of the elderly, something which is becoming increasingly important as a result of demographic changes.

It is also essential to initiate action to support local development, through a close link with the private organisations in the social sector.

The social economy must be encouraged along these lines.

* * *

Policies aimed at solidarity and social integration must become part of European geographical cohesion policies, in order to achieve a balance between regional, national and European dimensions.

It is necessary to intensify measures to help the regions in industrial decline, regions whose development is lagging behind and certain agricultural regions.

Priority must also be given to Community initiative programmes in the social field.

In particular, as far as the Structural Funds are concerned, special attention must be devoted to Article 4 of Regulation 2081/93 concerning achievement of the "partnership", which should be ensured at every phase of structural intervention.

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Finally, more thought should be given to environmental questions, on the basis of which the new "sustainable development" model should be assessed, so that economic growth takes place in a manner which respects the environment and preserves natural resources for future generations.

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LUXEMBOURG

The future of European Social Policy: the Luxembourg approach

Opinion on the European Commission's Green Paper on European Social Policy

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The future of European Social Policy: the Luxembourg approach

Opinion on the European Commission's Green Paper on European Social Policy

1 THE OVERALL APPROACH

1.1 Background

The Luxembourg Government would like first of all to reiterate its wholehearted support for a significant social dimension as an important aspect of European unification. Placing this statement at the head of a "historical" chapter is indicative of the way the social dimension has been a constant concern in Luxembourg.

1.1.1 The government would point out that it adopted the same stance on discussions concerning the Single Act, the absence of a social component in which was roundly condemned.

1.1.2 The adoption of the Community Charter of Fundamental Social Rights of Workers in 1989 was thus a step in the right direction. However, as a statement of intent, it achieved practical results only thanks to the social action programme devised by the European Commission, which proposed the adoption of 47 legal instruments of different types over the full range of social policy fields. Retrospectively, we have to congratulate the Commission on its work, now that all the proposed measures have made their way onto the negotiating table. We also welcome the fact that most of the measures have now been adopted by the Council, in so far as they lay within the Council's sphere of jurisdiction, although the levels of social protection spelt out in some of the texts are much lower than what the Luxembourg Government would have liked.

In many areas, we now have a fixed and solid basis of European social law. The minimum standards which are now enshrined in binding legal documents can serve as a basis for a steadily growing body of European social policy.

It is true that European achievements in terms of social policy tend to be uneven. The most positive development has undoubtedly been in the field of health and safety at work, with the adoption, in addition to the "internal market" directives (Articles 100/100a of the Treaty), of a framework directive and 13 individual directives dealing with health and safety at work (and covered by Article 118a of the Treaty). The Luxembourg Government is delighted to note that these texts extend to the social protection aspect of employment conditions and are not

restricted to the technical aspects of health and safety. The directives concerning occupational protection for pregnant women or women who have recently given birth, and on the organisation of working time are particularly important in this regard.

Moving on to labour law in the strict sense of the term, this is the field in which the European Union's social policy is lagging quite a long way behind and in which rapid progress needs to be made. The adoption of the directives dealing with proof of employment relationship, collective redundancies, transfers of undertakings and employees' prior claims (the latter three, two of which are somewhat older, are more concerned with employment policy) cannot gloss over the relative poverty of European labour law in the strict sense of the term.

- 1.1.3 A similar commitment to the realisation of a Social Europe is reflected in Luxembourg's contribution to the White Paper on competitiveness, growth and employment.

This review of the general background has brought out three general conclusions which will be taken up and developed in the chapter dealing with the future direction of European social policy:

1. the need to persevere with efforts to create a coherent social dimension at realistic levels of protection;
2. the effectiveness of an approach geared to the adoption of minimum basic levels of social protection at European level;
3. acknowledgement of the laggard nature of labour law in the strict sense, and consequently of the need to give priority to work on European labour law.

1.2 Future prospects

According to the Commission, the aim of the Green Paper is to set in motion a broad debate on the priority aspects of European social policy over the years to come.

The Luxembourg Government shares the Commission's belief in the need for fundamental and realistic appraisal of the European Union's new social policy priorities. As such, the Green Paper received a warm welcome from the Luxembourg Government as a catalyst for discussion.

The need to give fresh impetus to - or in some cases to resurrect - the European Union's social policy is evident from a number of factors.

- 1.2.1 The "time" factor has an essential role to play. It would be irresponsible to leave a vacuum following completion of the 1989 action programme. This might well bring about a fatal breakdown in the social dynamics which must follow on from discussion of the Green Paper. It would be conceivable, then, to decide on the priorities for future European social policy by reference to the time factor, differentiating between short, medium and longer-term objectives.

The short-term aspect should certainly comprise the finalisation of the legal instruments generated by the 1989 action programme, or even by earlier programmes. These include the directives dealing with works councils, secondment of workers under provision-of-services contracts, atypical work, parental leave and reversal of the burden of proof.

To be inactive on this front would in effect give European workers (who are quite rightly - to some extent at least - dissatisfied at the turn events have taken in European social policy) the feeling of having been abandoned by the Union at precisely the time when we should be placing economic developments in a social framework.

- 1.2.2 This later consideration, as with the allusion to the directive on atypical work, leads on directly to the second element prompting the urgency of discussion on the future social action of the Union. What we mean here is the general deterioration in the socio-economic climate in the industrialised world. In this context, the future White Paper on social policy will constitute an essential counterpart - not to say counterbalance - to the White Paper on competitiveness, growth and employment. The Luxembourg government would reiterate its contribution to the White Paper, in which it stressed the need for a social "accompaniment" of moves to boost competitiveness and growth. It is thus with a sense of relief that the Luxembourg government notes the European Commission's declaration that "the next phase in the development of European social policy cannot be based on the idea that social progress must go into retreat in order for economic competitiveness to recover".

- 1.2.3 A fundamental debate on the future direction of social policy is clearly vital if we analyse the "institutional" factor arising from the Treaty of Maastricht, which expressly recognises social policy as a policy objective for the Union and the appended Social Protocol. Clearly, these texts have generated new possibilities and new perspectives, such as wider scope for qualified majority voting and the genuine involvement of the two sides of industry. The important thing now is to flesh out these formal commitments with the appropriate procedures and give them substance. We now have to lay down the rules, criteria and procedural arrangements for breathing life into these texts, and move quickly to resolve the problems they obviously bring with them, to ensure that they do not have effects which are contrary to those desired by their authors. To take an example, let us look at a dual question: Does it make sense to switch to the 11-Member-State track as soon as problems arise? Does it make sense to systematically adopt the social-partners approach?

- 1.2.4 The remaining factors are population ageing and the current economic crisis, with the ensuing structural changes affecting our systems of social security. A discussion of these matters at European level could prove fruitful.

A general analysis of the prospects for European social policy brings out the following main ideas:

1. the need to give fresh - and urgent - impetus to social policy;
2. the obligation not to allow a vacuum to develop following completion of the 1989 action programme;
3. the importance of the timing of social policy priorities and objectives arising from the present discussion;
4. the need to give a more pronounced social slant to solutions to the current economic crisis, which is both cyclical and structural;
5. the need to create a reference frame of rules for application of the new opportunities created by the Treaty of Maastricht and the Social Protocol;
6. the significance of a discussion on the future of social security, with special reference to the problem of population ageing.

1.3 Luxembourg's approach to the Green Paper

The Luxembourg Government congratulates the European Commission on its stocktaking exercise, as set out in the first part of the Green Paper, and on its analysis of the problems and challenges facing us in the future, as presented in the second part.

It seems a shame, then, that, in the third part of its document dealing with possible responses, the Commission did no more than pose a large number of questions, rather than taking the opportunity to set out its own views and proposing a concrete plan of action. There is a danger that this intermediate stage, which would seem superfluous given the large number of contributions the Commission received before drawing up its Green Paper, might cause a loss of time which could jeopardise the continuity of social policy, something which the Luxembourg Government regards as essential.

While it is true that the 65 questions address all the important policy areas, it is quite simply impossible, for a number of reasons, to discuss all of them.

For one thing, a discussion on that scale would generate an enormous "philosophical" debate which would hamper an efficient approach geared to the actual aspirations of the Green Paper.

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For another, it is clear that some of the questions go beyond the European Union's sphere of jurisdiction. Others are more of a theoretical nature, while the responses are bound to highlight the Union's lack of scope for action, at least in the short and medium term, given the range of European legal instruments available.

Luxembourg's replies to the questions will therefore focus on a limited range of broad lines which we feel should govern the Union's future social policy, and on a limited number of specific policy areas in which Community action is either essential or is inappropriate - or even legally and *de facto* impossible. An analysis of this kind must of necessity incorporate an element of self-restraint, given the Union's opportunity and/or necessity for action in the social policy field, and given the ultimate aims of such social policy.

If the Commission's approach is to be a useful one, it must follow the same general outline. At the very latest, the Commission's forthcoming White Paper on social policy must lay down aims which are both desirable and reasonable within a practicable European social policy reference frame.

The most important thing, though, is that the discussion engendered by the Green Paper should lead to a social action programme which lays down the Union's future lines of action, within the above limitations, so as to enable Social Europe to make genuine progress.

The Green Paper must therefore be examined bearing the following considerations in mind:

1. the need to make a rapid transition to a concrete action programme which will guarantee the continuity of social policy;
2. the need, if we are to achieve the above result, to concentrate discussion on general guidelines and on a limited number of areas in which Community action is essential, at all times bearing in mind the restricted legal and actual scope available to the Union and the precise aims of European social policy.

2 THE BROAD LINES OF THE EUROPEAN UNION'S FUTURE SOCIAL POLICY

2.1 The formal approach

Practical experience over the past few years has shown that many proposed items of legislation have encountered opposition from certain delegations, either on the grounds that they were excessively precise and detailed, or because of their legal basis.

- 2.1.1 The Luxembourg Government shares the Commission's opinion that the only pragmatic approach which holds out a reasonable prospect of progress, even in the

short term, is to fix minimum social standards. This approach, which is the one the Commission has opted for in part recently, is the only one which gives consideration to what is currently capable of achieving consensus.

The aim of the future social action plan should therefore essentially be to persevere with the establishment of minimum standards for all the Member States in important areas of social policy, including labour law in the strict sense of the term.

This mechanism, which might incorporate varying transposition deadlines, is the only one to reflect the divergent economic potential of the Member States and their special characteristics from the social standpoint, these being factors which might prevent them from agreeing immediately on social protection levels or mechanisms in European texts.

These minimum social standards will, initially, constitute a basis for social convergence leading eventually and gradually to an upward harmonisation of social standards.

Social security will of course have to be left out of consideration, given that it is fraught with special characteristics and particularly sensitive aspects which have to be borne in mind and which will be dealt with later on in this document.

In addition, the system of minimum standards will guarantee a certain degree of flexibility to reflect, as far as is acceptable and desirable, the specific nature of Member States' national situations, traditions and legal systems.

It would also make it possible to give consideration to the specific characteristics of small and medium-sized businesses, with rules and regulations especially geared to their structure.

The Luxembourg Government would urge caution, though, regarding the danger of adopting standards which are more minimalist than minimum. Taking the level of protection set out in the ILO's instruments would consequently seem inadequate, and would be a retrograde step in some areas, something which would be difficult to explain to workers in Europe. This risk is a real one, as was seen in the course of recent discussions on the directive on the protection of young people at work.

- 2.1.2 Obviously, the Union's future social policy will have to respect the principle of subsidiarity as enshrined in the Maastricht Treaty. Subsidiarity works at three levels: primary subsidiarity between the Union and the Member States; secondary subsidiarity between the Member States and the social partners; tertiary subsidiarity between the social partners at European and national levels.

The Luxembourg Government will, however, oppose any attempt to use the principle of subsidiarity as justification for inaction, either on the part of the

Union or of the Community legislature. What we have to do, then, is to be prudent in our practical application of the principle.

While it is difficult to imagine agreement on a precise code laying down the spheres of competence of each of the partners, what we should be asking ourselves is whether it might not be expedient - without of course neglecting the necessary short-term legislative work - to agree on a more general framework, i.e. something like a code of conduct.

2.1.3 Similar concerns apply to the Luxembourg approach to the application of the Maastricht Treaty and its interaction with the Social Protocol, from various standpoints:

2.1.3.1

The strengthening of social dialogue at European level and the greater involvement of the social partners in the drafting of common social norms reflect a positive development. In certain policy areas, the social partners are indeed better placed than the legislature to decide on the expediency and content of a given regulatory instrument.

The Luxembourg Government would like to think that the Community social dialogue will not be used as a means of delaying essential legal instruments. Recent discussions on the works council directive did not exactly allay the fears of the Luxembourg Government in this respect.

2.1.3.2

The Luxembourg Government would also like to see confirmation of the primacy of the Union legislature, so as to obviate the risk of an automatic and systematic transmission to the social partners of any text which happened to run up against problems in the adoption process. The Luxembourg Government thought it had highlighted this risk in the course of recent discussions on the directives dealing with atypical work, the reversal of the burden of proof and parental leave. It would certainly be wrong of the Council to simply abdicate its responsibilities whenever a problem occurs. Should this happen, the mechanism for conducting negotiations and even concluding collective agreements at European level would be degraded to a mere alibi function, demonstrating the European Union's inability to act decisively.

At the present time, it is difficult to judge whether it would be more expedient to discuss the submission of a proposal to the social partners or to the Council on a case-by-case basis, or whether thought should be given to general guidelines on the kind of things which should be submitted more or less "naturally" to the social partners and those which should be dealt with by the Council. It is true that this latter approach entails initially a risk of being used as an excuse for delaying discussions on a particular legal instrument.

2.1.3.3

We must guard against the systematic application of the 11-Member-State Social Protocol. Any future social action programme should reaffirm the primacy of the 12-Member-State Treaty. The Luxembourg Government is opposed to the establishment of a two-speed social Europe, on the grounds that this would not only have serious repercussions for the workers in Member States which have decided to opt out, but would also create advantageous competitive conditions for firms in such countries with a lower level of social protection than the rest of the Union.

In other words, the eleven-country procedure must be restricted to cases where the instrument in question has generalised *de jure* and/or *de facto* effects throughout the Union, including the countries which have decided to opt out. The works council directive is a perfect example of the kind of text which should in future be adopted under the Social Protocol.

Having said that, the text of the Protocol is not without its practical problems.

There is an urgent need for rules governing the conditions for application of the Social Protocol. The kind of major criteria which should be a compulsory element in such rules include priority for 12-Member-State decisions, advance notification by the Council to the social partners of the main elements of the dossier (particularly for dossiers under discussion in the Council), submission to the social partners of dossiers which fall within their "natural" sphere of competence, to the exclusion of matters which are within the exclusive jurisdiction of the national legislatures, and ongoing information from the Council on the state of play of particular dossiers.

The formal approach can be reduced to the following main elements:

1. the need to proceed by way of minimum (N.B. not minimalist) social protection standards, placing the stress on labour law in the strict sense and leaving out the specific field of social security;
2. the need to respect the principle of subsidiarity at all levels, ensuring that it is not used as an excuse for inaction;
3. the need to reaffirm the primacy of the European Union legislature and to make positive use of the enhanced resources available to the social partners in fields belonging to their "natural" sphere of competence, at the same time ensuring that the new procedure is not used as a means of delaying decisions or even as a reason for outright inaction;
4. the need to avoid the systematic application of the eleven-Member-State Agreement on Social Policy;
5. the need, given that such cases are by definition the exception, for a set of rules and criteria for correct application and the avoidance of arbitrary judgements.

2.2 Essential substantive issues

2.2.1 The action programme which should be the short-term outcome of discussions on the Green Paper should provide an opportunity for enshrining the European social model finally and definitively in the European legal system. It constitutes a system of rules arising from a common civilisation, despite certain differences of detail, based on common values and reflected in a certain philosophy of social protection which should lead to the adoption of a set of common rules on social policy, in accordance with the procedural rules discussed above. There is a need for express reaffirmation of a willingness to engage in social action with a view to the short, medium or long-term (depending on the subjects in question) development of national social situations.

The mere announcement to the outside world of this joint intent would represent a major step towards greater acceptance of the Union by its citizens, and more especially the workers, who should after all be our central concern.

2.2.2 The Luxembourg Government endorses the contention that strengthening the European social model through the Union's future social policy is now more necessary than ever. As was mentioned above, the White Paper on competitiveness, growth and employment must have a social counterpart, which should be set out in the forthcoming White Paper on European social policy. The two documents must complement one another. The Government would urge the

European Commission not to lose sight of this close and essential linkage. To act otherwise would open the door to those who would seek to derive benefit from the current situation of economic crisis and growing unemployment to justify cutting the level of social protection.

The Commission quite rightly points out that social progress must go hand-in-hand with economic progress. A free-trading Union is certainly not what the workers of Europe expect from the process of unification.

Tackling unemployment must be the Union's current number-one priority. The Luxembourg Government shares this view and will lend its support to any moves in this direction.

This must not, though, be taken as a pretext for social deregulation - quite the opposite. European workers must continue to enjoy *bona fide* social protection - indeed, they must be given the prospect of improved protection, depending on which Member State and which policy area is concerned. Only then will they regard the current spate of structural change not as a threat, but as a positive opportunity. Vocational training is, in this context, a fundamental condition if workers are not to succumb to the process of technical and structural change, but rather to make an active contribution to such change. It is to be hoped that the "Leonardo" and "Socrates" programmes will add a further dimension to the existing programmes and become operative as quickly as possible.

The twin processes of improving competitiveness and safeguarding the European social model therefore go hand in hand.

The Luxembourg Government will raise no objection to an objective analysis by the Union, the Member States and the social partners (who have a fundamental role to play) of the potential for loosening over-restrictive legislative and regulatory shackles where they can be seen to jeopardise business competitiveness. The focus should be on policy areas where protection would appear to be excessive. Looking into ways of making working conditions more flexible might be a useful approach here. So far, at least, the Luxembourg Government has found that discussions on flexibilisation all too often tend to call into question - unjustifiably - social attainments in our countries; the government will therefore take a very careful look at future developments in this field.

- 2.2.3 The fear of seeing European social policy sacrificed to ever stronger free-trade tendencies also lies behind the thinking of the Luxembourg Government on which social policy fields require action at Union level. Unfair competition on the basis of differing levels of social protection is unacceptable between the countries of Europe. It is essential to do everything possible to see that this principle is respected throughout the Union.

The Union's efforts must therefore be focused first and foremost on those fields where there is the greatest risk of social dumping and its disastrous consequences.

European social policy must act wherever the situation is characterised by multilateral aspects or where a situation which is basically of a national nature risks having supranational consequences as a result of distortion of competition caused by an excessively low level of social protection.

One example of this tendency is subcontracting, the provision of transfrontier services and the secondment of workers, and temporary transfrontier work. The kind of social dumping which characterises such operations should be unacceptable. The principle of the freedom to provide services must not have the effect of destroying workers' social protection or benefitting firms which go in for social dumping. So long as the situation is not regulated by the Convention on the law applicable to contractual obligations, or where the aim is to provide for a uniform interpretation of the Convention throughout the Union, a Community legal instrument would seem to be highly desirable.

The same applies to the regulation of atypical work. The problems arising from atypical working relations are, in material terms, often restricted to a single Member State. However, given their transnational implications in terms of company decisions on where to carry out their operations, or because of the effects of competition, there is an urgent need for adoption of the atypical work directive so as to create uniform and significant minimum social protection standards in all parts of the Union.

In the same context, the Luxembourg Government would emphasise the importance of Community coordination of measures to combat illegal and "black" employment (as regards the transfrontier aspects of the problem).

- 2.2.4 Employment policy in the strict sense remains - in the light of the (justified) continued existence of twelve separate employment markets - a matter for the Member States. However, additional support from the European Structural Funds, more particularly the European Social Fund, is essential.

The Luxembourg Government can accept the idea that a large proportion of the available resources be put to use in combating long-term unemployment, female unemployment and youth unemployment. However, preventive action must acquire increasing importance.

It would seem, after all, much more logical to do everything possible to avoid unemployment rather than concentrating all resources on strictly palliative measures.

The new Objective 4 therefore meets with the full approval and support of the Luxembourg Government, as do the Community Initiatives ADAPT and PETRA. However, this is only a start. More and more resources must be allocated to this kind of preventive policy.

To be truly effective, the resources made available to the Member States under the Structural Funds must not be made subject to increasingly rigorous

administrative procedures in terms of applications and subsequent checks. While one appreciates the Commission's moves to improve the system of checks, the doubling - not to say tripling - of checks by the various directorates-general risks swamping the national organisations responsible for managing the funds. This is particularly true of the smaller Member States, which cannot afford to have a major administrative mechanism dealing solely with aspects governed by the Funds. The Luxembourg Government is therefore in favour of keeping red tape to the absolute minimum. This would, in the final analysis, be in the interests of the efficient running of the Funds themselves.

- 2.2.5 There would also seem to be a need for consideration on how the main aspects of European social policy should be dealt with in the light of the time factor.

The Luxembourg Government would like to see the completion in the very near future of the instruments arising from the 1989 action programme - on the one hand in the interests of the continuity of social policy, on the other because of the importance of the texts which are still in abeyance because of the considerations mentioned earlier.

In the medium term, we should see a continuation of action on the health and safety front to keep pace with technical change, and with a view to improving the existing instruments (more particularly those affecting labour law) and generating the first texts arising from the new action programme.

In general terms, a consideration of what objectives should be pursued in the future has produced the following conclusions:

1. the need to give a clear commitment to the European social model and to reaffirm the need for a social dimension;
2. the need to consider the short, medium and long-term objectives, giving priority to finalising the instruments for which provision was made in the 1989 action programme;
3. the need to focus the European Union's social policy operations on fields which are characterised either by the inherently multilateral aspects of the problem or by the transnational (competition-related) implications of what are on the surface national situations;
4. the need to design the future social action plan as an indispensable complement to efforts deployed under the White Paper on competitiveness, growth and employment;
5. the need to pursue a parallel-track policy for social and economic progress;
6. the need to oppose any moves to impose social deregulation as a consequence of the unrestricted implementation of free-trade policies and as a means of enhancing business competitiveness;
7. acceptance of the need to discuss certain ways of making labour law more flexible, provided such moves are agreed by the social partners and do not lead to any attack on fundamental social rights;
8. the need to design the Union's social policy as a means of combating social dumping and the use of lower levels of social protection to boost a country's competitiveness;
9. the need to accentuate the role of Structural Fund resources with a view to preventing unemployment by strengthening Objective 4 and the ADAPT initiatives, while at the same time making Structural Fund operations less bureaucratic and more efficient.

2.3 More specific aspects

- 2.3.1 In the Luxembourg Government's opinion, the following policy areas should be the prime targets for the adoption of minimum standards in accordance with the abovementioned developments:

1. strictly equal treatment for part-time, limited-duration and temporary workers;
2. uniform basic principles on the protection of workers from individual redundancies;
3. uniform basic principles on continued payment for holidays and sick leave;
4. general application of the principle of non-discrimination of workers claiming their acknowledged rights;
5. recognition of the special nature of the activities of temporary employment undertakings with, as a corollary, express recognition of the territorial application of national legislation to all temporary employment undertakings wishing to operate on the territory of the Member State concerned, particularly in respect of transfrontier activities; regulated form of transfrontier administrative mutual aid;
6. the right of workers to be informed and to express their opinion on subjects or events in an undertaking which concern them;
7. updating of the principle of equal treatment for men and women; reaffirmation of the principle that no worker may be discriminated against on grounds of gender, and of the licit nature of special advantages to compensate for discrimination; intensified efforts to reconcile employees' family and professional responsibilities;
8. definitive recognition of the lawfulness of public employment administrations' placement monopoly; their activity may under no circumstances be placed on the same footing as a strictly commercial operation; establishment of neutral and non-fee-charging occupational guidance and placement structures;
9. occupational integration/reintegration of disabled workers.

2.3.2 European Union action on social security

2.3.2.1

Question No 44 prompts a somewhat reserved reply. In it, the Commission asks whether the convergence of social policies should be supported by the fixing of common quantified goals and by subsequent monitoring/surveillance, by analogy to the monitoring system set up under EMU. The fact is that the EMU convergence criteria are enshrined in the Treaty, which is not the case for social policy; indeed, the question of doing so has not even been discussed.

The Luxembourg Government would underline its opposition - given the lack of a legal basis and since it deems this a particularly inappropriate approach - to any transfer of these mechanisms and criteria, in the form of specific target figures, into the social policy domain. This applies not only to social security, but also to labour law.

The Luxembourg Government would at the same time underline its commitment to the convergence of social policies in the sense of the gradual fixing of agreed goals. It is, however, opposed to the quest, at any price, for identical structures and equivalent contents, particularly by reference to quantified objectives. This would constitute a back-door harmonisation of social protection systems which goes far beyond the mere fixing of common objectives. Quite apart from the enormous problems in harmonising social systems which have their roots in different historical contexts, we must also be mindful of the risk of levelling downwards which it would mean.

Promoting the convergence of social policies and formulating common goals or the application of control procedures must not be an end in itself. Although the European Union must be on the lookout for appropriate means of achieving the common objectives, the tendency for harmonisation, fixing on a single social protection model, is at present unacceptable.

For certain specific aspects, though, Luxembourg is not opposed to a greater approximation of national legislation. Such is the case for questions affecting coordination. It would, for instance, be useful, in an area which is characterised by a substantial element of transfrontier employment, for the criteria for the granting of invalidity pensions to be aligned. Consideration could also be given to approximation of the age of retirement.

2.3.2.2 Coordination

1. EXTENSION OF THE COORDINATION REGULATIONS TO CIVIL SERVANTS, STUDENTS AND THE ECONOMICALLY INACTIVE POPULATION

The Council was some time ago handed a proposal for amending the legislation in this field. The competent department has certain reservations of principle regarding the extension of the rules to cover the pension schemes of officials and similar employees; the technical problems are large, but a solution can be found. As regards students, the Luxembourg position is that extending the Community rules must not have the effect of making persons concerned subject to compulsory insurance in their country of study, insofar as their country of origin guarantees them protection against the various insured risks. However, should they not be so covered in their country of origin, they must have the opportunity of insuring themselves in their country of study. To this end, the Luxembourg legislation has been modified to enable persons studying in Luxembourg to insure themselves in Luxembourg.

2. EXTENSION OF THE COORDINATION RULES TO COVER NON-COMMUNITY NATIONALS

According to the Luxembourg Ministry for Social Security, progress is needed in specific fields governing seconded workers and health care personnel.

As far as seconded workers are concerned, the rules need to be extended to cover non-Community nationals. It is, after all, difficult to find any justification for giving different treatment to workers from a given firm who together perform work of a limited duration in another Member State, simply because some of the workers do not have the nationality required to come within the scope of Regulation No 1408/71. The Ministry therefore proposes that the secondment rules be extended with no discrimination by nationality.

By the same token, it would be appropriate to allow non-Community nationals who are subject to the legislation of one of the Member States to qualify for health care during a temporary stay in a different Member State (form E 111).

3. FLEXIBILISATION OF THE RULES ON TRANSFRONTIER HEALTH CARE

The Commission has proposed in the Green Paper to make the provisions on health insurance (medical care) more flexible and to give people who work in frontier regions the right to seek health care either in their country of residence or in their country of employment. Thus, the Commission proposes to extend the facility which is currently restricted to frontier workers themselves to members of their families. Luxembourg has no objection to this extension, having already made provision for such facilities to be available to the families of German and Belgian frontier workers.

On the other hand, the Luxembourg Government is not keen on the idea of allowing all insured persons to seek treatment abroad without prior authorisation. The current practice is that such people must first of all obtain an authorisation from their insurance fund for medical treatment abroad (except in urgent cases), and this should not be seen as an obstacle to the free movement of persons.

Luxembourg wishes to maintain the principle that only the legislation of the country in which care is dispensed can apply in determining the rates and arrangements for the reimbursement of expenses. A solution which would mean referring to the national legislation to determine the rate and arrangements for reimbursement of medical treatment abroad would be bound to create enormous administrative and legal problems. Luxembourg's experience is that applying national legislation in respect of treatment obtained abroad is not a viable solution even in bilateral relations between two neighbouring countries with very similar legislation, so it is not difficult to visualise what the result will be if several countries are involved.

However, there are situations where it might be possible to provide for easier access to health care in another Member State.

2.3.2.3 Coordination of supplementary schemes

Unlike the statutory social security schemes, supplementary schemes are not at present covered by coordination measures at European Union level. The Commission believes that this constitutes an obstacle to the mobility of workers, who tend often to be highly qualified and who run the risk of losing their supplementary pension rights. It has to be pointed out that, in Luxembourg, the statutory pension insurance schemes provide for a substantial rate of pension in the context of a high contributory level of income. As a result, supplementary schemes do not have the same importance as in other countries. Such schemes are exclusively on a voluntary basis, essentially with the aim of encouraging employee loyalty. That being so, a binding form of regulation would not be appropriate and would not be much of an inducement to employers to make more use of supplementary schemes. Luxembourg cannot therefore accept that essentially voluntary schemes be made subject to compulsory coordination rules. Any form of regulation at European level should be restricted to supplementary schemes which are of a compulsory nature or which effectively take the place of statutory schemes.

2.3.3 There are a number of other policy areas which should not be embraced by European Union social policy.

1. For instance, the Commission's suggestion in Question 62 regarding a consolidated declaration of citizens' rights within the Union is more than problematical. The Luxembourg Government appreciates what lies behind this suggestion, but would caution against the idea of adopting an abstract list of European citizens' fundamental social rights. Such rights would in effect be citable before the Court of Justice of the European Communities, whose case law would flesh out the purely abstract framework set out in the text. This would result in an indirect "Communitisation" of important areas of social policy.

It might also lead to consequences similar to those arising from judgments handed down on equal treatment in the field of private supplementary pension schemes, or of judgments interpreting excessively vague articles dealing with the social and tax advantages of the regulation on the freedom of movement of workers.

The Luxembourg Government would stress the current status quo on citizens' rights, i.e. Article F (2) of the Treaty on European Union, pending the conclusions of the forthcoming intergovernmental conferences.

2. The Luxembourg Government does not believe that there should be any extension of the freedom of movement of persons or of workers (Questions 34 and 35). There is at present no compelling reason why we should go beyond what was agreed at Maastricht and which is covered by the current status of secondary legislation. More particularly, there is no

justification for detaching the right to free movement from the exercise of a professional activity or proof of income and membership of a sickness insurance scheme. Article 8a of the Treaty makes the practical implementation, the limitations and conditions for the exercise of the freedom of movement subject to secondary legislation. For another thing, current economic and social realities, with the great differences between the Member States, militate against any change in the conditions covering exercise of the right to free movement. Casting doubt on the current conditions would result in an unjustified transfrontier use of the social benefits and advantages offered by a Member State. We must also be mindful of the financial repercussions of such transfers and of the risk that Member States may be obliged to cut their benefit levels. An incautious extension of the scope of free movement, with all its implications in terms of social benefits, would eventually lead to a risk of lower levels of social protection.

While we are on the point, it is a matter for regret that the Commission did not think it worth adding a chapter which gives an appraisal of the Court's case law on social policy matters and their practical repercussions.

3. The content of Questions 24 to 26 concerning emigrants from non-Community countries prompts a number of points.
Most of the Member States have set in place regulations on immigration from outside the Community. Liberalisation of these regulations would seem neither timely nor economically or socially feasible. In this context, one Member State's decision must not be binding on the Member States and automatically open up access to employment markets throughout the Union.
Clearly, workers who are residing legally and permanently on the territory of a Member State should have a right to equal treatment. However, it is up to the Member States to decide on the scope of such equal treatment, particularly as regards family reunification and the provision of social benefits.
4. The general reform of education and vocational training systems proposed in the Green Paper (Part III) would seem to go beyond the Community's sphere of competence, particularly with regard to Articles 126.1 and 127.1 of the Treaty, even though Luxembourg is paying the greatest possible attention to reforming its system, as is evident from the replies submitted to the Commission within the context of the White Paper.
5. The subject of "guaranteed" jobs or vocational training is worded too vaguely, and the Luxembourg government feels obliged to express reservations on this point.

Regarding the proposed guarantee of vocational training, a major effort is indeed needed, but it is important for whatever solutions are eventually adopted to accord top priority to the quality of the courses on offer.

What, for instance, would be the difference vis-à-vis the "right to work" which is enshrined in certain institutions? How can this "guarantee" be enforced? What would be the consequences? To whom is it addressed (Member States? European Union? Employers?)?

6. To conclude this list of subjects which require no action on the part of the European Union, the Luxembourg Government would return to a subject which was already discussed in the general section of this paper, viz. the Structural Funds.

The questions raised, particularly the ones concerning procedural and monitoring arrangements, suggest the need for amendment of the existing law and thus of the distribution of powers. The point has to be made here that the implementation of the Structural Fund regulations is a matter for the Member States. The suggestions contained in Questions 52, 53 and 56 would appear not to be proper to the Union.

Examination of specific areas of European social policy leads to the conclusions that the European Union should address itself primarily to a limited number of subjects, giving pride of place to labour law, and should accept the status quo and refrain from making changes in certain areas of social security and freedom of movement.

Despite these few critical remarks on specific points, Luxembourg remains committed to the ambitious and realistic development of European social policy. With a view to preparing discussion in the Council in the best possible conditions, it calls on the Commission to produce a consolidated document incorporating the contributions it has received in response to its Green Paper.

Luxembourg, 13 April 1994

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THE NETHERLANDS

18 April 1994

NETHERLANDS REACTION TO THE GREEN PAPER ON EUROPEAN SOCIAL POLICY**I. GENERAL REMARKS**

The European Commission gives a number of reasons why it has decided at this particular juncture to come up with a Green Paper on European social policy. These reasons - the expiry of the current social action programme, the entry into force of the Treaty of Maastricht, including the Social Protocol, and the changed social and economic situation - are all ones which we can endorse. More particularly, the unacceptably high level of unemployment and the doubts concerning the competitiveness of European business make the recasting of social policy indispensable.

Viewed in this light, the Green Paper is something of a disappointment. Although it features a clear analysis of the social and economic situation, the European Commission has failed to set out any guidelines for developing the key elements of Europe's social policy.

Given that the Commission had already received a great deal of information and opinions from a large number of relevant parties, this is bound to be a cause of some concern.

As far as the Netherlands is concerned, the high level (and often long-term nature) of unemployment and, more generally, the high level of inactivity are the main factors to be taken into account in recasting the national social system. In this respect, there is an important link to the White Paper on growth, competitiveness and employment. It is evident from analyses and discussions on the White Paper that social policy is the key area for the changes needed to achieve satisfactory employment growth.

This will, over the years to come, be one of the greatest challenges facing the Member States and the Commission: How to find a new balance between what is economically necessary and what is socially desirable. It may be that, because of this new balance, we shall have to set about reducing certain distortions in the social field.

In many of the Member States - and certainly in the Netherlands - this discussion is already taking place and has in many cases already produced results. In the context of discussions within the European Union and in connection with any measures which may ensue, these developments at national level must be borne in mind.

2. THE NEED FOR CHANGE

The central problem facing most of the Member States - and hence the Union - is the lack of jobs or, to put it another way, the high level and long-lasting nature of inactivity. The important thing, then, is to focus attention on this problem over the years to come. Many of the other problems highlighted in the Green Paper - e.g. social exclusion and unequal treatment of women - are exacerbated by the non-availability of satisfactory job prospects. Achieving a satisfactory solution to the employment problem will thus go a long way towards solving these problems too.

Both national and European policy must therefore be directed primarily at creating improved conditions for stronger employment growth. Clearly, social measures must go hand-in-hand with measures in other policy areas (e.g. economic policy in general, and budgetary policy in particular) so that policy options are amenable to the need to boost employment. This has formed part of the background to the Netherlands contribution and reaction to the White Paper on growth, competitiveness and employment.

In the social policy field, pride of place must go to the functioning of the labour market and the social system as a whole (i.e. in this context, labour relations and social security). The main aspects are set out below.

* Pay restraint

It is our experience in the Netherlands that pay restraint can make an important contribution to delivering employment growth, with a very important role being played by the social partners (i.e. management and labour). However, government too can make an important contribution by reducing non-wage labour costs. Wherever a higher levy is required, e.g. for environmental reasons, it is essential for the product to be recycled, e.g. to ensure that the cost is not borne by the labour factor. Another way government can help moderate pay trends is by improving the way the market operates.

* More attention for the bottom end of the labour market

However essential the growth in high-grade work may be for the competitiveness of the European economy, more attention than hitherto must be devoted to the creation of lower-grade activities. The unemployment problem is worst at the bottom end of the labour market, and it is illusory to believe that high-grade work growth can solve the problem. In other words, a substantial proportion of the unemployment growth must be in work which is at the bottom end of the productive range, commanding a commensurate level of pay. Higher pay differentials will be a logical consequence.

* **Greater flexibility on the labour market**

Labour law is an essential element in creating a flexible and differentiated economy, on the one hand by acting on those elements which have an excessively restrictive effect on the way the labour market works, on the other by affording the necessary protection for new patterns of work.

* **Recasting the social system**

In more general terms, it is important for the cost of the welfare state to be consistent with what a Member State can afford. In the Netherlands this is no longer the case. As a result, efforts must be made to modify the system, although a high level of quality must of course be guaranteed for those members of society who are dependent on it.

More specifically, it is important for there to be a clear linkage between a more active labour market policy and the social welfare system. Among other things, it is important to enhance the incentive structure on the labour market, taking in the social welfare aspect. This is particularly important at the lower end of the market.

The Netherlands Government continues to attach great importance to an active policy vis-à-vis the long-term unemployed members of ethnic minorities in particular, focusing on urban social groups whose members are marginalised or are in danger of becoming marginalised because they find that they have no access to the labour market. Reducing unemployment in these groups and devoting special attention to social security can make an important contribution to social relations in our major conurbations.

* **More attention for education and training**

Today's economies are characterised by rapid changes in production processes and the strongly knowledge-intensive nature of such changes. The result is a substantial shift in functions and skills. Mainstream education in general, and the vocational training system in particular, need to be geared to this development, this being the only way of maintaining an economy's competitiveness and hence employment. Both government and business have an important role to play here.

It is evident from the above that major aspects of the social system will have to be reappraised and that, in some cases, fundamental changes will have to be made. It is not yet clear where the final responsibility for this policy will lie - with the Member States or with the Union. Pursuant to the aims of the Green Paper, more detailed discussion will be needed on where, in the opinion of the Netherlands Government, the Union's policy responsibilities lie.

3. STARTING POINTS FOR A EUROPEAN SOCIAL POLICY

It is not just at national level that a majority of people are coming to realise that structural changes are necessary. A number of these points of departure have already been taken up in discussions at Community level on the White Paper.

The basic premise, though, must be that a well developed social system is both necessary and desirable.

It is necessary from the economic point of view, for one thing because of the economic importance of sound labour relations and a good and healthy working climate, and for another because, without certain social guarantees, there will be less acceptance of the abovementioned structural changes.

It is desirable because a properly developed social system is a fundamental aspect of European culture and tradition. While it is true that social systems and systems of labour relations vary from country to country, there is a broad political consensus on the desirability of social welfare arrangements and of a regulated labour market and labour relations system.

We have to ensure that Member States do not use their level of social protection as a means of enhancing their competitive position. By laying down minimum standards in the European Union, we can create a sound basis for the internal market. A set of minimum standards in certain aspects of social policy at Community level is a desirable thing, but a good deal of care must go into setting up any such system gradually, bearing in mind the differences in the Member States with regard to social and cultural conditions and the desired flexibility. Enacting new rules and regulations as such must not give rise to financial claims and must respect the principle of subsidiarity as laid down in the Treaty of Maastricht.

Our efforts must be directed, generally speaking, to convergence of the broad lines of social policy, albeit not in the form of quantifiable criteria as suggested by the Commission. The Netherlands rejects the idea of equating social convergence with the financial and economic convergence mechanisms under the EMU. To promote such equivalence is to misinterpret the differences between social and economic policy.

4. PARTICULAR ASPECTS OF SOCIAL POLICY

In assessing the desirability of Community social-policy legislation, we must bear in mind the breadth of the social canvas and look at the various aspects of social policy separately. Any Community-wide set of minimum social-policy standards must be restricted to particular policy areas.

For the time being, we need no minimum standards in the field of social security. The differences between the Member States' systems are simply too great to lend themselves to harmonisation. Convergence - the growing together of national policies - and coordination, i.e. the improved matching of the various systems, are quite enough for the time being in this field.

In certain policy areas, the necessary Community legislation has already been enacted. This is, for instance, the case with working conditions. A substantial Community effort in the sense of more legislation would not seem necessary in this field. The accent should be placed in coming years more on fleshing-out, improving the internal coherence and consolidation, with particular attention to the preventive aspect of legislation.

The same applies to the free movement of persons and, to an extent, to the equal treatment of men and women. In these fields, the principles have already been laid down quite satisfactorily at Community level. More particularly as far as equal treatment for men and women is concerned, the emphasis should now be on refinement and implementation, using instruments other than legislation. Wherever relevant, aspects concerning equal treatment should be integrated into other Community legislative proposals.

There are further policy fields where Community intervention is seen as somewhat less desirable. For instance, the Netherlands Government thinks it undesirable for the Community to take an interest in "primary employment conditions" such as pay. Any such move would be diametrically opposed to the trend towards decentralisation and differentiation on the pay front as discussed in the White Paper on growth, competitiveness and employment.

It befits the Community to be wary about getting involved with particular social groups, such as the disabled, the elderly, the young and the migrants. The Community's current role in terms of the exchange of information and cooperation between Member States is felt to be quite enough.

The emphasis in Community legislation in the near future should be placed primarily on employment conditions. Subjects like co-determination at European level, the secondment of employees and the protection of workers with "atypical contracts" require a Community-wide approach. What we are concerned with here is not so much new subject areas but rather areas in which negotiations are already in (but making sluggish) progress.

As regards employment and labour market policy, the same applies as was mentioned earlier, i.e. that many of the social problems mentioned in the Green Paper have to do with the lack of employment opportunities and the resultant long periods of unemployment. Stimulating employment and improving the way the labour market works, as mentioned in the White Paper on growth, competitiveness and employment, are hence the basic element in social policy.

At national level, the Member States are constantly at pains, each within its own socio-economic context, to achieve a sound balance between regulation and the free market. The Commission can play a role here by acting as a catalyst for new ideas and experiences on various forms of regulation or measures pertaining to employment and the labour market. Finally, the Commission must pursue its work on vocational training and the recognition of diplomas and qualifications.

5. **CONCLUDING REMARKS**

One subject which was rightly touched on in the Green Paper, and which will have to be discussed in the near future in a Community context, is the question of international labour standards and, more particularly, the relation between Community social legislation and ILO instruments.

The Treaty of Maastricht, with its appended Social Policy Protocol and Agreement on Social Policy, offers plenty of opportunities for reaching agreement on social policy.

In each of the policy areas covered by the general term "social policy", the important question is whether or not Community legislation is desirable.

There are two possible lines of approach here. Firstly, efforts should continue to be made to reach a decision among the Twelve, before switching discussion to the eleven-member context.

Secondly, the Maastricht Treaty makes provision for stronger involvement of the social partners. The Dutch Cabinet welcomes the opportunity for self-regulation at Community level, although this should not detract from the responsibility of the (European) legislature.

Finally, Community legislation in general (including social policy) should be less detailed and thus less burdensome in the interests of promoting the necessary flexibility.

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CONSELHO ECONÓMICO E SOCIAL

**CONTRIBUTION OF THE PORTUGUESE ECONOMIC AND SOCIAL
COUNCIL TO THE GREEN PAPER "EUROPEAN SOCIAL POLICY -
OPTIONS FOR THE UNION"**

OWN-INITIATIVE OPINION

**(Approved at a plenary meeting of the CES on
28 March 1994)**

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I PRELIMINARY ASSESSMENT OF THE GREEN PAPER
"European social policy - options for the Union"

1 The Green Paper and the stage reached in European integration

What stands out when first looking through the Green Paper - which was produced by the Commission in order to stimulate a wide-ranging debate within the European Union - is the large number of aspects covered.

- 1.1 As it covers so many fields, **the Green Paper sometimes appears to lack a common thread and an appreciation of the fact that situations in the Member States vary enormously.** Their presence would add a qualitative dimension to the many economic and social statistics in the Green Paper on macro-economic and "macro-political" phenomena and provide a more accurate picture of the actual lives of citizens in the various countries of the European Union.
- 1.2 However, the real significance and scope of the Green Paper can only be understood if we recognise that it is **closely related to the problems crucial to the future of the European Union** that are discussed in the White Paper "*Growth, competitiveness, employment - the challenges and ways forward into the 21st century.*"

Against the background of this essential interaction between the economic and social aspects of European Union policies, the Green Paper - with its weaknesses and strengths - represents a highly condensed synthesis of the difficulties and limitations which the process of European integration currently faces.

It is not just an economic crisis that the European Union is facing. Far more importantly, its whole way of life is undergoing changes whose significance and form are still unclear. The response to these changes will be shaped by Europe's cultural heritage and by its economic structures and political institutions.

- 1.3 **Social policy and the recognition that people have social rights has a long and honourable tradition in Europe** and does not only date from the Treaty of Rome.

The idea of social protection certainly did not originate in the 1989 Community Charter of the Fundamental Social Rights of Workers or in the 1990-1991 action programme. It was already present in the 1793 French Constitution and in the Landrecht (common law) introduced by the Prussian monarchy in 1794.

2 Some of the challenges facing European social policy

The main danger in trying to understand a complex situation is that you may oversimplify, leading to faulty analyses and the subsequent risk that wrong decisions may be taken.

However, there is no doubt, in both economic and social terms, that **the most important problem facing the countries of the European Union is unemployment.**

The pursuance over the past few years of macro-economic policies designed to meet the convergence criteria by a certain date and the repercussions of German reunification on the rest of Europe helped to bring about an economic recession in which investment and growth declined, to be followed soon afterwards by rising unemployment.

On the other hand, the political and economic situation which is affecting the way in which the European social policy and its options are being assessed is aggravated by a number of other important factors which are dealt with in some detail in both the White Paper and the Green Paper. These include:

- 2.1 The increasing **loss of competitiveness** of the European economies in comparison with the economies of Japan and the United States, resulting amongst other things in a disturbing rise in unemployment.
- 2.2 The **emergence of new economies**, particularly in Asia, with an increasing ability to compete for a large share of world trade.
- 2.3 A process - still embryonic in some respects - of intense **economic growth in capital- and technology-intensive industries**, which not only make a limited and selective use of available labour but also destroy jobs in traditional industries ("victims" of modernisation) far faster than the rate at which new jobs - many of which are impermanent - are created.
- 2.4 A significant degree of **relocation of businesses** outside the European Union, to exploit what employers consider to be the comparative advantages offered by other regions and continents.
- 2.5 **A deteriorating economic, political and social situation in regions around Europe**, particularly in the Mediterranean area, which requires the European Union to play a more active and supportive role in helping the countries concerned to achieve self-sustaining development, thus preventing the enormously damaging political and social consequences which would certainly ensue if conflict and a breakdown in law and order were to become widespread.

3 **Defining social policy**

The rather sombre implications of the developments listed above have produced contrasting views about the significance of European social policy.

For some, European social policy has produced an excessively rigid system of regulations which has made the economies of the European Union less competitive at world level. For others, social policy - seen in terms of a long-term, gradual convergence from different starting points - has led to a small number of hard-won gains whose

abandonment might undermine the social stability of the Member States and of the European Union itself.

However, the debate engaged in by the social partners following the publication of the Green Paper has led to a fairly broad measure of agreement on the following points:

- 3.1 Linking economic and social policies in such a way that **economic policy is designed to achieve social progress** forms the basis for an integral, dynamic development model.
 - 3.2 Social policy should be seen as only one of a number of factors affecting competitiveness and **cannot be made a scapegoat for Europe's current problems**.
 - 3.3 In view of the rapidly changing situation in which we find ourselves, it would be inappropriate to regard European social policy as something static and immutable. A critical examination of social policy in the European Union should not only look at the budgetary aspect, which is too limited and simplistic, but also at the reasons for the poor performance of the policy, as shown by the **disturbing increase in various forms of social exclusion**.
 - 3.4 The problems currently facing the European Union are such that governments and the social partners must **take steps to reform social policy** so as to make it more effective, which implies a better use of public resources.
- 4 **Limitations on the scope for accurately assessing the situation in the European Union and the real challenges facing it**

We welcome the fact that, in both the White Paper and the Green Paper, an attempt is made to examine the problems facing economic development and social policy within the European Union in a wider context than that of competition on the world market, which is of decisive importance but represents only one of the factors to be taken into account.

For the CES, however, we need to improve our **objective knowledge of the actual situation in the European Union**, so that the analysis reflects the internal situation in Portugal and other Member States, thus avoiding over-simplifications and misinterpretations.

As regards methodology and contents, the CES would like to draw attention to the following main shortcomings:

- 4.1 The priority accorded to the external competitiveness of the European Union should not be allowed to obscure the urgent need to **develop the internal competitiveness of the peripheral economies within Europe**, including those of Portugal and other "cohesion countries".

- 4.2 The **methodological shortcomings in national accounting** tend to give a distorted picture of economic and social reality, both nationally and internationally.
- 4.2.1 It is impossible to express in quantitative terms the economic value of various economic activities involving, for example, family workers, most of whom are women.
- 4.2.2 Statistical assessments of the environmental impact of economic activity are still unreliable. Nevertheless, in order to determine the relative competitiveness of the European Union countries on the one hand and, for example, the countries in eastern Europe or Asia on the other, macro-economic indicators were taken and simply compared, thus producing a distorted picture (in 1991, for example, officials working on the United Nations Development Programme considered that approximately 3% of the growth in the Indonesian GDP were achieved at the expense of the unsustainable management of natural resources).
- 4.3 A further point concerning the international competitiveness of the European economies is that the inadequate assessments contained in the White Paper and the Green Paper may induce an excessively simplified and pessimistic view that we are engaged in economic warfare rather than regarding international competitiveness as part of a **global process of implementing strategies and finding new balances** which, while it continues, is bound to result in gains and losses for all parties.

5 Encouraging a sense of initiative within the European Union

To conclude these preliminary remarks, the CES considers that the present discussions on European social policy should continue among the social partners and at government level, even beyond the dates set.

The current debate on fundamentals should help the Member States and the European Union to produce a more rigorous assessment of their internal and external situation, both as part of the process of achieving economic and monetary union and in the more general context of the increasing internationalisation and globalisation of economic activity.

Everyone agrees that the Member States need something more than national policies if they are going to deal successfully with the historic changes which they are going through. However, **no broadly-based long-term European policy can be successful without the commitment of the Member States and the citizens of the European Union.**

II PRINCIPLES AND PERMANENT OBJECTIVES TO BE TAKEN INTO ACCOUNT WHEN FRAMING A SOCIAL POLICY FOR THE EUROPEAN UNION

In the CES's view, it would be useful to define more clearly the common principles which, in spite of the diversity of the situations in the Member States, can and should guide the organisation, assessment and reform of measures under the European social policy, in particular those referred to in the list of questions in Part V of the Green Paper.

1 Social dialogue

1.1 Although the various models of representative democracy found in the European Union have their limitations, one of their most positive features is the existence of an extraordinary tradition of dialogue and **consensus-building, which is inseparable from the idea of mutual obligation** underlying our political culture and from our shared concept of the popular will being the source of the State's power.

1.2 The concept of the social contract (*contrat social, bürgerlicher Vertrag, contrato social, etc.*) is therefore an archetype for all the processes of negotiation that take place at national and European Union level. It means that the social partners and national governments have to find joint solutions to social policy questions, thus ruling out the apparently more expeditious but politically and socially less desirable method of taking decisions unilaterally, which could lead to social unrest.

2 Responsibility

2.1 While it is necessary for social policy and the approaches to it to be changed, absolute priority must be given to a fair **balance between rights and obligations** for all those involved in the process.

2.2 This principle means, firstly, that we need **real respect for basic human rights** within the European Union, particularly in the more "vulnerable" countries. This includes the respect for social rights such as the right of children to receive schooling up to a certain age.

2.2.1 The existence of a widespread black economy in which no taxes are paid not only reduces the ability of governments to finance social measures but is also an **obstacle to equality of opportunity** in that it distorts competition between companies and enables workers in the informal sectors of the economy to enjoy statutory social rights.

2.2.2 Tolerating illegal practices not only makes existing measures much less effective but also **stymies the process of policy innovation** since it leads to a loss of confidence in the effectiveness of any new measures introduced.

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2.3 Recognition of the responsibility principle also requires the adoption of **realistic criteria for the economic and financial aspects of social policy**. This implies the existence of accurate and up-to-date statistical information provided by bodies whose impartiality and credibility is recognised by all parties concerned.

2.4 The need to reform the welfare state and the desirability of giving a more important role to the non-government sector does not reduce, still less eliminate, the State's responsibility for social matters. It is not acceptable for the State to withdraw from areas where the non-government sector is not sufficiently well organised to provide assistance on the scale required.

3 Sustainability

3.1 No social policy can be maintained or reformed unless **long-term strategic options are identified and implemented**. This means that Member States and that European Union must be able to utilise their analytical and research resources to define various economic and political scenarios that look at the world as a whole, thus facilitating decisions as to what measures need to be taken.

3.2 For the coherence and stability of social policies, it is essential to have a peaceful international climate which promotes and **strengthens the rule of law in international relations**. This would involve the inclusion of a social clause in the rules governing international trade, in line with the Charter of the Fundamental Social Rights of Workers.

3.3 The economic conditions for the reform and development of European social policy must be accompanied by a **greater coordination of macro-economic policies** between the various countries of the European Union with a view to increasing public and private investment, which will have a positive effect on growth and employment. It is also important to ensure that economic policies are socially acceptable and that social policies are coordinated and harmonised in a sensible way.

3.4 To a large extent, moving from what is desirable in terms of social policy to taking concrete decisions depends on the ability to **reform social policy funding mechanisms**, particularly those of the social security system. Accordingly, following the current debate on the Green Paper, the Member States will have to coordinate their efforts to amend their tax systems either by giving added weight to the principles of equity and justice or by varying the basis of assessment to take account of other policies of the European Union, in particular those relating to the environment.

3.5 In addition, responding to the need for structural changes resulting from the threat to our environment is a **key element in the long-term viability of social protection and employment-promotion policies**. As pointed out in Chapter 10 of the White Paper, the European Union has not yet found a new development model to replace the current one, where growth and the environment are on a

collision course and which is characterised by "an insufficient use of labour resources and an excessive use of natural resources" (White Paper, Part B, p. 161).

No policy of the European Union, whether it be in the social field or elsewhere, is sustainable unless we meet the challenge of the 21st century, which is to construct a sustainable development model which preserves, for Europe and the rest of the world, the natural environment on which human civilisation depends for its survival.

4 Gradual convergence of social policies for reasons of solidarity

- 4.1 Recognising that there are differing social protection systems, employment policies and other related policies in the Member States should not lead us to make a **false choice between an improbable harmonisation "from below" and an unrealistic standardisation "from above"**. Each of these options would involve regulation from the centre and would be socially and politically unenforceable.
- 4.2 The only sensible way of moving beyond the present situation where there are major differences between the Member States would be to integrate the social policy options and instruments of the most disadvantaged states in a process of **gradual convergence**. In this process, eventually leading to harmonisation, a proper balance must always be kept between means and ends, between desirable objectives and actual resources.
- 4.3 The importance of the link between economic and social policies should be reflected in a recognition by the more developed countries in the European Union that the wish by the peripheral countries to reach a level of development which is quantitatively and qualitatively higher constitutes a legitimate aim which, moreover, fits into the overall objective of economic and social cohesion.

For the CES, the active solidarity of the richer countries with the poorer members of the European Union must take into account the fact that there are still considerable inequalities as regards the various indicators of economic and social development.

In line with the principle of economic and social cohesion that is central to European integration, the concrete expression of this solidarity should take the form of **steps to extend, broaden and diversify the means of financing structural measures**, even beyond 1999. This will enable the "cohesion countries" to make their social policies more effective in that their economies will become more competitive both on the world market and on the internal market of the European Union.

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5 Making choices and decisions at the right level

- 5.1 While accepting that some measures can be successfully taken only at European Union level, it is important that **the basic principle of subsidiarity be applied when implementing social policy**. Here, subsidiarity is understood as being the most appropriate way of utilising the creativity and inventiveness of individual citizens, families, communities, businesses, regions and countries so as to avoid the proliferation of measures which are very costly, ineffective and bureaucratic.
- 5.2 While regulatory action will continue to be the preserve of national governments and the European Union, steps should be taken to stimulate and utilise the **capacity of the non-government sector to take initiatives** in all aspects of social policy, in particular as regards the battle against unemployment and various forms of poverty and social exclusion. Of particular importance here are steps taken by mutual associations to promote social solidarity and protect the family, which reflect the ability of the non-government sector to organise active measures to combat unemployment, poverty and social exclusion.

6 The power to change and improve things

- 6.1 Reforming and improving social policy at national and European level has to be accompanied by an intelligent and rational pooling of people's efforts and skills and of human and material resources. **What is at stake is the stability and viability of democratic society in Europe at a time when problems are deepening**. Consequently, the problems now facing us should act as a spur towards greater democracy, in particular by **increasing the ways in which citizens can take part in political decision-making at various levels**.
- 6.2 This participation - seen as a stimulus for social and economic innovation depends on a **committed, long-term investment in education and knowledge**. This will help to make individuals more creative, which will in turn have positive effects in terms of modernising the economy.

One means of achieving this is to adopt an **economic policy designed to penalise those who impose environmental costs on others**, in proportion to the profits which they make. Efforts must also be made to remove barriers and create conditions conducive to the creation of new enterprises, including in particular small and medium-sized businesses in the agricultural, industrial and services sectors. Programmes to support the cooperative sector and other parts of the social economy should also be introduced.

Similarly, **increasing worker information on, and participation in, activities at their place of work** almost always enhances workers' motivation, leading to improvements in the quality of the products and services provided and increased productivity.

7 Enhancing the role of women and men

7.1 This principle involves a recognition that **social policy should be designed primarily** to enhance the value of human beings as individuals, as citizens, and as economic agents. This approach will not only reduce the number of instances where the state has to provide social protection but will also mean that, where this protection has to be provided, it will be for a shorter period and be less expensive.

7.2 Social policy must also take on board the implications of the **information and communication society** in which we live, one of which is the need to develop a critical attitude towards the mass of information to which we are exposed every day.

This is particularly important in a country like Portugal, where there are chronic educational deficiencies. It means that education and training should not be limited in time or restricted to subjects on the curriculum. Even extending the period of compulsory schooling is not enough if we are to enable European Union citizens to keep up with the changes now taking place. It is imperative that the concept of continued education and training be included in strategic education and training policies.

7.3 As regards the acquisition of advanced scientific, technical and vocational skills, the authorities will have to devise policies aimed at universities and private companies that are designed - both at national level and at European level, capitalising on the economies of scale made possible by the European Union - to ensure that **priority is given to enhancing vocational skills through investment in R&D activities. This will also help to stimulate innovation and improve competitiveness.**

7.4 An integrated social policy with strategic objectives must also deal with **personal education in the development of human resources.** This means promoting group and community activities which help to train young people in good citizenship, enhance the status of elderly people in our society and improve the quality of life in both urban and rural areas. At the same time, steps must be taken to defend the role of the family in providing stability and moral education.

7.5 It is also essential to devise preventive policies designed to educate public opinion in order to create a **society where differences are respected and where the principle of equal opportunities and equal treatment is accepted.**

III FOUR PRIORITY OBJECTIVES FOR THE SOCIAL POLICY OF THE EUROPEAN UNION

The CES would like to respond to the large number of questions contained in the Green Paper by grouping together what, in its view, are the main strategic priorities and objectives.

- 7 Firms must take on a more active role in creating and disseminating a **development and decision-making culture**. To do this they must provide continuing training for workers in all sections of their workforce. This will improve the circulation and quality of information, which is a crucial factor in **improving the overall management of firms' productive activities**.

Closer links between schools and industry may also help in achieving these aims.

- 8 Measures to promote employment must include the implementation of policies to develop human resources which, in particular, provide for the **establishment and approval of appropriate facilities for life-long training**.
- 9 If human resources are to be properly used, each Member State must **coordinate its education and vocational training policies**, both as regards subjects and curricula and as regards the bodies in charge. Poorly coordinated or overlapping responsibilities cause irreparable harm to the economy and produce unsatisfactory results despite the considerable human and material resources invested.
- 10 Although public education and training policies have a coordinating function, this should not rule out encouraging and **supporting training schemes organised by the social partners** and many other types of organisation. Such schemes reflect the ability of the non-government sector to take the initiative in protecting the interests of society.
- 11 Employment promotion schemes - extending ESF activities in this area - should cover **the most disadvantaged regions of the European Union**, thus helping to prevent social disintegration occurring over a very large geographical area.
- 12 Programmes designed to create new job opportunities should pay **special attention to those sections of the population in Europe which are worst hit by the recession**. To achieve this major strategic objective, specific ways of (re-)integrating women and young people into the labour market must be identified.

Priority should be given to guaranteeing all young people in the European Union access to an appropriate period of vocational training before they enter work.

- 13 As regards programmes aimed at the unemployed, **priority should be given to active measures** designed to provide a job in the shortest possible time, **while continuing with the traditional income-maintenance measures**.

This means **galvanising employment offices**, which should adopt new approaches that are more imaginative and more effective. In particular, they should play an active role in the timely transmission of information - a vital factor in employment promotion.

- 14 An essential tool in combating unemployment is an overall regional development policy. This means, amongst other things, that special attention must be paid to

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A. **Promoting employment and enhancing the status of work**

1 Employment promotion should stem from a recognition of the **many-faceted social value of work**, which contributes to social cohesion and enables individuals to lead a fuller life.

2 The European Union must recognise that we have to make up for lost time. In other words, any European policy focusing on employment must start with the recognition that **for many years employment - which for everyone is now a central issue - was regarded by the Community as being of secondary importance.**

3 An active employment policy involves making existing jobs more viable and the creation of new employment opportunities through public and private investment. Public policies should therefore promote job creation in areas not directly connected with international competition, which includes activities designed to help the sick and the elderly, cultural activities, preserving the national heritage, improving the environment, etc. It should be stressed that creating a large number of new jobs in these areas should not involve a lowering of wage levels.

It is also important that workers be able to make full use of their potential by **continually expanding their skills** so that they can adapt more easily to technological change and fulfil their legitimate career aspirations.

4 Given that certain structural factors which cause unemployment are closely linked to competition on the world market, there must be **greater cooperation and coordination between all the Member States in the form of strategic medium- and long-term policies.** To achieve this, common interests must be identified and economies of scale and range, which generate employment, must be pursued. Sectors where coordination is particularly appropriate include computers, robotics, biotechnology, telecommunications, environmental protection and aerospace research.

5 It is also vital that the scientific community and universities in the Member States coordinate their efforts in European Union programmes aimed at a **multi-disciplinary analysis both of the causes of unemployment and of the political, economic and social strategies for gradually eliminating the root causes of the current crisis.** Pooling the efforts of the scientific community in this way could lead to more appropriate targeting of R and D investment and provide information on which to base the planning of joint measures and programmes designed to bring about a **better balance between labour supply and labour demand.**

6 Promoting employment must also include **changes in the way companies are organised** so that they can operate more efficiently and increase their productivity.

the **depopulation and deterioration of rural areas**. This problem affects all the Member States of the European Union but is **particularly acute in countries like Portugal**, where the agricultural sector has been shrinking at an enormous rate owing to the successive changes in tack of the common agricultural policy. Measures to stop the depopulation of rural areas should therefore attempt to **forge positive links between an agricultural policy aimed at maintaining and developing agricultural activities and other policies** where convergent strategies can be directly or indirectly applied. The latter include policies for the environment, tourism and commercial activities aimed at developing the potential of rural areas.

An important role in combating depopulation of the countryside can also be played by a **policy of promoting medium-sized towns in traditionally less-developed areas**, involving measures to relocate and decentralise services and the proper management of transport and communications networks.

- 15 Action by the European Union in the employment field does not absolve the national governments from taking strategic measures in conjunction with the social partners but, rather, makes such measures more necessary. Thus, **strategic planning** - which involves the development of information processing facilities, the drawing up of medium- and long-term scenarios and the development of improved negotiating procedures, with a view to identifying economic and social measures that will lead to better-quality products and a well-educated population, as well as the development of specific market sectors - **continues to be one of the most important tasks of national governments**.

B. Strengthening democracy/citizenship and active involvement in society

- 16 At a time when circumstances require the countries of the European Union to work together in order to find new ways of solving the current crisis, social policy in the widest sense must not overlook the need to **stimulate and mobilise individuals' creativity in a large number of different ways**.
- 17 Extending the scope for practical democracy and active involvement in society is not only a legal or ethical requirement but, more importantly, is **dictated by straightforward political realism**. Those framing economic and social policies must take due account of citizens' real concerns, respecting their regional or national culture and identity, which is an essential prerequisite for strengthening of the European Union.
- 18 Social policy should also allow for **employee participation** in decision-making within firms, in particular on matters concerning health and safety, vocational training and grading.
- 19 National governments and the European Union must, in turn, **promote a dialogue with, and between, the social partners** - employers' and trade union

representatives in particular - on any measures with implications for social policy, including those concerned with employment and social protection.

C. The importance of the individual, combating exclusion

- 20 The European Union must make a major effort to study and combat **new forms of social exclusion**. These should not be analysed solely in quantitative terms, as a component of long-term unemployment for example, but as social phenomena of a new kind which need to be dealt with in new ways.
- 21 The various forms of social exclusion such as chronic poverty, urban isolation, Aids, drug addiction and drug-related crime, the marginalisation and segregation of migrant workers etc. **are problems which social policy must deal with** not only as regards their effects but with the long-term aim of understanding and combating their root causes.
- 22 Particular attention must be paid to **disabled people**. Steps should be taken to encourage and support vocational training and labour market initiatives aimed at bringing about their full occupational and social integration.
- 23 One of the central features of the worsening social climate is the breakdown of the family. The Green Paper, in line with the traditional concentration on the individual in Community documents on social affairs, tends to overlook the basic fact that individuals' destinies and identities are shaped to a large extent within the family. We must therefore **enhance the role of the family and the forms of family solidarity and good neighbourliness which still exist in societies such as the Portuguese one, so as to produce policies that encourage the family to make its own invaluable contribution in dealing with the many social problems caused by the rapid changes now occurring in Europe.**
- 24 An additional source of distress and social tension is the violent expression of prejudice, which becomes more extreme during periods of crisis. To combat **discrimination against women or the exclusion of minorities**, legal protection must be extended and implemented more effectively. We must, however, go further and combat the root causes of discrimination.
- 25 Immigration policy should not only deal with the need to control immigration but also ensure respect for the basic principles which have become part of European civilisation, which is humanistic, multicultural and multiracial.
- 26 We must not overlook those permanent features of our culture that lead to various forms of sexual and racial discrimination. If the European Union is to **combat these phenomena, it must do so mainly through education and information**. A vital contribution can be made here by individual schemes to change attitudes within families and communities, school curricula, those responsible for education, non-official schemes organised by NGOs, and the mass media. We therefore propose **the organisation of permanent campaigns to promote respect between**

the sexes and different cultures, at national, European Union and, where possible, pan-European level.

- 27 Apart from measures to provide a minimum income, which are immediate in their effect, there are further measures which should be taken to combat poverty and other forms of exclusion. An effort must be made to **utilise the ability of the non-state sector in general and NGOs in particular to act on their own initiative**, a prime example being the **long-established charitable institutions and other welfare bodies** which organise voluntary work and funding for various social services. The European Union should encourage exchanges of experience and documentation and foster partnerships between institutions so that concrete schemes to combat poverty and social exclusion can be implemented.
- 28 One aspect strangely neglected by the Green Paper is the need to include among the anti-exclusion measures schemes to promote the **social reintegration of offenders, young people and children at risk**. This is, admittedly, a sensitive topic. Conversely, measures to support the victims of crime should be based increasingly on the principle of fairness.

D. Importance of social rights in the process of European integration

- 29 The coherence of social policy within the European depends on a **reinforcement of the social dimension in the overall process of European integration**, in line with the general objectives set out in Article 2 of the Treaty on European Union. With this in mind, pending social directives and programmes should be approved without delay and a new programme of concrete measures, following on from the first social action programme introduced in 1989, should be drawn up.
- 30 The revision of the Treaty due to take place in 1996 should provide an opportunity to review progress so far and examine possible future developments. The principle of economic and social cohesion, in so far as it applies to **solidarity with the most disadvantaged sections of society and with the most peripheral countries**, should be reassessed with a view to devising concrete measures and action programmes.
- 31 In 1996 a charter of the fundamental social rights of citizens, following on from and extending the 1989 Charter of the Fundamental Social Rights of Workers, could be adopted. This new charter, whose effectiveness will depend on future economic and political developments affecting European integration, should represent a **commitment by the Member States to protecting the social rights shared by all citizens of the European Union**, thus preventing discrimination and continuing the European tradition of social protection.

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UNITED KINGDOM

THE FUTURE DIRECTION OF EUROPEAN SOCIAL POLICY

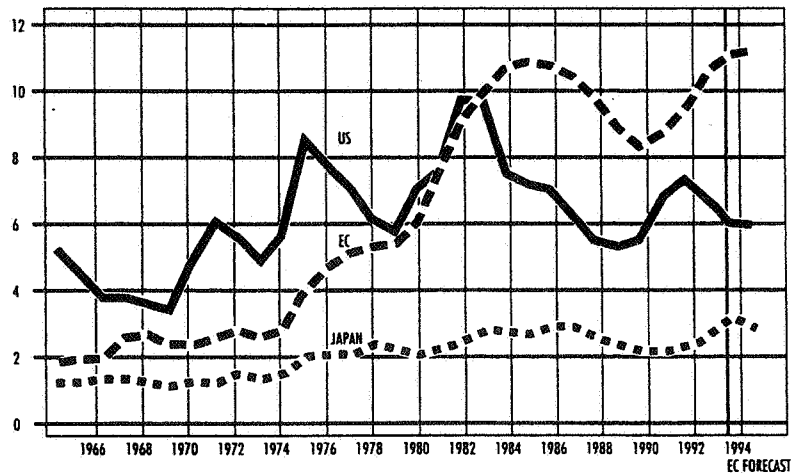
Introduction

- 1 By far the greatest challenge to social policy in the European Community today and for the foreseeable future is unemployment. The number of people without a job in the European Community is now at a record level and the total is continuing to rise in most Member States. The opportunity to take stock of social policy in the Community which has been afforded by the Commission's Green Paper is therefore very timely.

The Scale of the Challenge

- 2 The underlying level of unemployment in the European Community has risen in each economic cycle over the last 20 years. It rose from less than 2.5 per cent in the late 1960s to 4 per cent in the 1970s. In the 1980s, EC unemployment was nearly 10 per cent. It is now 10.9 per cent and still increasing. In most Member States it has been particularly severe amongst unskilled workers, young people and women. Long-term unemployment in the European Community is now 45 per cent of total unemployment.

CHART 1: UNEMPLOYMENT
PERCENTAGE OF LABOUR FORCE



SOURCE: EUROPEAN COMMISSION

- 3 The experience of the Community's main competitors is very different. In successive economic cycles unemployment has not risen to anything like the same extent in North America or Japan. Furthermore, unlike the Community, North America and Japan have experienced significant job growth over the last two decades. In the 20 years after 1973, North America created some 36 million additional jobs and Japan some 12 million. Most of these new jobs were in the private, wealth creating sector. Over the same period, the European Community created fewer than 8 million jobs, mostly in the public sector.

The principles on which future EC social policy should be based

- 4 The social policy of the European Community must serve the interests of the Community as a whole and of all its citizens, both those in employment and those who are unemployed. It must be designed to increase job creation and to widen

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individual choice and opportunity. In putting together a framework for future policy in its forthcoming White Paper, the Commission should take full account of the following principles:

- **Competitiveness:** real and lasting employment growth is impossible in an uncompetitive economy. The reappraisal of social policy needs to start from an agreed diagnosis of the Community's competitive position and future social measures must avoid damaging competitiveness. The OECD and other influential commentators have long warned of the Community's declining competitiveness in relation to other parts of the world and the seriousness of this decline was recognised in the debate on President Delors' White Paper on Growth, Competitiveness and Employment. Without an improvement in competitiveness there will be a continuation of the recent trend for businesses and jobs to be relocated outside the Community.
- **Diversity:** this is one of the Community's greatest strengths. The diversity of Member States' institutions, labour market traditions and legislation is as great in the field of employment as in any other sphere of activity. It must be fully respected. Measures of harmonisation which raise costs and damage competitiveness destroy jobs.
- **Subsidiarity:** the future development of social policy must respect the division of competence between the Community and Member States which is laid down in the Treaties, and the principle of subsidiarity which is enshrined in them. Much of the action which is now required to combat rising unemployment must be and can only be undertaken by Member States. The Community should complement and support action by Member States, rather than try to replace it.

The problem of high unemployment and how it should be tackled

5. Recovery from recession will help to reverse at least part of the recent increases in unemployment but there are clear limits to how far cyclical recovery will reduce the present high level of unemployment. At the peak of the economic cycle in the late 1980s, unemployment in the European Community fell only to 8½ per cent. It is clear, therefore, that a large element of the high unemployment in the European Community is structural.
6. This was acknowledged in the White Paper on Growth, Competitiveness and Employment presented by President Delors at the end of 1993. The conclusions reached by Heads of Government at the Brussels European Council in December 1993 endorsed the following three key objectives to combat unemployment:
 - a stable economic framework
 - a Community which is internationally competitive and open to international trade
 - labour market reforms.

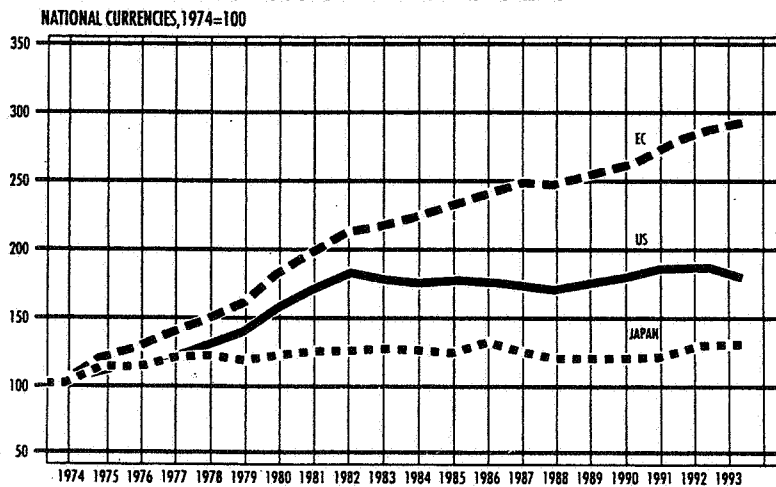
These conclusions set the framework for the development of social policy.

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7. The UK Government believes that the priorities for labour market reform in the European Community are as follows:

(i) **To restrain the growth of unit labour costs:** excessive growth in labour costs erodes competitiveness, profits and investment. This is a particular problem in Europe where the growth of unit labour costs has consistently outstripped that in Japan and the USA. Employers in most European countries face a particularly heavy burden of social security taxes which reduces the incentive to create new jobs. Public social security and healthcare expenditure as a proportion of GDP is nearly twice as high in the European Community as in Japan and over 60 per cent higher in the USA. Social security payments account for most of this difference. Furthermore, expenditure on social security and healthcare in the European Community has risen faster than GDP in recent years. Much of this burden now falls on employers and employees through social security contributions or general taxation.

CHART 2: UNIT LABOUR COSTS IN MANUFACTURING



SOURCE: EUROPEAN COMMISSION

(ii) **To increase labour market flexibility:** more jobs will be created if wages and working practices respond quickly to the pressures of the market and the performance of companies and individual employees. Businesses are more likely to recruit additional employees if they know that they can do so without incurring excessive costs which cannot be reduced if demand falls. There is a balance to be struck between the pressures of the market and regulated standards in employment. Some regulation, for example on health and safety at work is essential. But unnecessary regulation can damage the interests of the very people it is intended to protect by reducing the number of jobs available to them. It is particularly important that regulations do not inhibit the growth of more flexible patterns of work, including part-time working.

- (iii) **To promote active labour market measures which will help the unemployed to find jobs and to encourage investment in skills:**
the unemployed - and particularly the long-term unemployed - need help and encouragement to compete for jobs in the labour market. They need help which improves the effectiveness of their job search and ensures that they have access to training to improve their employability.
8. There is no inherent contradiction between social progress and labour market reform. All Member States, including the United Kingdom, are agreed that there is no question of abandoning existing systems of social protection. However, all Member States are now in the process of reforming and updating their social protection systems in the light of their concern about jobs and competitiveness. The Brussels European Council Conclusions asked the Commission to begin the process of reviewing the employment impact of past legislation. This is a most important initiative. The Community must not lock itself into unnecessary regulation or establish new employment restrictions which conflict with the needs of people in individual Member States. If the rights of an employee involve excessive costs, they may deny an unemployed person the chance to get back into work.
9. The Green Paper appears to misunderstand the relationship between economic progress and social policy. It suggests that there is a wish for Europe to be "less dominated by economic considerations" and to become "closer to the living and working needs of the population", as if social standards could be achieved without reference to the state of the economy. In fact, most Member States are now reforming their labour market and social protection systems precisely because they need to be adjusted to changed economic circumstances. There can be no social progress without a strong and growing economy. Future developments in social policy must be based on a rigorous analysis of costs and benefits. Creating the conditions for employment growth is the only way to bridge the gap between the employed and the unemployed.
10. The Green Paper also appears to suggest that convergence in the social sphere is a necessary corollary of economic convergence and that it can be tackled in the same way through the setting of targets. Any such attempt to set targets for social convergence would fly in the face of the diversity of systems, traditions and institutions of Member States. It would also risk raising labour costs and inhibiting labour market flexibility and therefore damaging the growth of jobs in the Community. Such an approach is, in any case, not necessary for the satisfactory operation of the Single Market.
11. It would similarly be misguided to try to set conditions or targets in the social area in relation to countries outside the Community. The Member States of the Community have benefited immeasurably from the increase in international trade since the Second World War. That increase in wealth and prosperity has enabled Europe to build its social institutions and support high standards in working conditions. For developing countries, as the Green Paper recognises (page 69), "competition on the basis of natural comparative advantage, which can often legitimately be based on lower labour costs and on a willingness to work longer, harder or under more difficult conditions, is the best way for developing countries to improve their position." It is only by enabling developing countries to trade freely that they will be able to afford the standards which European nations have taken many decades to develop. We should not try to deny them that opportunity.

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The challenge for the European Community

12. The challenge for the European Community is to re-examine many of the assumptions which have underpinned much of social policy in the Community in previous decades. Europe's over-regulated, inflexible and high cost labour markets have seriously damaged its capacity to create employment. The results are evident in the Community's current, unacceptably high level of unemployment.
13. The need now is to reduce the burden of cost and regulation on businesses and to create the conditions where businesses of all kinds can grow. It is essential to pursue policies which will encourage the growth of small firms and self-employment and the development of more flexible patterns of work, particularly part-time employment, and which will maximise opportunities and choice for individuals.
14. Changes in the pattern of working life and working time are inevitable, given the far-reaching changes which have taken place in industries and occupations over the last 20 years. Many of those changes have been welcomed by employees: part-time working, for example, provides a valuable opportunity for people to combine work with family responsibilities. It is wrong and damaging to denigrate part-time and other new patterns of work as "second rate".
15. Equally, it is a fallacy to suppose that more flexible labour markets will produce only low paid, low quality jobs or that labour market reform is to be rejected unless it can guarantee to produce only traditional full-time, highly paid jobs. In the European Community, the paramount social problem is lack of employment opportunities of any kind. The most significant cause of poverty or social exclusion is unemployment. For an unemployed person the most pressing need is to get back into work. Basic jobs can provide a vital first step on the ladder back into employment for someone who has been out of work for many months. Nothing could be more destructive of the job prospects of the long-term unemployed and the unskilled unemployed than to deny them a chance to return to the world of employment.
16. The UK Government does not claim that the policies pursued by one Member State are necessarily appropriate to the problems of other Member States. The UK provides a wide range of statutory rights for people at work and a comprehensive social security safety net and a healthcare system which is free and open to all residents. However, over the last 15 years the United Kingdom has carried out a series of reforms aimed at increasing the efficient operation of the labour market and enabling individuals to realise their full potential within it. As a result of these reforms
 - unemployment in the UK has peaked at a lower level in this economic cycle than in the previous one and has fallen much earlier (by more than 200,000 over the last 12 months) after the resumption of growth
 - regional disparities in UK unemployment have narrowed significantly, youth and long-term rates of unemployment are lower than in other Member States and women's unemployment is lower than that for men
 - employment growth in the 1980s was faster than at any time in the previous 20 years
 - the UK labour market has high participation rates by EC standards (notably for women) and one of the widest varieties of working patterns

- greater flexibility in the way pay is determined has been accompanied by significant growth in the earnings of low paid workers and rapid growth in productivity.

The next stage of social policy in the Community

17. If the Community is to meet the challenge of high unemployment, the main work of the Social Affairs Council over the next few years should be to
- encourage Member States to put in place active labour market policies which will give unemployed people, particularly those at a special disadvantage in the labour market, a better chance of finding employment;
 - develop support for Member States' policies to improve vocational education and training;
 - deploy the increasing resources of the European Social Fund to meet the needs of the unemployed and those who are excluded from the labour market;
 - make sure that freedom of movement for Community citizens seeking work is enhanced in practical ways so that opportunities for individuals are widened;
 - consolidate the Community's achievements on equal opportunities for men and women;
 - secure effective implementation and consolidation of Community legislation to establish minimum standards of health and safety at work.

The annexes to this paper discuss these and other issues in more detail.

18. In general, the UK Government believes that the next phase of social policy in the European Community should be one of consolidation, of ensuring that the body of existing and recent requirements is properly implemented and enforced. The Community should review existing regulations in the light of the need to reduce costs and increase labour market flexibility. It should consider how best to deal with situations in which the European Court of Justice interprets existing legislation in ways which do not reflect the original intentions of the Council. Finally, the Council needs to ensure that any proposals for new legislation are examined critically to ensure that, if they are adopted, they will help, not to destroy, but to create jobs.
19. The UK has consistently supported action to further the objectives of the Treaty in social affairs through the specific provisions of the Treaty which call for action at Community level, eg the free movement of workers and minimum standards of health and safety at work. The UK has always implemented social measures once they have been agreed. If, following the debate on the Green Paper, the Council and the Commission agree to pursue an agenda which is focused on creating jobs rather than extending employment regulation, the UK will continue to play a full part. The provisions of the Agreement of the Eleven are, of course, available to the other Member States if they favour a different approach, but the UK will not be part of these discussions.

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ANNEX 1

HELPING UNEMPLOYED PEOPLE FIND JOBS

- 1.1 Every unemployed person should be helped to compete effectively for jobs but help needs to be targeted in particular on the long-term unemployed. The longer people are without a job the more they lose touch with the demands of the world of work. Their self confidence suffers, they become demotivated and employers become increasingly reluctant to take them on. Without help they risk becoming increasingly excluded from the labour market.
- 1.2 Most of the responsibility for tackling the needs of unemployed people must lie with Member States. In the UK, action to give unemployed people a better chance in the labour market involves:
 - making payment of benefit conditional on unemployed people taking steps to search for jobs. In future, existing benefits for unemployed people will be replaced by a completely new "Jobseekers Allowance" which will further strengthen the links between receipt of benefit and active job search:
 - keeping the unemployed in touch with the labour market through a range of measures delivered by the public employment service including regular interviews:
 - offering a wide range of opportunities to help with job search, work experience and training.
- 1.3 Government support in this area has long been targeted in particular at the long-term unemployed. The main training programme for adults, Training for Work, is designed to help long-term unemployed people find jobs and to improve their work related skills through the provision of training and structured work activity in line with individual needs. There are also opportunities for long-term unemployed people to undertake full time vocational courses while still receiving an allowance equivalent to their benefit entitlement. To provide a bridge from unemployment into work there are in addition a wide range of measures, some well established, others still being piloted:
 - **Jobclubs** provide resources, guidance and support to look for jobs
 - **Jobplan Workshops** give guidance on how to compete successfully for jobs
 - **Restart Courses** rebuild confidence and motivation
 - **the Job Interview Guarantee** secures a commitment from the employer to interview an unemployed person in return for enhanced services from the Employment Service
 - **Community Action** provides work experience in work of benefit to the local community
 - **Work Trials** give unemployed people the opportunity to try out a job while remaining on benefit
 - **A Jobfinder's Grant** covers the expenses involved in taking up a job before unemployed people receive their first wage
 - **Workstart Pilots** are a new experiment to encourage recruitment of long-term unemployed people through a subsidy to the employer.

Role of the Community

- 1.4 All Member States have experience of similar or alternative measures and programmes which address the task of helping unemployed people back into work. Member States have much to learn from each other from this diversity of approach. Without calling into question the responsibility of Member States to decide what provision is most appropriate to their own circumstances, the Community can play a major role in promoting a proper exchange of information and experience. The Commission already does much to bring the experts of Member States together, to promote discussion and to publicise the lessons learnt. But too often this activity lacks a focus or the proper profile. **The Social Affairs Council itself should discuss on a regular basis the practical steps Member States are taking to help people back into work.**
- 1.5 In the Community the European Social Fund has long supported projects within the Member States to address the special needs of long-term unemployed people. At a time of high and rising unemployment across the Community, when 45 per cent of unemployed people have been unemployed for over a year, the UK believes that its primary focus should continue to be on help towards this group.

ANNEX 2

PEOPLE WITH DISABILITIES IN THE LABOUR MARKET

- 2.1 The most effective way to promote job opportunities for people with disabilities is to get employers to recognise the abilities of disabled people and the business case for employing them. This means, on the one hand, getting employers to realise that the best person for the job may be someone with a disability, and, on the other, providing disabled people with the help they need to compete effectively for employment opportunities and to keep jobs once they have them.
- 2.2 In the UK these problems are addressed by a programme of education and persuasion backed by practical help through mainstream and specialist services and programmes designed to enable a flexible response to an individual's needs.

Role of the Community

- 2.3 The UK is firmly committed to the HELIOS II programme through which the integration of disabled people is promoted through exchange activities between organisations in different Member States. The European Social Fund, through the European Community Initiative HORIZON, has also played a significant role in helping to transfer expertise between Member States in the area of improving access to the labour market for people with disabilities. **It will be important that a successor programme to HORIZON draws on the experience of the current initiatives and does not duplicate Member States' programmes but places an emphasis on projects which are innovative and transnational.**
- 2.4 Such action programmes provide a positive example of the proper focus of Community action. However, any wider action, including legislative action as suggested in the Green Paper, should remain a matter for Member States. The UK commissioned research into the legislation and services across the Community and elsewhere. The research, published in October 1993, showed a range of different approaches to legislation and practical help. The report found that while the lessons learnt in one country can be useful to others, the systems are not necessarily transferrable to one another. Community legislation would not allow the important differences to be reflected in the way that Member States provide employment and training help for people with disabilities. **Regular discussion in the Council of Ministers of the help Member States offer to people with disabilities and of the progress of Community Initiatives in this area would be useful.**

ANNEX 3

OLDER WORKERS

- 3.1 As the Green Paper recognises, the ageing of populations across the Community presents significant challenges for the economic and social policies of Member States. In the labour market the priorities are to seek to ensure that employers avoid discriminating on age grounds when recruiting employees, and that people, whatever their age, are equipped to participate effectively.
- 3.2 In the UK individuals of all ages have access to a wide range of help to compete effectively in the labour market. This covers access to vacancies, help with job search skills, and opportunities for work experience and vocational training. Eligibility depends not on age but on duration of unemployment.
- 3.3 The UK Government is determined to persuade employers that it is in their own best interests to abandon age discrimination. Through a campaign, launched last year, the Government is encouraging all employers to adopt the policies towards older workers practised by the best employers. Through the work of a newly established Advisory Group, the campaign will include issuing guidance to employers and individuals and holding seminars to give practical advice on what to do, setting out the real benefits in business terms of doing so. Links are also being forged with other agencies within the UK which are concerned with issues related to older people. This will lead to research into various aspects of the needs and working lives of older people.

Role of the Community

- 3.4 Individual Member States must assess their own particular problems and decide on priorities for the older workers in their country. In this way each Member State can make a valuable contribution to the work within the Community of taking positive action for older workers. **The UK Government would welcome greater dissemination of effective practices which might be used by Member States in developing their own approaches.**
- 3.5 The European Year of Older People and Solidarity between Generations has been very helpful in promoting the increasing importance of the older worker and the social integration of older people generally. The UK would welcome further developments along these lines.
- 3.6 **The UK would like to see the Commission and other Community institutions show the same approach to the employment of older workers when recruiting their own staff. It is difficult for the Commission to promote good practice while as an employer it is itself continuing to practise age discrimination in its recruitment.**

ANNEX 4

TRAINING

- 4.1 The UK Government welcomes the Green Paper's recognition that effective training is essential to producing a more flexible labour market. A qualified and well-motivated workforce is a cornerstone of a competitive economy. Training is crucial in making sure that recovery is not held back by shortages of skills and expertise. All Member States have highly developed training policies to help the economy and ease unemployment. Each has different ways of addressing skill needs and training priorities. The Green Paper provides a welcome opportunity to discuss how the Community can support and supplement action being taken by Member States in line with the new Treaty.

The Treaty basis

- 4.2 Treaty Article 127 states that responsibility for the content and organisation of training rests with the Member States. It is vital, especially in its first steps under the Treaty, that the Community should be seen to respect fully these provisions.
- 4.3 Heads of Government, at the Brussels European Council, endorsed a clear approach to improving competitiveness including support for Member States' training efforts. The Council Conclusions recognise that the Community's role must be focused on defining objectives, while leaving Member States free to take action within a common framework.

A strategic approach

- 4.4 There is a good deal of scope for useful work *within the Treaty framework* which does not call into question the responsibilities of Member States. **The UK suggests that the Social Affairs Council should develop a coherent training strategy consistent with the Brussels European Council Conclusions.** Such a model, aimed at improving training performance, would inform the national, sectoral and local training systems. It would be based on agreed priorities to be delivered in the context of national circumstances and traditions. Agreed aims for a Community model might include the following:
- to gain commitment to effective investment in training by employers, owner managers and individual workers;
 - to target help on those most in need in the labour market, particularly the unemployed;
 - to provide a solid foundation for people entering the labour market for the first time and to recognise that young people should have the best possible preparation for working life, with particular emphasis on the benefits of enterprise; and
 - to secure continuing improvements in the quality and cost of training offered by vocational education and training providers and an improved awareness of, and access to, appropriate forms of learning.
- 4.5 Such a strategy would be given expression in a series of national goals. To be effective these should be not just the goals of the public authorities but should also involve businesses, the social partners, individual employees, young people entering the labour market, women returners and the unemployed.

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- 4.6 Value could be added to national policies and activities through the publication of Member States' national training strategies, stimulating exchanges of ideas. This approach could give rise to high level discussion aimed at contributing to the Treaty aim of improving training quality, eg by the Directors General for Vocational Training and in the Council of Ministers. National developments within the agreed strategy might be covered in the periodic reports proposed within the draft Leonardo da Vinci Decision.

Training to meet business needs

- 4.7 The UK Government welcomes the recognition, in the Green Paper, that training and re-training must be relevant to real labour market needs. This echoes the Brussels European Council conclusions, which call for Member States to increase labour market flexibility.
- 4.8 The Recommendation on access to continuing training, adopted by the Social Affairs Council on 30 June 1993, provides the framework for the Community. The Council recognised that the way forward was to adopt a light and flexible instrument to allow employers and individuals to take the training decisions which best serve their needs and enable them to perform more effectively in the global market-place. The Council rejected more restrictive forms of legislation, which would have contradicted the Treaty on European Union's specific exclusion of any harmonisation of the laws and regulations of the Member States. This approach holds good for the future: imposing new burdens on employers would make training decisions less efficient and break the link between training and competitiveness.
- 4.9 To reinforce this link the Community might encourage new business-led standards for best practice in linking the training and development of a firm's employees to its business requirements. There might also be a Community training award for firms with effective training programmes designed to improve their competitiveness. This might be linked with the strategic approach described above.

Preparation of young people for working life

- 4.10 The UK Government shares fully the Green Paper's concern to enable young people to gain the skills they need, in order to compete in the labour market and develop a satisfying career. The UK Government's own strategic document, "Prosperity through Skills", identifies, as one of four primary national priorities, the need to encourage and enable young people to gain the skills and enterprising attitudes needed for entry to the workforce. Through a series of initiatives and reforms, the UK Government is seeking to ensure that all young people receive education and training of a high quality in order to prepare them for an increasingly competitive and changing labour market.
- 4.11 The Green Paper highlights one of the key issues that Member States are tackling - the need to update and improve apprenticeships. The UK Government endorses this view. It has announced plans for the introduction of a new form of modern apprenticeship in the UK. This will involve work-based training to defined standards. To be effective, the enhancement of training of young people must be fully embedded in national and local systems and cannot therefore be specified in detail for the Community as a whole.

4.12 The United Kingdom currently guarantees the offer of a suitable training place to: all 16 and 17 year olds who are not in full time education or a job and are seeking Youth Training (YT); and those aged 18 and over whose first time entry into training has been delayed by particular personal difficulties or disadvantages. The UK does not believe a legislative approach is an appropriate or effective means of maximising young people's potential. What is needed is a strategic approach which results in young people entering the workforce with a solid base of skills and the motivation to continue to learn throughout their working lives.

Building on current Community action

4.13 The Commission's proposal to bring together current action programmes in the rationalised LEONARDO da Vinci and SOCRATES proposals, covering training and education measures, is a welcome move. **It will be important for the Council to ensure that these programmes are fully consistent with the new Treaty and that proposed expenditure is justified. The UK Government therefore suggests that the Commission should present the Council with a synthesis of key issues emerging from the evaluation of existing programmes, together with an assessment of how best to build on the most successful initiatives undertaken to date. There should then be regular Council discussion of the progress of the new initiatives to ensure that the lessons from past programmes are being learned.**

4.14 There is evidence to suggest that organisations and individuals participating in programmes such as FORCE and PETRA can derive benefits from their transnational contacts. However, those directly involved with the programmes represent only a part of the whole training market. There are doubts as to whether lessons learned have reached a sufficiently large audience and whether results might be disseminated more widely. The Council should therefore have clear and concise information about the achievement of current programme objectives and the rates of participation of target groups in the various types of action in order to take informed decisions for the future.

4.15 The Green Paper asks about the impact of Community support for innovative programmes on Member States' policies for human resources. To date, this appears to have been marginal in most cases. The revision of the action programmes offers an opportunity to maximise their impact upon the wider Community training market. Care must be taken therefore to ensure that Community measures proposed are practical and capable of efficient implementation, as well as fully consistent with their proposed legal bases.

4.16 A great deal of work has already been undertaken to provide information and advice for those who wish to study, train or work in another Member State, for example through NARIC, the EURES Units and the PETRA vocational guidance information centres. The Community might usefully build on experience to date: in order to achieve, over time, a more coherent and user friendly approach to information and advice on work, qualifications and training, whilst avoiding the pitfalls of centralised, expensive and bureaucratic systems.

ANNEX 5

THE SINGLE MARKET AND JOBS: THE FREE MOVEMENT OF WORKERS

- 5.1 The creation of the Single European Market offers unparalleled opportunities for individual enterprise, business growth and employment throughout the Community. It has the potential to open up many new jobs and to attract inward investment into the Community. The UK has always regarded the efforts to make the Single Market a reality as deserving top priority. While the legislation is now in place to achieve the principle of freedom to seek or take up work across the Community which is enshrined in the Treaty, there can still be some practical barriers in the way of Community citizens who seek to take advantage of it. Further Community action needs to focus on these practical barriers.
- 5.2 People still have difficulty gaining access to the information they need about jobs and job opportunities in other Member States. The **EURES network**, formed by the national employment services and the Commission, is being developed to give better guidance and information on Community-wide job offers and living and working conditions. The development of the system needs to be continually monitored to see whether the necessary information is being provided effectively to job seekers.
- 5.3 The legislative framework for the proper mutual recognition of **qualifications** is also now in place. However, considerable work still needs to be done to ensure that individual workers are able to present their skills and experience to employers in other Member States and do not face unfair barriers to recruitment. The Community might now help more actively to promote a real European market for qualifications. The Council of Ministers set out, in its Resolution on transparency of qualifications of 3 December 1992, the direction in which it wishes the Commission to pursue the objective of freedom of movement for workers. **In order to achieve a wider acceptance of national qualifications across the Community, a range of practical measures should be considered, including an "individual portfolio" which summarises an individual's qualifications and work experience in a format which prospective employers can easily understand.**
- 5.4 The UK recognises the importance of measures at a Community level for the co-ordination of **social security** for people who take up work in another member state. It would welcome any proposals for improvement and, where appropriate, simplification of those arrangements where such changes would assist the free movement of European Economic Area (EEA) workers without increasing the financial burdens on Member States. In addition, it would welcome proposals - taking account of the diversity of systems in Member States - to protect the occupational pension rights of migrant or would be migrant EEA workers.
- 5.5 However, the UK considers that the rights of free movement and residence which extend to EEA nationals who are not economically active (such as students and pensioners) should continue to be subject to the existing conditions that such persons are financially self-sufficient and do not become a burden on the social assistance of the host member state. The abandonment of those conditions, as contemplated in the Green Paper, would mean that EEA nationals who were unable or unwilling to support themselves could move to any other EEA country and reside at the expense of the host states' taxpayers against all the established principles in this area.

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ANNEX 6

SOCIAL SECURITY AND SOCIAL PROTECTION

Convergence and diversity

6.1 The Community is committed to a high level of social protection and to the strengthening of social cohesion. The UK notes the finding in the Green Paper (pg 60) that, in practice, working and living standards in the Community appear to be converging at a higher level rather than at the lowest common level. It is important to respect, however, the diversity of national systems of social protection. These have developed according to each Member State's particular political, social and economic pressures. Systems may be based on the social insurance model for workers first introduced in Germany by Bismarck, or the universalist model of social security typified by Beveridge, or (increasingly) a mixture of the two. Systems also vary considerably in their administrative structures, ranging from one central administrative body to many different agencies, institutions and funds. It will be for Member States to adapt their respective systems to changing circumstances - and indeed they are constantly doing so, notably in seeking to concentrate resources on those areas of greatest need. The Community has a role to play in analyzing further the relationship between social protection and economic performance and in promoting exchanges of information on the measures taken by Member States, in particular in relation to costs and incentives.

Costs

- 6.2 A key challenge facing Member States is to control costs, whilst maintaining social protection. As the UK pointed out in its contribution to the EC White Paper on Growth, Competitiveness and Employment, spending on social protection is a significant and growing burden on employers, employees and taxpayers generally. The costs of public social protection (social security, social assistance and health care) were equivalent to 26 per cent of GDP in the EC in 1990, compared with 15 per cent in the USA and 12 per cent in Japan. Demographic and social change, as well as advances in medical technology, are pushing this spending up further. Between 1990 and 2020, the proportion of people over 65 in the EC is likely to increase by 25-40 per cent, which would increase social expenditure's share of GDP by 3 per cent in most EC countries. The cost of social protection will also be shared amongst a smaller number of people. These costs have a direct or indirect impact on unemployment and economic performance.
- 6.3 Many Member States have taken steps to control the burden of social spending and focus it on areas of greatest need. For example, the UK made wide-ranging reforms of social security in the late 1980s. The UK is now conducting another long-term review of social security expenditure. As part of that review, it has published an account of expenditure trends in the UK ("The growth of social security", HMSO, July 1993). Examples of action taken by other Member States to control costs are contained in the publication "Containing the cost of social security - the international context" (HMSO, October 1993). The need for such action is likely to continue.

Incentives

- 6.4 If social protection systems are to support, and certainly not undermine, healthy economies, the structure of those systems will need to be kept under review and

reformed as necessary. It will be for Member States to decide the precise arrangements in each case. But it is likely that all will need to address the issue of providing incentives (and avoiding disincentives) to people to work, look for employment and to save. The section of this paper on active labour market measures stresses the importance of designing benefits for unemployed people correctly, and makes a number of suggestions from the UK experience. In other areas of social protection too, the issue of incentives is an important one. For example, the UK benefit "family credit" encourages reintegration in the workforce by supplementing low incomes for working families, including the self-employed. The existence of this benefit has been of particular importance in enabling individuals to take advantage of changing labour market patterns and the growth of part-time jobs.

Social exclusion

- 6.5 The Green Paper refers to the fight against poverty and social exclusion. The European Social Fund will have a major role to play in helping tackle exclusion from the labour market, on the basis agreed in last year's review of the Structural Funds. The design and implementation of policies which focus on those most in need remains a challenge for Member States. A range of measures will be appropriate, depending on local circumstances. It is very doubtful, however, whether the idea suggested in the Green Paper (pg 35) of an integration plan for all the excluded is practical, not least because there is no generally accepted definition of social exclusion, let alone reliable evidence about the most effective ways to tackle its causes. There is, however, a Community role in disseminating information and promoting good practice, taking account of lessons learned in earlier Community work in this area. The UK is contributing to the development of knowledge in this area by co-sponsoring a technical conference on indicators of social exclusion, to take place in June.

ANNEX 7

EQUAL OPPORTUNITIES FOR MEN AND WOMEN

- 7.1 The legislative framework to ensure the principle of equality between men and women in the Community is now in place with a number of binding Community instruments. Further Community legislation in this area is neither necessary nor desirable. The challenge is now to ensure that there are consistent standards of enforcement across the Community - for example, in the field of equal pay for work of equal value where not every Member State has the necessary enforcement mechanisms.
- 7.2 The Community Structural Funds too can underpin the work of Member States to help realise equal opportunities in practice for men and women. The UK welcomes the fact that the European Social Fund has for the first time included the promotion of equal opportunities between men and women in the labour market as a specific priority under Objective 3.
- 7.3 It is important, both at Community level and for Member States, to address the interests of women within the mainstream of employment and other policies. Enabling women to make their maximum contribution to the labour market is a vital part of any strategy to improve skills, competitiveness and flexibility. The UK has the highest participation rate for women in the labour market after Denmark and is the only country in the Community with a lower unemployment rate for women than for men. For example 43 per cent of British women work part-time, and the Labour Force Survey indicates that over 80 per cent of them do so because they prefer to. Employment prospects for women are also good for the future. 80 per cent of new jobs are expected to be taken by women. Girls are now, on average, emerging from school and university better-qualified than boys.

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ANNEX 8

HEALTH AND SAFETY AT WORK

8.1 The UK Government has always attached great importance to this aspect of working life and recognises the vital role for the Community in this area. At its simplest, employees have a right to know that their jobs and working conditions are safe and healthy wherever they may choose to work in the Community. Major strides have already been made and this should continue to be an important focus of the Community's social policy.

Future Community Action

- 8.2 The UK Government, therefore, very much welcomes the general approach taken in the recent Commission Communication outlining a "General Framework for Action by the Commission of the European Communities on Safety, Hygiene and Health Protection at Work (1994-2000)". There has been a substantial body of Community legislation in recent years, and it is right that, during the remainder of the century, the emphasis should be on **consolidation**. The General Framework contains a very helpful acknowledgement that when adopted directives are updated, the Commission will look to simplify them in the context of the principle of subsidiarity. The Commission should fully evaluate existing legislation, in this as in other areas, and, as a priority, consider repealing ineffective and outdated legislation.
- 8.3 The General Framework also recognises the importance of ensuring consistency of **implementation** by Member States. We believe that this can best be achieved if the European Commission develops a positive and constructive debate with Member States on the issues and problems encountered in implementing EC legislation. Transposition of EC directives into national legislation is, however, only part of the process. There needs to be some consistency of **enforcement** and practical implementation at workplace level. The work being undertaken by the Committee of Senior Labour Inspectors to establish common principles and elements of inspection is a fruitful way forward. The work of this Committee should be recognised and encouraged by the Commission.
- 8.4 The UK also supports the recognition in the Green Paper of the economic consequences of ill health and accidents for the Community as a whole and agrees that improved health and safety at work does not automatically impose added costs. However, the costs to industry, and the consequential adverse impact on employment, of poorly focused and overly prescriptive measures can often outweigh the benefits. Community measures for improving health and safety, in order to be effective in practice, must be developed with a proper assessment of risk and of the **full** costs and benefits of **all** new proposals.
- 8.5 The European Year of Health and Safety made an excellent start towards raising awareness and stimulating practical action at the workplace. There is scope for further promotional work at the level of the Community, but it would be more effective if it were delivered through existing programmes and networks in recognition of the fact that, in many cases, Member States themselves are in the best position to target information material to meet the needs of their own employers and workers.

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ANNEX 9

PUBLIC HEALTH

9.1 The UK Government welcomes the Commission's Communication on a framework for action in the field of public health. It provides a very helpful basis for decisions to be made on a long term plan for Community action in this field. **The UK Government believes that a long-term plan should include the following general objectives to be achieved by the year 2000:**

- the establishment of European networks, involving centres designated by Member States, through which, for specific diseases
 - information can be shared on the findings of research, including epidemiological studies, and on research under way;
 - collaborative arrangements can be set up to consider and propose new ways of reducing the incidence of those diseases, and of monitoring the effectiveness of actions taken; and
 - key personnel from one Member State can gain experience of working in their fields of expertise in other Member States.
- measurable improvements in the ways in which data on specific diseases are collected in each Member State and are distributed and collated for the purposes of international comparisons;
- the establishment by Member States of targets, possibly within a broad Community framework for reductions in morbidity and mortality associated with specific diseases, to be pursued by Member States through the combination of measures judged most appropriate and effective by their Governments, taking account of the differences in traditions and cultures between the Member States;
- the establishment of clear criteria by which the Community and Member States can assess the implications for human health protection of policies pursued in other fields, and the effective operation of procedures by which the Council and the Parliament can make such assessments.

These objectives are consistent with the set of principles agreed by the Council in its Resolution of 27 May 1993.

9.2 The UK Government has already identified in its "Health of the Nation" strategy for England 5 key areas for action, within which it has set overall objectives for improved health and specific targets to be met by set dates. The criteria governing selection of the key areas were:

- the area should be a major cause of premature death or avoidable ill-health;
- effective intervention should be possible, offering significant scope for improvement in health;
- it should be possible to set objectives and targets, and monitor progress towards them.

The 5 key areas are coronary heart disease and strokes; cancers; mental illness; HIV/AIDS and sexual health; and accidents.

9.3 The UK Government does not argue that other Member States, or the Community as a whole, should select the same key areas. Indeed, within the UK, Scotland, Wales and Northern Ireland have their own strategies whose key areas are not

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identical to those for England. The UK would find it difficult, however, to accept a proposal for a long-term plan for the Community which did not envisage focused action on cancers, coronary heart disease and strokes. The UK would wish to see action focused as well on improving the monitoring, surveillance and control of communicable diseases, the risk of increased spread of which may be heightened by the operation of the single market and free movement of people and goods.

- 9.4 The action needed in each case within Member States is for their governments to determine. Community action, where necessary, should support and promote efforts by Member States' governments to co-ordinate among themselves their programmes and policies in the key areas identified. Article 129 makes clear that such Community action should be limited to incentive measures and exclude any harmonisation of the laws or regulations of the Member States.

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ANNEX 10

THE SOCIAL DIALOGUE

- 10.1 All Member States have well-established traditions of consulting their social partners in the development of social policies. It is right that the Community's institutions should develop their own arrangements for consulting them. The UK has always supported the principle of wide consultation before new proposals are brought forward. The Commission has recently taken steps to increase the range of organisations with which it consults. This is welcome, as long as these arrangements are subject to constant review to avoid excluding new organisations from entering the dialogue.
- 10.2 However, social policy affects everyone in the Community, not just organised labour and the business community. Many participants in the labour market and the population at large lie outside the organisational networks of the social partners. The Green Paper suggests that the Commission is keen to "democratise" the process of social change by involving the social partners. However, care needs to be taken to avoid creating new distortions by establishing exclusive arrangements which involve consulting only the social partners. The key imperative is to ensure all organisations with a legitimate interest are consulted - including bodies such as voluntary organisations, specialist trade groups, and consumer organisations.
- 10.3 The development of the social dialogue in the Community will also need to address the major changes in the nature of work that are taking place across Europe. The need to become more responsive to the labour market and to devolve decision making within companies has generally led to some decentralisation within bargaining systems, with more stress now placed on the individual. The growth in part-time, self-employed and other forms of flexible work to meet the changing needs of individuals and businesses are also demanding different responses. Consultative arrangements at the European level should reflect these changing labour market patterns if the Community is effectively to serve the needs of the individual citizen.
- 10.4 Collective bargaining practices vary throughout the Community reflecting the differing traditions and legal systems of Member States. Common competitive pressures are forcing change upon these systems. Against this background, therefore, and the changing nature of the labour market, questions arise about the wisdom of encouraging the development of bargaining at a European level.

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session documents

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R E P O R T

on the Green Paper entitled 'European Social Policy
- Options for the Union'
(COM(93)0551 - C3-0490/93)

Committee on Social Affairs, Employment
and the Working Environment

Rapporteur: Mrs Ria OOMEN-RUIJTEN

**PART A: MOTION FOR A RESOLUTION
OPINION**

PE 207.930/final/part A
Or. [nl] - en

- * Consultation procedure
simple majority
- **I Cooperation procedure (first reading)
simple majority
- **II Cooperation procedure (second reading)
simple majority to approve the common position
absolute majority of Parliament's component Members to reject or amend the common position
- **III Assent procedure
absolute majority of Parliament's component Members to give assent
except for simple majority under Articles 145, 146, 147 and 228 EC

- ***I Codecision procedure (first reading)
simple majority
- ***II Codecision procedure (second reading)
simple majority to approve the common position
absolute majority of Parliament's component Members either to adopt a declaration of intent
to reject the common position or to amend or confirm the rejection of the common position
- ***III Codecision procedure (third reading)
simple majority to approve the joint text
absolute majority of Parliament's component Members to reject the Council text

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On 18 November 1993 the European Parliament received from the Commission of the European Communities the Green Paper entitled: 'European Social Policy - Options for the Union' - COM(93)0551 - C3-0490/93.

At the sitting of 7 February 1994 the President of the European Parliament announced that he had referred the Green Paper to the Committee on Social Affairs, Employment and the Working Environment as the committee responsible and to the Committee on Women's Rights for its opinion.

At its meeting of 25 November 1993 the Committee on Social Affairs, Employment and the Working Environment appointed Mrs Oomen-Ruijten rapporteur.

At its meetings of 2 December 1993, 25 January, 23 February, 16 March and 20 April 1994 it considered the draft report.

At the last meeting it adopted the motion for a resolution by unanimously with one abstention.

The following were present for the vote: van Velzen, chairman; Reding, vice-chairman; Oomen-Ruijten, rapporteur; von Alemann, Brok, Buron, Catasta, Deprez, Fayot (for Carniti), Gil-Robles Gil Delgado, Guidolin (for De Vitto), Hughes, Megahy, Menrad, Oddy (for Pagoropoulos), Onur, Peter, Pisoni F., Pronk, Rønn, Schiedermeier, Schmidbauer (for Alvarez de Paz), Spencer, Thyssen (for Jackson), Van Ouirive (for Glinne)

The explanatory statement will be published separately.

The opinion of the Committee on Women's Rights is attached.

The report was tabled on 21 April 1994.

The deadline for tabling amendments to this report will appear on the draft agenda for the part-session at which it is to be considered.

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A.

MOTION FOR A RESOLUTION

Resolution on the Green Paper entitled: 'European Social Policy - Options for the Union' (COM(93)0551 - C3-0490/93)

The European Parliament,

- having regard to the Treaty establishing the European Economic Community, and, in particular Articles 117-124 and 130 thereof,
 - having regard to the Agreement on Social Policy set out in Protocol 14 to the Treaty on European Union,
 - having regard to the Community Charter of the Fundamental Social Rights of Workers and the accompanying social action programme,
 - having regard to the Commission's Green Paper entitled: 'European Social Policy - Options for the Union' (COM(93)0551 - C3-0490/93),
 - having regard to its resolutions of 22 November 1989 on the Community Charter of Fundamental Social Rights,¹ 13 September 1990 on the Commission's action programme relating to the implementation of the Community Charter of fundamental social rights for workers - priorities for 1991-1992,² 8 July 1992 on the European labour market after 1992³ and 15 December 1992 on the first report on the application of the Community Charter of the Fundamental Social Rights of Workers,⁴
 - having regard to the report of the Committee on Social Affairs, Employment and the Working Environment and the opinion of the Committee on Women's Rights (A3-0270/94)
- A. whereas the Commission Green Paper on Social Policy has the aim of encouraging debate on the future of the social policy to be pursued by and in the Union and broadening this debate; whereas there is a need for a broad debate on the future course of social policy to ensure the optimum social and economic functioning of the Union, and whereas in itself it is a welcome development that the many sections of society involved are being given the opportunity to participate in the intensive debate on the future of social policy in the European Union,
- B. whereas the Union's social policy needs to be reviewed, as this policy has not been pursued with the same determination as other policies for the completion of the internal market, and seems to have come to a standstill and not to be benefiting from the new procedures provided for by the Treaty

¹ OJ No. C323, 27.12.89, p.44

² OJ No. C260, 15.10.90, p 167

³ OJ No. C241, 21.9.92, p 51

⁴ OJ No. C21, 25.1.93, p 39

on European Union; whereas it is also necessary that there should be fresh attempts made to complete the 1989 Social Action Programme,

- C. whereas this state of affairs has caused anxiety and discontent on the part of public opinion in the Union and discredited the whole process of European integration,
- D. whereas the greater focus on subsidiarity in the Treaty on European Union shows that there is a need to determine the appropriate level of decision-making in establishing the framework of the new social and economic order, and how cooperation should be undertaken with the competent authorities, social partners or welfare organizations to this end,
- E. whereas the initiation of the social debate by means of this Green Paper must not result in a renewed debate about, or undermine, the powers of the Union in the field of social affairs,
- F. whereas the envisaged debate should result in the creation of specific policies and agreements for action between the social partners at the european, national and local level; the Member States; the institutions of the Union; local and regional authorities and the non-governmental sector,
- G. whereas the Green Paper lists the achievements of the EU's social policy and outlines the challenges which will face the EU in the 21st Century and the far-reaching changes in society (in terms of demography, composition of households, technology, etc.) which require a response,
- H. deploring in the strongest terms the fact that, after the round of consultations in September 1993, specific proposals were not immediately put forward for redefining social policy, together with a new action programme, set of priorities and assignment of the policy priorities to the institutions responsible for them, and condemning the continual failure of the Commission and especially the Council to make full use of the qualified majority voting procedure, thus impeding further progress in the social dimension,
- I. deploring likewise the fact that, because of the long period involved in discussion of the Green Paper, the Commission has not submitted any new specific legislative proposals, especially those designed to complete the work of the Social Action Programme,
- J. whereas, as has been said many times by the Council, lasting rapid (labour-intensive, sustainable, ecologically sound and economic) growth is a precondition for a satisfactory social policy, and whereas it is very important to coordinate financial, fiscal, economic and social policy within the Union,
- K. whereas the practical proposals arising from the debate on the Green Paper must be prepared in close coordination with the implementation of the White Paper, 'Growth, Competitiveness and Employment',
- L. whereas the European Parliament has already repeatedly expressed its views on the social dimension of the European Union, the need for a substantial and coherent European social policy and the measures which should be taken in this connection, and whereas its resolution of 13 September 1990 on the

Commission's 1989 action programme contained more than 100 specific proposals,

- M. believing that the Union has an important role to play in the realization and underpinning of the European social model; recognizing that the European social model as traditionally understood is under challenge because of persistent high levels of structural unemployment, the changing nature of production and work, globalization and greater interdependence in the world economy, rising levels of poverty and social exclusion and general social inequality; but convinced that, while it may need to be adapted to new economic and social circumstances, the European social model and its goals remain valid as the fundamental basis for European society,
- N. taking the view that the fight against unemployment should be treated as the main priority of European economic and social policies in the medium term,
- O. whereas labour market policy must tackle the qualitative and quantitative imbalances on the labour market; whereas, moreover, there is a strong need to organize the labour market differently and better, as a result of which greater flexibility and sharing of available jobs, as well as changes in the composition of households, should be better reflected in the distribution of employment,
- P. whereas, in order to promote labour-intensive growth, measures must be taken such as reducing non-wage labour costs, reducing the differential between gross and net wage costs (at the lower end of the labour market), differentiation of VAT rates in favour of labour, etc.,
- Q. whereas the social protection systems must help to combat exclusion and whereas solidarity should retain priority as a premise; whereas these social protection systems must take account of the changes which have occurred in the demographic situation, including the fact that the family is no longer the only possible type of household in our community,
- R. whereas efforts to combat exclusion and to improve social conditions can help to create employment, and whereas there is a need to provide publicly run centres for children and the elderly and a need for better homes and a healthier environment, especially in the major cities,
- T. whereas, in the social field, the Union's external relations are geared to gaining acceptance by other trading blocs, or worldwide, of standards prevailing within the Union,
- S. Whereas it is now widely recognised that the development of human potential is a precondition for attaining the economic, social and quality of life objectives that the Community has set; whereas the quality of human resources and the continuous adaptation of manpower skills are a competitive advantage for Europe when it comes to international competition; whereas the tradition of a thorough vocational training should therefore be encouraged and promoted by the Union,
- 1. Welcomes the publication of the Commission's Green Paper, in the belief that a thorough debate on the future of European social policy can in fact strengthen the case for and the legitimacy of the Union carrying out actions in the social field; believes, however, that such a debate should not be an excuse for undermining or undoing the achievements and the Community

"acquis", legislative and non-legislative, that have been attained in the social field at European level;

2. Takes the view that the imbalance between economic integration and the social dimension of the internal market must not be accentuated by using the Green Paper to delay any and all legislative proposals and initiatives and by referring to the implementation of a possible new white paper on social policy, perhaps in 1995;
3. Points out that the Community "acquis" remains incomplete, given that a number of important proposals from the social action programme have still to be adopted by the Council (protection of young people at work, atypical work, posting of workers, parental leave, reversal of the burden of proof); insists that a new, fully implemented social action programme should form the basis of the next stage in European social policy; recalls in this connection that the Charter of the Fundamental Social Rights of Workers must remain a reference point for Community social legislation and that the use of the Protocol on Social Policy annexed to the Treaty on European Union should make it possible to overcome the existing blockages;
4. Notes that Member States of the European Union have a strong social tradition, which urgently needs to be extended to Union level; believes that the need to renew and adapt this tradition in accordance with the requirements of our times must not lead to dismantling of social legislation, but that the established social rights which are the result of trade union action and consultation must be preserved and extended so that more people can enjoy the benefits they confer;
5. Reaffirms its commitment to the European social model based on the social market economy; takes the view, moreover, that rules should be adopted at European level in order to prevent social dumping and competition to adopt the lowest standards, to guarantee social cohesion and to develop fiscal harmonisation;
6. Takes the view, furthermore, that the right to employment is an essential element in the European social market economy;
7. Disputes the notion that a social policy carried out at European level must be halted because it may be a burden or cost on society, believing instead that it is an essential prerequisite for economic prosperity and the proper functioning of markets;
8. Considers that the Commission's paper fails to demarcate clearly the regional, national and European spheres of competence;
9. Expresses the fear that some may take advantage of the subsidiarity debate as a pretext to avoid pursuing any Community social and fiscal policy; therefore expresses its distrust at the Green Paper's division of European Union policy-making among different spheres of competence and does not wish to express any a priori opinion concerning the nature and strategy of Community instruments other than that they must comply with the rules and procedures laid down in the Treaty;
10. Takes the view that the Union's actions in the social field can be divided into three kinds: (a) actions which are exclusive to the Union and can only be achieved through action by the Union (e.g. free movement of workers,

promotion of high social standards, social measures accompanying the transition to EMU, economic and social cohesion and international aspects); (b) actions which the Union shares with Member States but where it is legitimate that the Union should take the lead in their realization (e.g. equal opportunities, promotion of the social dialogue, combating unemployment); (c) actions which the Union also shares with Member States but where the Member States retain the leading role, the function of the Union being to provide a common framework of priorities (e.g. development of human resources, combating social exclusion, action to help the elderly and disabled and the homeless, convergence of social security systems) and to promote exchanges of views and information about the various social policies of the Member States, to process the information and to make proposals in the form of recommendations designed to bring about convergence of social policies;

11. Expresses its concern at the fact that the Conservative Government of the United Kingdom persists in its refusal to accede to the Protocol on Social Policy;
12. Takes the view that in these actions the Union should be guided by the following priorities: employment, workers' rights, including strengthening the role of the two sides of industry, social protection, combating exclusion, equal treatment;
13. With regard to the various 'priorities' referred to in paragraph 12:
 - a: employment, labour market policy and growth conducive to the generation of employment: takes the view that, in the interests of employment, within the framework of the growth initiatives proposed in the Commission White Paper and at the Brussels Summit of 10 and 11 December 1993, the following should be implemented:
 - better functioning of the labour market, by strengthening and adapting public employment services and agencies, eliminating rigidities and encouraging mobility, particularly at Community level. Special attention should be devoted to the difficulties encountered by transfrontier workers;
 - reorganization of total working hours subject to agreement between the two sides of industry, with a view to promoting job creation (encouraging part-time working, reducing daily or weekly working hours, training credits, sabbatical years or parental leave, etc.);
 - reduction of the non-wage costs of labour, especially in the case of unskilled work, by means of appropriate fiscal measures;
 - b. education, continuous education and vocational training: believes that it is a fundamental right of every resident to receive education and training; attaches value to the adoption of targeted and financial measures at European level in the field of training, especially vocational training with the view that new measures should be adopted as a matter of urgency to enable 2.5% of the workforce to undergo training each year;
 - c. transfrontier working: observes that, in regions straddling national borders, employers and employees still operate in isolation from each other, particularly as regards transfrontier working; believes that the two sides

of industry should take action in this respect and advocates greater interregional cooperation, which could, inter alia, serve to promote collective agreements on terms of employment in transfrontier regions; believes that when Member States plan to introduce new legislation, they should assess its impact on transfrontier working and transfrontier workers; considers that the Commission ought to set up a special monitoring unit, similar to that for cartel policy, to check that Member States are not violating the rights of EU citizens as laid down in the Treaty on European Union and Community regulations, and that individual citizens should be able to contact that unit;

- d. **working conditions and workers rights:** notes that a certain amount has already been achieved by the Community with regard to working conditions and takes the view that consolidation, monitoring of compliance and, where necessary, adjustments to the existing rules in the light of current knowledge and technology are needed and that directives urgently need to be adopted:

- concerning the prohibition on discrimination against employees who uphold their rights or refuse to carry out unacceptable instructions in the course of their work,
- concerning the right to be consulted and to participate in the affairs of the enterprise,
- concerning protection of the individual against dissemination and communication of data,
- concerning appropriate protection against dismissal,
- concerning the continued payment of wages on public holidays and during illness;
- concerning a labour clause in public works contracts.

The role of the Community with regard to the adoption of rules concerning the working environment - health, safety, the environment, recognition of occupational diseases - should be maintained and expanded. Future directives and framework regulations should state the objectives and principles of application in order to facilitate satisfactory compliance with the subsidiarity principle, the framework approach being supplemented with specific directives or regulations according to the subjects or sectors concerned. The active role of the two sides of industry should be strengthened at both European and national level. The application of the Protocol on Social Policy should be undertaken at an early date, including the transposition of Community legislation through collective bargaining at national level;

- e. **equal treatment and actions in favour of people with disabilities:** stresses that people with disabilities are Citizens of the European Union and that the question of their equal treatment is a human rights issue; calls on the Commission

- to create a new Directorate within DGV with responsibility for developing policy initiatives in favour of disabled people
- along with other institutions of the Union, to set an example by ensuring that people with disabilities are employed at all levels within them
- to this end, to investigate current best practice within the member states to see which might be most appropriate and effective, and on this basis to produce a new code of conduct for the Unions's institutions and

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a proposed Recommendation on the integration of disabled persons in the labour market

- to ensure that all legislative and other proposals are monitored for their implications for people with disabilities
- to ensure that, following the amalgamation of Horizon into a broader Community Initiative, people with disabilities will continue to receive a guaranteed proportion of available funds
- to ensure that people with disabilities, through their representative organisations, are consulted on all issues and decisions affecting their interests.

Finally calls on the Member States to take the opportunity provided by the reexamination of the Treaty in 1996 to add an Article outlawing all forms of discrimination;

f. measures in favour of older people: calls on Member States

- to apply the common criteria on minimum resources agreed by the Council in its Recommendation of 26 June 1992
- vigorously to pursue the objectives of the Recommendation on the Convergence of national social security systems of 27 July 1992
- through the Council, to adopt a Recommendation on minimum incomes which sets definite targets, expressing minima as a percentage of average incomes on a state-by-state basis
- to develop systems based on flexible retirement ages and full sexual equality in all matters to do with ageing, pensions and retirement
- to improve older people's access to health care and to develop care systems which enable them where possible to stay in their own homes, and to ensure minimum standards of housing and care where this is impossible.

Calls on the Commission to bring forward proposals in favour of older people, including measures

- to prevent fraud in pension funds
- to bring about accessible and affordable public transport and a safer traffic infrastructure, as part of the Common Transport Policy
- to give full freedom of movement for all retired people legally resident in a Member State
- to speed the implementation of the Recommendation for the introduction of a European Seniors' Pass
- to outlaw age discrimination in employment
- to establish a multi-year programme which builds upon the progress made and structures established as part of the European Year of Older People and Solidarity Between the Generations
- to ensure that older people are given the opportunity, through their representative organisations, to participate fully in all decisions affecting their interests;

g. social protection and social security: believes that it would be unwise to adopt a passive attitude with regard to social protection at European level, and urges the Commission, Council, management and labour to adopt a European approach to maintaining and improving social protection; when social security and social protection systems are revised, calls for them to be designed to meet the needs of each category of people (needs related to age, sex, family situation, health or socio-economic status), to encourage people to participate actively in the labour market, and to create genuine

opportunities for them to do so; calls on the Member States to implement the Council recommendation on convergence of the objectives of social protection and policies and on the Commission to promote effective exchanges of information, on a comparable basis, about all social security systems with a view to obtaining a better understanding of the level of convergence achieved among these systems, which can act as a basis for developing minimum European standards and the gradual harmonization of social protection systems; believes that genuine convergence of social protection is urgently needed and that the problem of financing it cannot be ignored; a possible overhaul of the financing of social security must not result in the level of protection being reduced, and new income must be sought through taxation;

- h. combating exclusion: believes that combating social exclusion, marginalization and the destruction of society should be a decisive element in all the policies of the Union and its Member States; in particular this entails increasing and making optimum use of the Structural Funds, and active policies to integrate people through employment, and should be based on recognition of the fundamental social rights of all citizens: the right to education, employment, housing, health care, a minimum income, and a high standard of public services;
- i. equal treatment for men and women and integration: regards equal treatment for men and women in the Union as an important aspect of social policy for the future, calls on the Council therefore to adopt without delay the two directives on the reversal of the burden of proof and on parental leave; calls for incentives to create equal rights and opportunities with regard to participation by men and women in employment, particularly as regards promotion of continuous education and access to parental leave/carers' leave and child care facilities.

Stresses the importance of a Community policy on the authorisation of immigration by third-country nationals, the right of asylum and immigration guaranteeing migrant workers and their families equal rights and the best possible opportunities to become integrated;

- 14. Believes that all the above objectives should be pursued and actions for their realization included in a new social action programme to be presented by the Commission in the autumn of 1994 and is of the opinion that the Union must create for itself all the instruments required to implement social policy at European level;
- 15. Recalls furthermore its call for social and environmental clauses to be incorporated in international trade agreements;
- 16. Wishes the review of the Treaty in 1996 should primarily facilitate a social and fiscal policy and result in the establishment of the fundamental social rights of citizens as a constitutional element of the European Union;
- 17. Instructs its President to forward this resolution to the Council, Commission, the Economic and Social Committee and governments of the Member States.

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OPINION

(Rule 147 of the Rules of Procedure)

of the Committee on Women's Rights
for the Committee on Social Affairs, Employment and the Working Environment
Draftswoman: Mrs An HERMANS

At its meeting of 26 January 1994 the Committee on Women's Rights appointed Mrs Hermans draftsman.

At its meetings of 26 January and 25 February 1994 it considered the draft opinion.

At the latter meeting it adopted the conclusions as a whole unanimously.

The following took part in the vote: Crawley, chairwoman; Domingo Segarra, 2nd vice-chairwoman; Hermans, draftsman; Belo, Coppo Gavazzi (for Ferrer), Dury and Tongue.

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I. Introduction

A number of factors prompted the drafting of the Commission Green Paper entitled 'European Social Policy - options for the Union' (COM(93) 0551 final). The European Parliament has repeatedly highlighted three which may open up new social policy options.

1. The ratification of the Maastricht Treaty necessitates a redefinition of the scope and limits of European social policy, including the role of the two sides of industry.
2. The Social Charter, ratified in 1989, and the Social Action Programme gave rise to 47 Commission proposals, 29 of which have been examined by the Council and 16 adopted. An assessment of the results and shortcomings of the policy is required.
3. The current economic crisis, whose symptoms include 17 million unemployed in Europe, increasing poverty and social exclusion, represents a new challenge for the social policy of the Union. In future, European social policy must continue to be based on the principle of guaranteeing equal treatment for men and women.

II. Choices for future social policy

As the Green Paper points out (p. 13), the social dimension has, from the outset, been a fundamental component of the Community integration process. Discussions concerning the respective powers of the Member States and the Community, the financial implications of social protection standards for the budgets of both governments and firms, etc. have severely complicated European social policy in recent times, to such an extent, indeed, that many Europeans associate European integration with the phenomenon of social decline rather than those of progress and improvement. The authors of the Green Paper recognize this and raise many questions concerning the choices facing European society. They are hoping for responses from public authorities, the two sides of industry, pressure groups, voluntary organizations and individual citizens. This call for broad public debate on the choices facing European social policy is undoubtedly important, but also, in our opinion, raises a number of problems, e.g.

- the range of problems touched on is very broad and covers policy areas which are in some cases the responsibility of the Union and in others that of the Member States;
- the Green Paper makes no mention of the method by which opinions are to be sought and the responses processed.

A fundamental debate on European social policy in which both men and women are closely involved is certainly required, but should be organized in a systematic, verifiable manner.

III. Equal treatment: specific policy and policy component

The European Community and the Member States have employed a twin-track approach to policy on equal treatment for men and women since the mid-1970s: on the one

hand, a specific policy has been developed with a view to enhancing the rights and opportunities of women; on the other, increasing account has been taken of the principle of equal opportunities in all policy areas. This twin-track approach must continue in the future, as the analyses set out in the Green Paper make clear. It is gratifying that the Green Paper should devote a separate chapter to the problem of sex equality (section III, chapter C.2) and that its discussion of other aspects of social policy should reflect the special situation of women. However, this latter point could have been emphasized more, e.g. in those sections dealing with solidarity between generations, poverty and social exclusion.

IV. Democracy and citizenship

The Green Paper specifically asks how women can be fully involved in the further democratization of processes of social change and the development of a People's Europe (section III, chapter 9). This is a crucial point, not least with regard to European social policy. European social policy must be framed, implemented and monitored in a transparent, democratic manner. Women must be involved at all stages of that process as a matter of course. Training and action programmes must encourage women to participate in social and political life. By virtue of their experience of life and their history, women have a particularly important role to play in enhancing the quality of life, reconciling family and working life and ensuring respect for every individual, including the less fortunate.

V. Conclusions

The Committee on Women's Rights calls on the Committee on Social Affairs, Employment and the Working Environment to incorporate the following paragraphs in its motion for a resolution:

1. Endorses the premises on which the Green Paper is based, namely that:
 - efforts to achieve economic competitiveness which lead to social decline are unacceptable; and
 - a broad public debate is required in order to redefine the social dimension to European cooperation;
2. Calls on the Commission and the Council of Ministers to draw up proposals in preparation for a European social policy and to ensure that it is implemented;
3. Welcomes the efforts made in the Green Paper to include the specific role and problems of women among the broad range of points on which social policy must focus;
4. Calls on the Commission to disclose in the near future how responses to the Green Paper are to be collated and processed and how provision is to be made for discussion of the Green Paper from women's point of view;
5. Is convinced that the achievement of equal rights for men and women depends partly on processes of cultural and social change and women's increasing participation in decision-making processes, and therefore advocates the

drawing up of research and public awareness programmes in the field of equal rights for men and women in decision-making processes;

6. Explicitly stresses the need to continue developing legislative instruments for the promotion of equal opportunities and calls on the Commission to encourage the Council to adopt the proposals for directives currently pending on:
- (i) reversal of the burden of proof;
 - (ii) parental leave;
 - (iii) the principle of equal treatment for men and women in respect of social security provisions;
 - (iv) atypical work;
7. Stresses that future European Social Policy must in
- the adoption of a directive to combat sexual harassment in the workplace;
 - the gradual elimination of conditions of employment which provide no protection;
 - measures to combat unemployment and social exclusion; efforts must be made to combat the disproportionately high levels of women among the socially marginalized and unemployed, through specific measures to combat poverty among women and an increase in the Structural Funds appropriations targeted on women, projects and programmes aimed at women, including vocational guidance to include forward-looking professions, and the expansion of the NOW Programme;
 - further measures which enable men and women to combine working and family life and which encourage the fair allocation of tasks within the family;
 - studies and measures regarding equal pay for equal work (sex discrimination and job classification), and in particular, EU-wide provisions for the inclusion of extra payments and bonuses in the equal pay issue;
 - studies and measures concerning the family and family policy in the Member States;
 - measures concerning the assessment of unwaged work in line with the resolution on assessing the value of women's unwaged work⁵;
 - the targeting, in the context of the upgrading of vocational training, of more appropriations, Community programmes and specific measures on:
 - (i) the promotion and setting up of new vocational networks for women;
 - (ii) the continuation of the aims and measures pursued in the context of the NOW and IRIS Programmes;

⁵ PE 173.752, 25 June 1993

8. Calls on the Member States, within the framework of 'mainstreaming' policy, to use more financial and human resources to ensure that the principle of equal opportunities and equal treatment for men and women is genuinely incorporated into policies, measures and programmes undertaken at national, regional and local level in the fields of employment, education and training.

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ECONOMIC AND SOCIAL COMMITTEE

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GREEN PAPER ON SOCIAL POLICY

ECONOMIC AND SOCIAL COMMITTEE

SOC/262
GREEN PAPER ON
SOCIAL POLICY

21 -04- 1994

Brussels, 24 March 1994

OPINION
of the
Economic and Social Committee
on the
Green Paper on European Social Policy:
Options for the Union - Communication by Mr FLYNN
(COM(93) 551 final)



Memorized text.

Procedure

On 18 November 1993, the Commission decided to consult the Economic and Social Committee on the

Green Paper on European Social Policy: Options for the Union - Communication by Mr FLYNN (COM(93) 551 final).

The Section for Social, Family, Educational and Cultural Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 4 March 1994. The Rapporteur was Mr Vasco CAL.

At its 314th Plenary Session (meeting of 24 March 1994), the Economic and Social Committee adopted the following Opinion by a majority vote (one dissenting vote and ten abstentions).

Introduction

The immediate aim of the Green Paper is to launch a wide-ranging debate on the future course of social policy. The conclusions of this debate should then serve as a basis for the drafting of specific proposals in the form of a White Paper.

To help organize the debate, the Green Paper asks 65 questions on the various topics covered.

The Section felt that the present Opinion should seek to answer each of these questions (which are summarized in bold print at the beginning of each point), in order to give the Commission a more systematic picture of its views and thus make them as useful as possible.

Many of the subjects raised in the Green Paper have already been examined by the ESC. The relevant Opinions, which are mentioned throughout the text, should be considered alongside the present Opinion.

1. **Priority issues common to the Member States**

- **What key objectives could be widely accepted by the Member States and the partners concerned?**

1.1. When framing Community social policy, account must be taken of Member States' widely differing situations as regards economic and social development, education and vocational training levels, social security systems, and their preference for legislative or contractual relations. Nevertheless, many of the social problems facing them are similar, as are the measures being discussed both in the Member States and at Community level (rising unemployment and social

exclusion, funding of social security). The OECD actually identifies an "EC model" in its draft report for submission to the ministerial meeting in June 1994. A number of factors have created new conditions which must be borne in mind when framing social policies: the establishment of the internal market and the new conditions governing competition worldwide; free movement of goods, services, capital and persons; the increasing interdependency of national economies; and the entry into force of the European Union Treaty and the appended Social Protocol. The EU's stance on social issues, which affect the life and work of the vast majority of the EU population, will be a vital factor in support for the European integration process.

1.2. In the labour market field, the Committee has already argued on a number of occasions that stronger economic growth is a precondition - albeit an insufficient one - for creating more jobs (see the ESC Opinions on the economic situation in 1993 and the Resolution addressed to the Copenhagen Summit).

1.2.1. The White Paper presented by the Commission and approved by the Brussels Summit last December puts forward basic guidelines for achieving this objective, which is vital to the success of the Community's integration process. The Committee endorsed the approach taken by the White Paper, and deems it essential that the new economic development model and the guidelines and measures recommended in it be rapidly put into practice.

1.2.2. "Harmonious and balanced development of economic activities" as specified in Article 2 of the Treaty, cannot be jeopardized by a downward alignment of social standards. The White Paper recognizes that the way out of the present recession and the future of the Community economy depend inter alia on the preservation of the European social model and the income and consumption levels which this model brings with it, as well as on an increase in consumer confidence. This is the only way to create the right climate for a resurgence in public and private investment, which will play a vital part in adjusting production structures and adapting to the new conditions governing competition worldwide.

1.2.3. Equally, the Green paper points out that the extent to which Europe succeeds in making progress towards the common social goals of the Union will depend substantially on its capacity to generate the necessary wealth. Europe is therefore compelled to be at the forefront of economic and technological progress.

1.2.4. The introduction to the Green Paper rightly notes that "the next phase in the development of European social policy cannot be based on the idea that social progress must go into retreat in order for economic competitiveness to recover". The Brussels summit concluded that "the necessary adjustments must not call into question the model of our society, which is founded on economic and social progress, a high level of social protection and continuous improvement in the quality of life" (Part A, iii, An economy geared to solidarity, Presidency Conclusions). The funding difficulties currently facing many social security systems should be carefully analyzed in order to ascertain how existing resources could be better managed and better geared to present needs, how costs trends could be more effectively controlled, and how the funding systems could be financed.

1.3. In the field of social protection and exclusion, the objective must be the economic and social integration of all citizens.

1.3.1. In the present period of sluggish growth of the Community economy, with worsening long-term unemployment, the fight against poverty and social exclusion is an immediate priority, particularly at a time when budgetary difficulties might lead to the sidelining of measures to promote re-integration.

1.3.2. The main objective should be to help integrate people into employment and into society.

1.3.3. Many citizens are totally reliant on the social protection system in the event of unemployment, illness, permanent or temporary invalidity, old age, and all situations of social vulnerability.

1.3.4. The smooth operation of the Community economy depends partly on its ability to make full use of the human resources available. The overall performance of a country or economic area must not be built on a basis of high unemployment.

1.3.5. The social costs of unemployment cannot be ignored. They place a burden on the rest of the economy and on public finance, and are ultimately shared among the public, business and consumers. The drop in income generated by job losses is aggravated by the charges levied in order to finance benefits. Under-employment aggravates the effects of the recession, holding down consumer spending, as was recently recognized in a report on the employment situation in Europe drawn up under the auspices of the Council of Europe (Fifth Conference of European Employment Ministers, Malta, October 1993). The indirect social costs should also be considered for "unemployment is creating a basis for social marginalization and thus a deterioration in associated social problems" (Opinion on Employment in Europe, Rapporteur: Mr Vasco CAL, OJ C 161/34 of 14 June 1993).

1.4. Equality of opportunity must be a guiding criterion at all levels of social policy decision-making, and not only of those policies which relate directly to equal opportunities, whether for women, young people or disadvantaged groups.

1.4.1. The education system, which has played and continues to play a key part in equality of opportunity, must be tailored to changing needs. As well as teaching vocational skills, it must develop young people's ability to adapt to innovation and change, as this will lie at the heart of further training. Youth training provision should be extended so as to help raise average skill levels, particularly in the less developed regions, thereby enhancing economic and social cohesion.

1.4.2. The workplace should play a part in equality of opportunity, and it too is undergoing radical changes. The introduction of new technologies and new production processes means changes in the organization of production and greater participation, inter alia in the form of teamwork.

1.4.3. Young people are the group most seriously hit by lack of job prospects and of a useful role in society, as well as by the growing use of casual labour and the worsening position of the social security system brought about by demographic trends.

1.5. On the subject of training, there is broad agreement that the top priority for reconciling economic growth, competitiveness and employment must be to make better use of human resources, but this has not been translated into substantive political and budgetary measures.

1.5.1. Existing vocational qualifications in the EC are marked by a sectoral view of work and production, and are ill adapted to the changes now taking place or likely to take place in the short term (see the Information Report on vocational training, Rapporteur: Mrs CASSINA, CES 587/92 fin).

1.5.2. Access to basic vocational training, and the promotion of access to further training, are vital, not only as the guarantee of a skilled workforce, but also to enable workers to adapt more rapidly to scientific and technological advances in production processes.

1.5.3. Training is also a precondition for improving sectoral and regional mobility.

2. Improving the employment situation (how to further develop the Community-wide framework for employment in order to promote a more employment-intensive pattern of growth; the role of the social partners; the role of Community action)

2.1. High unemployment and the worsening standard of employment, together with the relatively low activity rate within the Community economy, bring a need to analyze all possible ways of improving the situation so as to increase flexibility within firms while at the same time guaranteeing the necessary worker protection.

2.1.1. The Committee welcomes the Green Paper's proposal to reduce non-wage costs and change taxation and related contribution systems which hit the least skilled workers, as this will help reduce the disincentives to job creation. However, this proposal should also be analyzed in the broader context of the financing of social protection systems, an area facing serious difficulties.

2.1.2. Insufficient consideration has been given to the potential for employment growth in new activities and areas, and for locally generated jobs. This potential should be investigated thoroughly. The granting of incentives and a reduction in the administrative barriers impeding the setting-up of new businesses and activities could be beneficial here, although a clampdown is needed on cases where incentives have been misused, as this distorts competition. Public services play a vital part in guaranteeing equal treatment of citizens in both urban and rural areas, and they also have a major impact on employment. In recent years Europe has not created as many jobs as the United States in local services, and this is one of the main reasons for their diverging unemployment and overall productivity rates.

2.1.3. Local social structures should be reinforced and linked more closely at local and regional level, in order to take full advantage of their knowledge of the local economy, their interest in solving existing problems, and the synergies triggered by locally integrated activities. Studies of regional differences in job creation demonstrate the importance of local factors such as the degree of cooperation between firms, local authorities, trade unions and other social organizations.

2.1.4. The Commission document on a Community-wide framework for employment (COM(93) 238 final) acknowledges that changes to existing policies must be carried out "in ways that do not exploit workers in a weak position in the labour market, or inhibit the development of the high value-added knowledge-based jobs which will be the key to future competitiveness" (last paragraph of point 3.1.). The "process of analysis and exchange of experience" which the Commission says is to be pursued "in a structured and cooperative manner" should involve all the parties concerned, without prejudice to the Community-level consultation process laid down in the Treaties.

2.2. Negotiation between the social partners at the various levels (sectoral, inter-trade, company) is the best way to reach the necessary agreements, particularly as regards the introduction of new technologies, the development of new forms of work organization, and of new patterns of working time.

2.3. In recent years the Committee has voiced its views on such aspects of the organization of working time as part-time work, atypical work forms, and the reduction of working time. The Committee recognizes that the spread of part-time work has boosted employment, especially for women. However, it also notes that the new jobs created have not sufficed to maintain the overall volume of employment, because of the large number of full-time jobs which have disappeared over the same period. Flexibility within firms, so as to adjust working hours and the hours of plant operation in line with demand and workers' interests, must be negotiated with workers and their representatives at the appropriate level. A further extension of these forms of work will also depend on the minimum guarantees provided.

2.4. Community action will follow the line taken in implementation of the White Paper approved at the Brussels summit. The various debates taking place within Community bodies on similar or overlapping subjects, such as the present Green Paper and the White Paper on Growth, Competitiveness and Employment, should be better coordinated. This applies especially to the ensuing concrete proposals.

3. The move towards a quality-based production system

3.1. Human resource development (better linkage of retraining schemes to labour market needs; reconciling the right to training throughout life with the need to enhance qualifications and skills constantly; the separate treatment of education and training)

3.1.1. In many regions, a high level of unemployment goes hand in hand with a mismatch between qualifications and the skills required, a lack of specialized labour and a failure to meet firms'

needs in some of the areas most affected by technological progress (see point 3.1.2.6. of the Opinion on Employment in Europe). In many regions, changes in economic activity have made many occupations obsolete, but the employment and vocational training systems have often proved unable to anticipate or respond to these changes.

3.1.1.1. In order to gear the education and training system more closely to real economic requirements and to the personal development needs of workers, the system must be made more flexible and its training content adapted so that the skills acquired are better tailored to labour market needs. This calls for a more active role on the part of the social partners and trade organizations.

3.1.1.2. In-company training is made increasingly necessary by changes in work organization. It must be underpinned by, and mesh with, an effective and flexible education system which is able to impart the broad basic training that is a prerequisite for the assimilation of subsequent training.

3.1.2. "Every worker of the European Community must be able to have access to vocational training and to benefit therefrom throughout his working life. In the conditions governing access to such training there may be no discrimination on grounds of nationality" (point 15 of the Community Charter of the Fundamental Social Rights of Workers). In order to guarantee access to training throughout working life, alongside appropriate basic training and initial vocational training which guarantees young people access to an initial qualification that is formally recognized at least at national level, steps are needed to ensure that information about further training schemes is properly circulated so that all workers can benefit.

3.1.2.1. This means that further training must not be limited to companies, although it is here that its scale is greatest. An effective system of public and private training bodies, including institutes supported by the socio-economic organizations, is vital to supplement in-company training, which is restricted to the workers of the company concerned and often provides no paper qualification, making it difficult to use on the labour market. In-company training does not cover most small firms and fails to reach vulnerable groups such as the unemployed and women wishing to return to work after a period spent caring for their families (see the ESC Opinion on access to continuing vocational training, Rapporteur: Mr NIERHAUS, CES 350/93).

3.1.3. It would appear from the above that education policy needs to be more related to economic and technological development needs and closely linked to the initial and further training system. Without close coordination between the education system and the vocational training system, and close ties with research and development, it will be impossible to rectify the training deficits resulting from earlier training periods and to improve the basic and further training of the trainers themselves (whether they be teachers, in-company instructors, or trainers in general).

3.1.3.1. Given the need for a sharp rise in existing skills in order to improve overall economic productivity, special attention should be paid to the training of the vast majority of employed workers. This is one of the reasons for extending training programmes in anticipation of industrial changes.

3.2. Measures to accompany a quality-based production system (labour standards and working conditions, labour market adaptability, and accompanying measures)

3.2.1. The factors which produced the Community's present high levels of structural unemployment are set to continue. They include the following:

although demographic growth is less significant than in the past, the activity rate (relation between the population of working age and the working population) and the unemployment rate would suggest a "non-employment" rate of around 25% in the Community as a whole. This also explains why some 40% of jobs created in the period 1985-1990 were filled by people - generally women - who were not previously on the labour market and were not registered as unemployed. The activity rate in the EU Member States is around 60%, compared with around 70% in the United States, Japan and the EFTA nations;

the economic factors resulting from the new international division of labour are set to increase, with worldwide production overcapacity in a growing number of traditional industries, and firms setting up operations in other countries and subcontracting services to exploit the potential of information technology and advanced telecommunications;

the accelerated drive for productivity gains is no longer directly tied to the rate of technological development, which has progressed at more or less constant rates over the long term. It now rests on the relocation of production operations in both traditional and advanced sectors, greater recourse to subcontracted labour, and transfers and cuts in the volume of employment at micro-economic level, and does not take account of the external costs which worsening unemployment causes (see point 1.2. above);

macro-economic policy, which is affected by the objectives of Economic and Monetary Union and the priority accorded to the fight against inflation, has been based on restrictive policies and has not taken account of the fact that the Member States started out from differing bases, notably as regards their public deficit levels.

3.2.2. The changes now taking place in work processes differ from the technological developments of the past which were basically sectoral in nature. The effects of these changes - which concern all firms, including the smaller ones - could be turned to advantage in order to help make a qualitative leap in work processes. The case should therefore be considered for setting up training "partnerships" embracing large companies and centres of specialist learning and knowhow, in order to lower training costs and guarantee the quality which the terms of competition demand.

3.2.2.1. There are a number of reasons for increasing workers' responsibilities, more effectively galvanizing their skills, creativity and "savoir faire", and reviewing their career profiles: changing management structures which rely on greater decentralization, shorter and faster production cycles, more intensive use of plant, and the need to adapt to the firm's constantly changing environment.

3.2.2.2. The drive to update and enhance skills and qualifications must be actively pursued not only by workers themselves, but also by management. In other words, a joint effort must be made by both sides. However, it is not just the qualifications and skills of workers which need to be improved, but also those of managerial staff. As the Green Paper recognizes, human resource management requires a high standard in the areas of work organization, staff management and career development.

3.2.2.3. Company-level bargaining will tend to extend above and beyond its traditional areas, with changing practices and activities that could very usefully form the subject of framework agreements at the appropriate level (European, national or sectoral).

3.2.3. Analysis of "active" and "passive" employment policy measures has been triggered by the increasing difficulty of financing unemployment benefits and the growing need to finance active measures "aiming at improving access to the labour market and jobs, job-related skills and labour-market functioning" (definition used in OECD Employment Outlook, July 1993, page 39).

3.2.3.1. It is true that expenditure on "passive" measures is generally greater than on "active" ones. The proposal to switch resources earmarked for unemployment benefits to the funding of active measures should not overlook the fact that redundant workers and those on early retirement have paid many years' social contributions in the belief that in return they would receive appropriate support if and when they needed it. Their situation differs from that of unemployed persons who have not paid contributions and who face moves to make their benefits conditional on their carrying out community work and/or attending vocational training courses.

3.2.3.2. "Active" measures include training schemes, employment subsidies, the creation of socially useful jobs, measures to help disadvantaged or unemployed young people, and measures carried out by the public employment services.

3.2.3.3. The Community is in a position to exert a positive influence on financing priorities, especially in those Member States where ESF funding accounts for the bulk of expenditure on "active" measures.

3.2.3.4. Use should be made of the experience gained from Community vocational training programmes (Comett, Eurotecnet, Force, Petra) and other pilot schemes. The good practices developed within the framework of these Community initiatives should be more firmly entrenched in training priorities, giving Member States the chance to draw on these innovative experiences, and their multiplier effect, when planning their vocational training policies.

3.2.3.5. The Committee has issued an Opinion on the proposed action programme for the implementation of an EC vocational training policy (see the Opinion on vocational training policy (Leonardo), Rapporteur: Mr NIERHAUS, CES 380/94).

4. Stimulating solidarity and integration

4.1. Convergence of social policies (combination of income maintenance policies and active labour market policies, definition of specific convergence objectives, taxation and social security measures to encourage the economic and social participation of women)

4.1.1. In November 1991 the Committee issued an Opinion on the convergence of social protection objectives and policies (Rapporteur: Mr PASQUALI, OJ C 40/91 of 17 February 1992). The Committee supported the progressive convergence strategy proposed by the Commission, which included the establishment of common objectives and the adoption of measures covering sickness, accidents, maternity, unemployment, incapacity for work, old age, and the family.

4.1.2. While recognizing that Member States' social protection systems differ greatly, the Opinion pointed out that the problems facing them were broadly similar and drew attention to the need to take account of the implications of Economic and Monetary Union.

4.1.3. Social protection policies have played and continue to play an irreplaceable role in the European social system. Their main aim must be to assist the economic and social integration of all members of society and "ensure an adequate standard of living for the entire legally resident population, providing aid for those with insufficient resources, in order to avoid social exclusion and guarantee essential health care" (point 2.7. of the abovementioned Opinion - OJ C 40/91 of 17 February 1992).

4.1.4. The contribution systems should encourage women to play a full economic and social role. They should not erect barriers to women who wish to enter the labour market and should guarantee equal treatment.

4.1.5. The problems raised by the funding of social security have already spawned measures to improve management and contain costs, and to combat fraud and evasion. However, the changing ratio of contributors to beneficiaries, the granting of exemptions under a whole host of pretexts, the reduction in the contributions base, and the rise in the price of some services and in the expenditure thereon (e.g. health) are creating structural deficits and financing problems which urgently need to be addressed. The Committee is currently drafting an Own-initiative Opinion on this problem.

4.2. The fight against poverty and exclusion: prevention and rehabilitation (action to be taken, appropriate legislation and future action)

4.2.1. ESC Opinions have discussed the problems of poverty (Rapporteur: Mr BURNEL, OJ C 221/10 of 28 August 1989) and social exclusion (Rapporteur: Miss MADDOCKS). The Opinions analyzed the reasons for the recent rise in social exclusion: long-term unemployment, changes in societal values and declining solidarity, social fragmentation and the breakdown of family structures, absence of appropriate training and suitable housing, budget cuts in social programmes, and lack of opportunities to participate and communicate which make one unable to stand up for one's

rights. Accordingly, the Committee's December 1993 Opinion on the 1994-1999 action programme to combat exclusion (Rapporteur: Miss MADDOCKS) suggested that the actions to be financed could include the "accompaniment" of socially excluded individuals to boost their self-confidence (points 5.4. and 5.5. of Opinion in OJ C 52/4 of 19 February 1994).

4.2.2. The Council Recommendation of 27 July 1992 on the convergence of social protection objectives and policies establishes a link between the convergence of social protection policies and the convergence of economic policies which, by promoting prosperity throughout Europe, will help counter poverty and exclusion. Various Opinions issued by the Committee in 1993 stressed the need to promote job creation and growth, since unemployment - especially youth and long-term unemployment - is one of the main factors behind the rise in exclusion.

4.2.3. The Committee Opinion on social exclusion unanimously advocated a Charter which, by recognizing the basic rights granted to all EU citizens, could help increase the priority accorded to measures to prevent the various types of exclusion. As exclusion is a structural problem, measures must do more than simply alleviate its effects. Although the public authorities have a special responsibility, the Committee also identified a need for "a structured dialogue between the various actors in endeavours to combat social exclusion, including the Commission, the Member States, regional, municipal and local authorities, the social partners, non-governmental organizations and excluded people themselves" (point 5.4. of the abovementioned Opinion, OJ C 352/48 of 30 December 1993), albeit without weakening existing forms of Community consultation.

4.2.4. The Committee has also voiced its concern at the cuts which budgetary constraints have led Member States to make in their social protection expenditure. It supported the increase in Community resources for the anti-poverty programme, and the inclusion of the fight against social exclusion among the objectives of the reformed Structural Funds.

4.2.5. The case for developing the unemployment benefit systems so that they support labour-market integration, job creation and self-employment should be considered carefully. The same care should be exercised regarding early retirement, particularly as life expectancy and the relation between contributors and beneficiaries of social protection would seem to argue in favour of the opposite. A study should be made of existing measures in this area which the Green Paper now proposes to generalize.

4.3. **Youth opportunities and risks (transition from school to work; segregation in youth education; need to "guarantee" a job, activity or useful training; lower "entry wages" for young people)**

4.3.1. In 1992 the Committee issued an Opinion broadly endorsing the Commission's Proposal for a Council Directive on the protection of young people at work (Rapporteur: Mr van DIJK, OJ C 313 of 30 December 1992).

4.3.2. The inadequacies of some education systems and the difficult employment situation of the last few years bring a need for appropriate steps to ease the transition from school to work. The German system has produced positive results in this sphere by combining school training with in-company apprenticeships. Countries which lack this business culture and emphasis on the value of work will have to make a prior effort to upgrade industrial employment and improve career prospects, eliminating unjustified differences in status. The promotion of a more technical and skills-oriented education is also important. In addition, the underlying philosophy of education and training should be radically revised so as to prepare young people for new forms of work organization and economic practice. Teachers and training supervisors need to be made fully conversant with new training needs.

4.3.3. A number of Member States have operated an exemption or reduction in social contributions for firms which employ young first job seekers. Whilst it may be acceptable to reduce social charges in order to help secure a first job, the institutionalization of wage discrimination under the pretext of "facilitating" entry into the labour market is inadmissible, and improper exploitation of such situations should be severely punished. However, thought could be given to the possibility of the State funding a portion of pay, in the form of a training grant, for a limited period, provided that the money genuinely was used for this purpose.

4.3.4. Community contributions are vital for the implementation of measures in the countries covered by the Cohesion Fund, and here in particular the ESF-funded training schemes have proved the main instrument for easing the transition from school to work. However, the fact that there has been no qualitative analysis of vocational training programmes and pilot projects has limited the spin-off from the successful experiences to date and the improved assistance available. Article 126 of the Treaty on European Union puts vocational training on a new legal footing which should be fully exploited.

4.3.5. Access to training and the "guarantee" of a job or socially useful activity, enshrined by legislation or decisions taken at Community level, could help to increase awareness of these questions, which are crucial to the future of European society.

4.3.6. The Committee is currently drafting an Opinion on the third stage of the Youth for Europe Programme.

4.4. **The economic and social role of the elderly (building on the results of the European Year of Older People, debate on demographic trends and their consequences for employment and social security, etc.)**

4.4.1. In November 1993 the Committee adopted an Opinion on older people in society (Rapporteur: Mr ROSEINGRAVE, Co-Rapporteur: Mr LAUR, OJ C 34/61 of 2 February 1994). This stated that "the aim should be for older people to be viewed as a resource to society rather than as a social burden" (point 1.8.2.); older people should be allowed to exercise their potential, for example in activities of social benefit which do not take work away from the unemployed. Within the framework of publicly recognized and supported voluntary bodies, they should be enabled to carry

out activities in the following spheres: solidarity; voluntary social sector; support networks; activities of social benefit in towns, local neighbourhoods and rural areas; cultural activities for the elderly; travel; preventive health action; and mutual assistance structures (point 2.1.4.). Moreover, it is a recognized fact that older people who are physically and mentally active will remain independent for longer (point 2.1.5.).

4.4.2. Older people form an increasing proportion of society, and it is estimated that there are now around 70 million people over the age of 60 in the EU. Their problems, needs and potential should be recognized by a policy commitment to follow up the conclusions of the European Year of Older People and the relevant articles of the Charter of Fundamental Social Rights. To this end the Committee advocated the framing of a Community Charter of the Fundamental Rights of Older People, who should not suffer discrimination on grounds of age.

4.4.3. Alongside the problems common to all older people, the Committee felt that the specific problems facing certain groups should also be addressed (major dependency; early or phased retirement; older people living alone, or in rural areas, or in residential institutions) and that such groups should not be penalized by the social security systems.

4.5. **Equal opportunities for third country immigrants (stimulation of integration policies, negotiation of a code of good practice through social dialogue, permanent residence entitlement)**

4.5.1. In 1991 the Committee issued two Opinions on the status of migrant workers from third countries (Rapporteur: Mr AMATO). The Committee called for the economic and social integration of migrants, equality of opportunities, and the framing of a Community programme of positive action; some initial proposals for such action were also put forward. The Committee discussed the legal basis for Community action in such fields as entry visas, immigration policies, and right of residence. It felt in particular that "immigrants legally resident in a Member State should be able to move within the Community as freely as EC nationals" (point 2.6.3. of Opinion in OJ C 339/82 of 31 December 1991), although it recognized that this did not necessarily mean that they could legally work in all Member States (point 3.3. of Opinion in OJ C 159/12 of 17 June 1991). The above comments all concern immigrants who are legally resident in a Member State. The problem remains of how to resolve the situation of those who are not legally resident and who are prepared to accept all kinds of low paid work with no guaranteed rights, thereby aggravating labour market problems within the EU.

4.5.2. The Treaty on European Union establishes a new legal basis for cooperation in the field of justice and lays down corresponding procedures. Title VI of the Treaty covers such areas as immigration policy; residence conditions; rules on the crossing of external borders; and the fight against unauthorized immigration, residence and work. The Agreement on the European Economic Area includes provision for granting EFTA nationals covered by the Agreement the same rights of entry and residence as EU nationals.

4.5.3. The Commission has proposed a Council Decision and Regulation on the crossing of Member States' external frontiers and the granting of visas (COM(93) 684 final), whereby third country nationals resident in a Member State would not require an entry visa for a short stay. This is in line with the Committee's recommendation.

4.5.4. These issues were also discussed at a hearing held jointly by the ESC's Social Section and the European Parliament's Social Affairs Committee in Luxembourg in 1991, at which immigrants' organizations also had a chance to give their views. The conclusions of the hearing pointed to the need to coordinate policy on visas, right of asylum, right of permanent or temporary residence, criteria for reunification of families, and convergence of social security policies. The conclusions also called for the integration of immigrants and their families into trade unions and other associations, and into existing education and vocational training, housing and health systems. It was felt that this was the best way to counter discrimination and avoid the creation of ghettos. Mention was also made of the need to address the special integration problems of immigrant women, who should not be dependant on family ties.

4.6. Integration of the disabled (how best to progress, role of Community legislation, social partners and NGOs)

4.6.1. In May 1991 the Committee issued an Opinion on workers with reduced mobility (Rapporteur: Mrs CASSINA, OJ C 191/2 of 22 July 1991). In 1992 it adopted an Opinion on the HELIOS II programme (Rapporteur: Dame Jocelyn BARROW, OJ C 79 of 30 March 1992), which the Council approved in February 1993.

4.6.2. Noting that around 30 million people in the EU suffer from a physical, sensory or mental disability, the Committee called for more efforts to integrate them fully in society and employment.

4.7. The fight against racism and xenophobia (how to improve measures in the fields of education, information and legislation)

4.7.1. In all its discussions on the integration of immigrants, the Committee has shown an abiding concern for the fight against racism and xenophobia. In 1992 it adopted a Resolution on the subject (CES 1387/92), in which it voiced its solidarity with the victims and condemned their aggressors, and urged the Member States to take urgent and effective action. In a 1988 Opinion on the Proposal for a Council Resolution on the fight against racism and xenophobia (CES 1232/88, Rapporteur: Mrs FLATHER), the Committee stated that "laws aimed at prevention or punishment of discrimination or acts inspired by racism and xenophobia need to be promoted, strengthened and applied vigorously" (point 1.4. of Opinion in OJ C 23/33 of 30 January 1989). The Committee also underlined the importance of education at all stages, and stressed that the Community was "in a unique position to create a society which is rich in its cultural diversity and united through its attachment to democratic values, social consensus and enterprise".

4.8. Social policies and rural development (what further actions would prevent rural social decline?)

4.8.1. In its Opinions on the reform of the Common Agricultural Policy and the development of rural areas, the Committee has spoken in favour of systems based on income support rather than price support to promote rural development, more especially in the least favoured regions.

4.8.2. It is important in rural areas, too, to maintain public services and safeguard their accessibility, thereby contributing to the equal treatment of citizens, no matter where they live. The creation and maintenance of services for rural communities must also be fostered.

5. Main policy objectives at European level (which sectors are most amenable to collective agreements, which are better suited to a legislative approach, the case for framework laws in the areas of minimum standards and equality of opportunity)

5.1. The Committee played a key role in the process which culminated in the drafting of the Community Charter of Fundamental Social Rights and the related action programme (see in particular the ESC Opinion of February 1989, Rapporteur: Mr STAEDLIN, OJ C 126 of 23 May 1989).

5.1.1. The Opinion argued that a guarantee of basic social rights should be enshrined in Community legislation. Specific initiatives were needed to meet the changed conditions brought by the single market. Social dialogue should also be promoted, particularly at sectoral level, and should involve all components of the social fabric.

5.1.2. The move to relaunch the debate on European social policy by issuing the Green Paper should not provide a pretext for "forgetting" the proposals which are still before the Council of Ministers.

5.2. It should be left to the interested parties to decide which sectors are best suited to European-level negotiations and agreements between management and labour.

5.3. The practice in European social policy to date has not been the upward harmonization mentioned in the Treaty but rather the establishment of minimum conditions to be respected by the Member States. Moreover, differing national practices (with some countries tending to favour legislation, while others prefer collective agreements) have tended to water down the legislative initiatives envisaged in the Charter and action programme.

6. The single market and the free movement of people (what action should be taken at Community level to tackle the remaining legal barriers, development of the EURES network, equal treatment for all Community citizens resident in another Member State, social protection of mobile workers, extension of social security coordination, better information for lawyers dealing with Community legislation)

6.1. Of the four freedoms enunciated in the single market programme, the only one not yet fully operative is the free movement of people and more especially of workers. This is not only a matter of border controls, but also the lifting of legal obstacles, the coordination of social security schemes and the amendment of the Regulations on the application of social security schemes to employed and self-employed persons and their families moving within the Community, mutual recognition and equivalence of qualifications and equal treatment for workers moving within the Community and resident in a Member State, more especially as regards social and tax benefits and access to vocational training.

6.2. The EU has jurisdiction in almost all these fields and has a legal basis for taking the corresponding decisions. Despite this, even Commission proposals endorsed by the Committee and European Parliament remain before the Council. The amendment of Regulation 1408/71, on which Opinions were issued in early 1992 (Rapporteur: Mr PEARSON, OJ C 332/1 of 16 December 1992), is a case in point. The Council's political will as regards the free movement of workers cannot differ from that on the free movement of goods, services and capital.

6.3. The provision of information for bodies and individuals concerned with the free movement of people (such as lawyers and the judiciary) should be a matter of priority for which resources should be made available. Potential primary users should be helped to familiarize themselves with the Treaties and the relevant Regulations, Directives and case law, not least because many of them do not even realize how EU could affect their work. Such information should not only concern the free movement of people, but all areas of social policy (for instance occupational health and safety).

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

7.1. In 1991 the Committee issued an Opinion on the draft Commission Recommendation on the protection of the dignity of women and men at work (Rapporteur: Miss MADDOCKS, OJ C 14/4 of 20 January 1992). As well as criticizing the legal instrument chosen, the Committee noted that the "package of suggested responsibilities, training policies, informal measures, counselling, official complaints procedures, investigations and disciplinary measures, appropriate to the size and structure of undertakings, will still only touch the tip of the iceberg" (point 1.7.), because "this is a general societal problem" which must be solved by basic education and campaigns of public awareness.

7.2. The Committee's 1990 Opinion on the Community's "NOW" initiative to promote equal opportunities for women in the field of employment and vocational training (Rapporteur: Miss MADDOCKS, OJ C 41/32 of 18 February 1991) endorsed "the measures proposed concerning guidance, advice, pre-training, training and access to employment" and the complementary measures concerning childcare provisions (point 2.2.3.). The Committee Opinion on the amendment of the Structural Fund Regulations endorsed the inclusion of the "promotion of equal opportunities for men and women" in the Objectives of the European Social Fund (point 2.5.3. of Opinion in OJ C 201/52 of 26 July 1993, Rapporteur: Mr Vasco CAL). Measures to promote female employment thus have an important part to play and should be allocated a corresponding budget.

8. The social transition to Economic and Monetary Union (formulating recommendations for attaining the objectives defined in Article 2, promoting convergence of social policies alongside convergence of economic policies)

8.1. In its Opinions on Economic and Monetary Union (Rapporteur: Mr MEYER-HORN), the Committee has noted that EMU must adhere to the principles of economic and social cohesion, and that social issues cannot be viewed in isolation from economic policy decisions. It also stated (point 2.1.1.1. of Opinion in OJ C 34/25 of 2 February 1994) that, in the present recession, some of the convergence criteria can only be given medium-term priority.

8.2. Social considerations should also be taken into account in the multilateral surveillance which forms part of the economic convergence process. Convergence programmes should be revised and turned into "convergence and economic recovery" programmes. The Committee also mentioned the need to include long-term and youth unemployment among the criteria against which progress in real as well as nominal convergence is measured (point 2.1.4. of the abovementioned Opinion).

8.3. The involvement of the socio-economic partners in these procedures is helpful not only because it offers the decision-making bodies a qualitative assessment that their services cannot usually provide; the representatives of the socio-economic interest groups are also better placed to explain the various facets of the European integration process to their members, who make up the vast majority of the population.

8.4. On several occasions during 1993, the Committee noted that the action taken by the ECOFIN Council fell far short of what was needed for economic recovery and employment growth, and even of the decisions taken at the European Summits. The holding of joint meetings with the Social Affairs and Employment Ministers may help, but it is not enough.

8.5. It is of crucial importance that the day-to-day economic and social decisions of the European Union underscore the commitment made in the debate on the White Paper on Growth, Competitiveness and Employment

9. **Issues of social standards (social ground rules, prevention of social dumping)**
- 9.1. A number of Committee Opinions have endorsed the call for basic social standards in all Member States.
- 9.2. The only area in which the Directives proposed in the social rights action programme were approved on schedule is that of health and safety at work.
- 9.3. Worker information, consultation and participation, with reference to the establishment of a European Works Council in Community-scale undertakings, will provide the first practical experience of the social policy agreement appended to the Treaty on European Union. The Commission proposal, issued at the end of 1990 in the wake of a Draft Directive dating from the 1970s, sparked conflicting views. These can now be hammered out face to face, and an agreement sought. The Committee adopted its Opinion on the subject in 1991 (Rapporteur: Mr SCHMITZ, OJ C 120 of 6 May 1991).
- 9.4. The need to combat certain distortions of competition led to the presentation of several proposals on atypical employment relationships. The Committee gave its Opinion on this in 1990 (Rapporteur: Mr LIVERANI, OJ C 332/167 of 31 December 1990), but the proposals are still before the Council.
- 9.5. The Opinion on an equitable wage was revised following the Committee Opinion on the subject, and has since been approved by the Commission.
- 9.6. The need for basic standards in the new single market has been widely recognized. However, major obstacles have arisen as to how far they should go, and as to the best way of setting up and implementing them. The result has been uncertainty among the socio-economic operators which needs to be overcome. The European Union should speed up moves to establish these social standards in the light of the new possibilities opened up by the Treaty. As the Green Paper notes, "consideration needs to be given to whether lighter and more flexible laws might not be better adapted to the diversity of different Member States, provided that this can be reconciled with the substantive results sought" (introduction to Part C, final paragraph).
- 9.7. The line taken in 1989, when the Heads of State and Government of 11 Member States adopted the Social Rights Charter and accompanying Action Programme, is drawing to a close (see point 5.3. above). The Treaty on European Union must be used as a framework for strengthening negotiations between the social partners at both national and EU level.

10. Reinforcing the social dialogue (priorities; accent on employment, education and training; involvement of the social partners in issues related to the single market and free movement and greater involvement in the problems of exclusion, equal opportunities, older workers, and integration of immigrant workers; ways of strengthening social dialogue)

10.1. The term "dialogue between management and labour at European level" (Article 118b of the Treaty) was introduced by the Single Act. It is used to describe the meetings promoted by the European Commission to foster consultation, negotiation and consensus between the European Trade Union Confederation (ETUC), the Union of Industries of the European Community (UNICE) and the European Centre of Public Enterprises (CEEP).

10.2. This "social dialogue", as it is known, has led to the approval of a number of Joint Opinions on a variety of subjects including training and labour market policies, and the drafting of a framework agreement between the three organizations.

10.3. The Agreement on Social Policy, approved by eleven Member States and annexed to the Treaty on European Union, introduced a new procedure for the adoption of social measures. This obliges the Commission to consult management and labour at European level before submitting proposals in the social policy field and allows them, if they so wish, to undertake negotiations which may lead to contractual agreements.

10.4. While the normal legal basis of the Treaty is retained, the Commission has to decide what legal basis to use each time legislation is initiated: it can choose between the Treaty, which will involve the normal consultation procedure (ESC and European Parliament Opinions), or the Annex, which allows the social partners to conclude contractual agreements that may be implemented by a Council Decision based on a Commission proposal.

10.5. In December 1993 the Commission adopted a Communication concerning the application of the Agreement on Social Policy (COM(93) 600 final), on which the Committee will issue an Opinion.

10.6. The present Opinion does not seek to anticipate or influence the Committee's stance on the above Communication. Nevertheless, certain concepts need clarification.

10.6.1. Under the terms of the Treaty, the Economic and Social Committee is the appropriate forum for weighing up the views of representatives of the socio-economic organizations, in a continual effort to secure the widest possible consensus between members, and for drawing up Opinions on Community proposals and initiatives before decisions are taken, or Own-initiative Opinions on matters of interest for the building of the Community.

10.6.2. The initiative taken by ETUC, UNICE and CEEP and enshrined in the Single Act involves a "dialogue between management and labour" (Article 4 of the Agreement on Social Policy). Its ultimate goal is to encourage contractual relations, including agreements, as stipulated in the Agreement on Social Policy. Hence it is a negotiating process between the representative organizations of management and labour, who are empowered to conclude agreements which are binding on the interests represented (at all levels, whether inter-trade or sectoral).

11. **Economic and social cohesion: the role of the European Social Fund (mechanisms to ensure that the outcomes of Community support for innovative programmes get translated into Member State policies; to ensure that action to develop human resources is taken into account in investment decisions; to remove disincentives to the take-up of training; to improve the anticipation of industrial change; to ensure that all the necessary partners play a full part in programming; and to ensure the funding of a system of trainee choice)**

11.1. The Committee discussed the extension of the ESF objectives in its Opinion on the reform of the Structural Funds. The Committee endorsed the proposed new Objective 4 (anticipating industrial change) and the extension of Objective 3 to cover people excluded from the labour market.

11.2. Although the ESF merely tops up the resources allocated by the Member States to these objectives, ESF actions have failed to fully exploit the results achieved in other Member States and in the Community-funded innovative programmes, which were intended to serve as examples.

11.3. It would be very helpful if those in charge of vocational training schemes in Member States could be provided with assessments of other schemes, and with qualitative evaluations of their results and problems, notably as regards the finding of job placements for trainees. Experience shows that improving existing training schemes produces better results than setting up a number of piecemeal initiatives, however well justified these may seem.

11.4. Better coordination between the Commission departments dealing with this area would go a considerable way towards rationalizing existing resources and improving coordination between Member States.

11.5. Active involvement of the social partners should entail more than their present formal involvement. Employers' organizations and trade unions are allocating more and more resources to vocational training schemes and should receive more structured support from the Commission departments. This would also help to upgrade their involvement in the administration of Community and Member States' vocational training resources.

12. International aspects (social policy priorities for the external relations of the Union, adoption of international labour standards)

12.1. The failure to include a social clause in the GATT agreement means that such a clause could be a priority for the new World Trade Organization, as the Committee noted in its recent Opinion on EU/Latin America relations (point 7.6. of CES 102/94). The Committee is currently drawing up an Opinion on the GATT agreement, and it will consider this aspect.

12.2. The Committee is also working on an Own-initiative Opinion on relations between the European Union and the International Labour Organization.

13. Democratizing the process of social change and constructing a People's Europe (the case for a forum for the discussion of strategic problems; adoption of a statement of citizens' rights; information and awareness campaigns)

13.1. On 27 and 28 September 1993 the Committee held a Conference on the Citizens' Europe which discussed the issues raised under this heading (see the Conclusions of the Presidency, DI 91/93).

13.2. The work was grouped under three themes: I: The European citizen and a frontier-free Europe: vision or reality?; II: The European citizen and quality of life in Europe: exclusion or solidarity?; III: The European citizen and the EC institutions: harmony or divorce?

13.2.1. As regards the first theme, the Conference concluded that "Member States must act forthwith to adopt all the national provisions which are vital to the effective implementation of the Single Market", and called on the Community to "press ahead with the harmonization of national fiscal legislation". The Conference felt that "the Community should be more alive to the views of consumers and users. The services offered by businesses, particularly in the financial sphere, should be more closely tailored to consumer expectations and more open".

13.2.2. As regards the second theme, the Conference concluded that anti-exclusion measures presupposed "policies at all levels - coordinated by the Community - to promote integration into work and other social activities, backed by measures focusing on (i) information for all citizens on their rights, (ii) basic and in-service training, and (iii) advice and support, but first and foremost positive action, seeking to optimize the human potential that exists in the EC". The Conference also called for "procedures for consultation, participation, and cooperation on all Community policies to develop at all levels the contribution of society to the European venture, while simultaneously ensuring a network of pooled resources in a spirit of solidarity among the various groups in our societies".

13.2.3. As regards the third theme, the Conference considered that the Community institutions "should take further action in the following areas: (i) the protection of fundamental social rights such as those enshrined in the European Convention for the Protection of Human Rights and Fundamental Freedoms; (ii) the need to pursue policies which outlaw all forms of discrimination, to include introduction of the requisite legal instruments; and (iii) the need for the Treaty to ensure that the Social Charter and the Protocol on social policy adopted at Maastricht are applied uniformly and without discrimination to all the citizens concerned".

Done at Brussels, 24 March 1994.

The Chairman
of the
Economic and Social Committee

Susanne TIEMANN

The Secretary-General
of the
Economic and Social Committee

Simon-Pierre NOTHOMB

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N.B. Appendix overleaf.

APPENDIX

Some relevant ESC Opinions

- Opinion on basic Community social rights, OJ C 126 of 23 May 1989
- Opinion on employment in Europe, OJ C 161/34 of 14 June 1993
- Information Report on vocational training, CES 587/92 fin
- Opinion on access to continuing vocational training, CES 350/93
- Opinion on vocational training policy (Leonardo), CES 380/94
- Opinion on convergence of social protection objectives and policies, OJ C 40/91 of 17 February 1992
- Own-initiative Opinion on poverty, OJ C 221/10 of 28 August 1989
- Opinion on an action programme to combat exclusion (1994-1999) and on the report on integration of the least privileged groups, OJ C 52/4 of 19 February 1994
- Opinion on social exclusion, OJ C 352 of 30 December 1991
- Opinion on the protection of young people at work, OJ C 313 of 30 December 1992
- Opinion on older people in society, OJ C 34/61 of 2 February 1994
- Opinion on the status of migrant workers, OJ C 159/12 of 17 June 1991
- Opinion on workers with reduced mobility, OJ C 191/2 of 22 July 1991
- Opinion on the HELIOS 11 programme, OJ C 79 of 30 March 1992
- Resolution on racism and xenophobia, CES 1387/92
- Opinion on the proposal for a Council Resolution on the fight against racism and xenophobia, OJ C 23/33 of 30 January 1989
- Opinion on the amendment of Regulation 1408/71, OJ C 332/1 of 16 December 1992
- Opinion on the protection of the dignity of women and men at work, OJ C 14/4 of 20 January 1992
- Opinion on the "NOW" initiative, OJ C 41/32 of 18 February 1991
- Opinion on the amendment of the Structural Fund regulations (European Social Fund), OJ C 201/52 of 26 July 1993
- Opinion on Economic and Monetary Union, OJ C 34/25 of 2 February 1994
- Opinion on a European Works Council, OJ C 120 of 6 May 1991
- Opinion on atypical employment relationships, OJ C 332/167 of 31 December 1990.