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

A WHITE PAPER

CONTENTS

PREFACE

INTRODUCTION: PRESERVING AND DEVELOPING THE EUROPEAN SOCIAL MODEL

- I – JOBS - THE TOP PRIORITY
- II – INVESTING IN A WORLD CLASS LABOUR FORCE
- III – ENCOURAGING HIGH LABOUR STANDARDS AS PART OF A COMPETITIVE EUROPE
- IV – BUILDING A EUROPEAN LABOUR MARKET
- V – EQUALITY OF OPPORTUNITY BETWEEN WOMEN AND MEN
- VI – SOCIAL POLICY AND SOCIAL PROTECTION - AN ACTIVE SOCIETY FOR ALL
- VII – ACTION IN THE FIELD OF PUBLIC HEALTH
- VIII – TRADE UNIONS, EMPLOYERS' ORGANISATIONS AND VOLUNTARY ORGANISATIONS AS PARTNERS IN THE PROCESS OF CHANGE
- IX – INTERNATIONAL COOPERATION - THE ROLE OF EUROPEAN SOCIAL POLICY
- X – TOWARDS A MORE EFFECTIVE APPLICATION OF EUROPEAN LAW

NEXT STEPS

PREFACE

In common with the rest of the industrialised world, Europe is living through a period of profound change.

The globalisation of trade and production, the huge impact of new technologies on work, society and individuals, the ageing of the population and the persistent high level of unemployment are all combining to put unprecedented strains on the economic and social fabric of all the Member States.

These were the challenges addressed in the Green Paper on Social Policy.

Europe needs a blueprint for the management of change. The White Paper on Growth, Competitiveness and Employment set out the important elements of how to combine the macro-economic policies needed for sustained growth with increased competitiveness and the search for more job creation with a high employment intensity of that growth.

Many of the challenges are for individual Member States to face, but the Union can and must play its role.

Social policy at European level has a vital part to play in underpinning the process of change. The Union cannot do everything and certainly should not seek to supplant the responsibilities at national, regional and local level.

This White Paper seeks to set out the main lines of action at Union level for the coming years.

It is based around the principle that Europe needs a broadly based, innovative and forward looking social policy if it is successfully to meet the challenges ahead.

Jobs must continue to come top of the agenda, and the proposals on employment and training in this White Paper are an integral part of the process initiated by the White Paper on Growth, Competitiveness and Employment.

But social policy goes beyond employment. It affects people when they are at work but also when they are not - their family life, their health and their old age. It is clear that the profound changes currently affecting our societies means that the complex interaction of policies that make up social policy will need to develop in new ways in the future.

This White Paper sets out a framework for Union action in the face of these challenges. It aims to consolidate and build on the achievements of the past - particularly as concerns labour law, health and safety, free movement and equal treatment between men and women. And it aims to create a new dynamic by putting forward new proposals in these and other areas, such as social protection, equal opportunities for all and public health.

In doing so, it also seeks to stimulate a new cooperative partnership between Member States, social partners, voluntary and civic organisations, European citizens and international bodies in the process of change.

The objective in the coming period must be to preserve and develop the European social model as we move towards the 21st century, to give to the people of Europe the unique blend of economic well-being, social cohesiveness and high overall quality of life which was achieved in the post-war period.

INTRODUCTION - PRESERVING AND DEVELOPING THE EUROPEAN SOCIAL MODEL

A - SHARED VALUES

1. The Commission's Green Paper on European social policy¹ started by asking the question: "what sort of a society do the Europeans want?" The debate which the Green Paper stimulated has involved the Union institutions, Member States, employers, trade unions and a whole range of other civic institutions, not to mention some individuals who volunteered their views. This White Paper is the result of that consultative procedure. While it cannot pretend to give satisfaction to all points of view, it is an attempt to answer that question by responding to the social goals that the European Union has been given by its Members, of which Article 2 of the Treaty on European Union is the clearest expression:

to promote throughout the Community a harmonious and balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, a high degree of convergence of economic performance, a high level of employment and of social protection, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States.

2. A society that could provide all these benefits to everyone would be a worthy one. Europe has not yet been able to do that, but it can fairly be claimed that nowhere else in the world has so much progress been made towards such goals. It is also fair to claim that the human face of the Union is more deeply embedded in the life of the Union than credit is given for.

3. The contributions to the Green Paper

confirm that there are a number of shared values which form the basis of the European social model. These include democracy and individual rights, free collective bargaining, the market economy, equality of opportunity for all and social welfare and solidarity. These values - which were encapsulated by the Community Charter of the Fundamental Social Rights of Workers - are held together by the conviction that economic and social progress must go hand in hand. Competitiveness and solidarity have both to be taken into account in building a successful Europe for the future.

4. All Member States have reaffirmed their commitment to the social dimension as an indispensable element of building an ever closer Union, just as a well developed social system is both necessary and desirable in each individual Member State. European social policy must serve the interests of the Union as a whole and of all its people, both those in employment and those who are not. There is widespread agreement that these shared values have to be preserved, even if quite radical changes are required in the way in which they are applied in practice.

5. This is essential because the efficiency of our societies as a whole conditions how competitive they may be and the growth they can deliver. If economic growth is to increase human well-being, it must also take into account social and environmental concerns. Equally, the pursuit of high social standards should not be seen only as a cost but also as a key element in the competitive formula. It is for these essential reasons that the Union's social policy cannot be second string to economic development or to the functioning of the internal market. Growth in the numbers of the poor and of the

unemployed, the possible emergence of an underclass, increasing pressures on social services (eg. unemployment and health services) and increasing criminality all drain the resources available. The financing of social security now poses major challenges for all Member States. In the Union, increased confidence can come only from a reconciliation between economic growth policies and their translation into higher social development with upgraded living standards for all. Knowing that this may give the Union its competitive edge will also equip the Union to have a stronger external influence on the world stage.

6. This White Paper seeks to set out the Commission's approach to the next phase of social policy development (1995-9) during the final years of this century. It provides the opportunity, requested by several Member States, for the other Union institutions, the Member States and all other interested parties to discuss the proposals in the second half of 1994, before the incoming Commission issues its definitive work programme in this field in the course of 1995.

7. The technique of using a Green Paper to provide a structured opportunity for consultation on policy options prior to the elaboration of proposals represents one of many examples of the Commission's determination to ensure that the added-value of its actions is widely appreciated and its initiatives transparent to the public.

8. The Commission is encouraged by the fact that there was a wide ranging debate within Member States and beyond on the Green Paper. The European Parliament and the Economic and Social Committee examined the text and issued their opinions on it, and in all, more than 500 reactions have been received from a wide variety of sources. At the invitation of the Commission, the European Foundation

for the Improvement of Living and Working Conditions has prepared a synthesis of the different submissions. This synthesis - together with the responses received from the Member States and the Union Institutions - is published as an accompanying volume to this White Paper.

9. The Commission's White Paper on Growth, Competitiveness and Employment² and the European Council's conclusions about it (December 1993, Brussels) marked a turning point in the development of concerted Union action to tackle European employment problems as part of a broader economic strategy. It raised a number of fundamental questions which are central to the future development of social policy, notably that competitiveness is crucial for wealth and job creation and that labour market policies in particular need to be reoriented. The principles set out in the White Paper need to be borne in mind in the formulation of future Union social policy, as do the Union's macro-economic guidelines.

10. The White Paper and the Green Paper have therefore provided a valuable complementary focus in the debate about the need to create more jobs and at the same time preserve the basis of social protection which the people of Europe have come to prize. The two documents have been considered together in the drafting of this White Paper, in the light moreover of the conclusions of the European Councils adopted in Brussels in December 1993 and Corfu in June 1994, and this White Paper seeks to facilitate the implementation of the action plan agreed at the Brussels European Council, in the context of the future development of the Union's social policy.

11. The issuing of this White Paper 6 months prior to the forthcoming enlargement of the Union in 1995 is also designed to facilitate the entry of the new

members into the Union on the basis of a clear overall vision of the future. As the Green Paper made clear, the Union has already developed a substantial "acquis" of measures in the social field, stimulated in particular by the adoption in 1989 of the Community Charter of the Fundamental Social Rights of Workers and the Commission's subsequent social action programme. This paper is intended to set out how to build a dynamic link between the existing "acquis" and the agenda for the future.

B - GUIDING PRINCIPLES AND OBJECTIVES FOR THE FUTURE ROLE OF THE UNION

12. Social progress can be achieved only through a cooperative partnership between the European Union, the Member States, the social partners and European citizens. The key to this must be a positive and active conception of subsidiarity. This means that the Union shall take action only if, and in so far as, the objectives cannot be sufficiently achieved by or within the Member States themselves and can, therefore, by reason of the scale or effects of the proposed action, be better achieved by the Union. Activities should be selected on the basis of prior appraisal and should yield a Union added value while achieving maximum cost efficiency.

13. Achieving a Europe of opportunities for all requires change. While employment growth in the European Union has been weak as compared with the United States and Japan, levels of social solidarity have been higher. But such solidarity has been mainly passive. It is devoted to maintaining the incomes of large groups in society - by providing cash benefits through the redistribution of income, shouldered to a large extent by an ever declining active population - without preparing them or encouraging them sufficiently to contribute to economic activity.

14. The resources transfer now has to be gradually supplemented and substituted by a better distribution of opportunities. The two objectives are closely linked, but the accent has to be shifted to the second if the human and social costs of the structural changes are to be reduced, and a shift from a passive to a more active approach achieved. The accent has to be shifted from the objective of assistance to the objective of employment generation.

15. The principles and objectives which should inspire the action of the Union in achieving this are:

Social and economic integration: employment is the key

16. Unacceptably high levels of unemployment, poverty and social exclusion are in conflict with the Union's commonly agreed goals in relation to employment, social protection and equal opportunities. The financing of social policy systems across the Union depends on jobs. For the Union to reconcile high social standards with the capacity to compete in world markets, it is therefore necessary to give the highest priority to creating new jobs, enabling everyone to integrate into the economy and society.

Competitiveness and social progress: two sides of the same coin

17. Continuing social progress can be built only on economic prosperity, and therefore on the competitiveness of the European economy. The key to this is continuing productivity gains, which will enable the Union to reconcile high social standards with the capacity to compete in global markets. Europe needs to move towards an efficient, quality-based economy with a high rate of investment in new technologies. The key resource will be a well-educated and highly motivated and adaptable working population. While wealth creation is essential for social

progress, the social environment is also an essential factor in determining economic growth. Progress cannot be founded simply on the basis of the competitiveness of economies, but also on the efficiency of European society as a whole. In this context, account also needs to be taken of the linkages between environmental and social policies.

Convergence which respects diversity

18. All the comments on the Green Paper stress the need to respect the diversity of European societies. The future development of the Union needs to build on the richness of its diversity, which adds to the quality of life and to the vigour of socio-economic systems in the face of new and unforeseen challenges. This diversity means that total harmonisation of social policies is not an objective of the Union. However, the convergence of goals and policies over a period of time by fixing common objectives is vital, since it will permit the co-existence of different national systems and enable them to progress in harmony towards the fundamental objectives of the Union.

A level playing field of common minimum standards

19. Minimum standards are needed to preserve the cohesion of the Union, having regard to differing national systems and needs, and to the relative economic strengths of the different Member States. They should not over-stretch the economically weaker Member States, and they should not prevent the more developed Member States from implementing higher standards. The establishment of a framework of basic minimum standards, which the Commission started some years ago, provides a bulwark against using low social standards as an instrument of unfair economic competition and protection against reducing social standards to gain

competitiveness, and is also an expression of the political will to maintain the momentum of social progress. The continuing aim should be to develop and improve standards for all the Members of the Union.

C - THE INSTRUMENTS FOR ACTION

20. In seeking to put these principles and objectives into practice, the Union intervenes in a variety of different ways, which are often but not always interactive, and which must be deployed in a policy mix that constantly evolves to meet changing needs.

Legislation and Community-level collective agreements

21. The Treaties provide for a range of legislative powers to achieve common goals. These powers are exercised in accordance with the principles of subsidiarity and proportionality, which require an assessment of both the need for and the intensity of action at the Union level. This implies that the Union would propose the form of legislation most compatible with the aims to be achieved. It requires the Union to respect Member States' choices about how to achieve their goals, and equally the Member States to respect Union-wide objectives and standards.

22. Given the solid base of European social legislation that has already been achieved, the Commission considers that there is not a need for a wide ranging programme of new legislative proposals in the coming period. Legislation will be considered only when strictly necessary to achieve the objectives of the Union and when the issues addressed cannot be solved at Member State level. Proposals and adopted legislation should continue to seek to promote a framework in order to allow for the diverse national systems to determine detailed methods of

implementation, and will be preceded by an evaluation of the economic and social costs and benefits to all concerned. Proposals will also take account of the potential impact on the competitiveness of industry, with particular regard to the needs of SMEs.

23. The Agreement on Social Policy introduced by the Treaty on European Union provides a new basis for Union action, and the Commission intends to use both this and the other Treaty provisions to ensure a dynamic social dimension of the Union. The Commission's Communication on the application of the Agreement³ explained that the Commission intends to decide on a case by case basis, in the light of objective criteria, when it should make use of the Agreement. This Communication has now been examined in the other institutions of the Union, and the approach it proposes has been broadly welcomed by all concerned. The Commission has noted the strong desire of all Member States to proceed as 12 wherever possible and it hopes that Union social policy action will in the future once again be founded on a single legal framework. This is vital if the integrity of the law and the principle of equal opportunities for all in the Union are to be upheld. However, the desire to act as 12 cannot be used as an excuse for standing still.

24. Given the new possibilities which the Treaty on European Union opens up for collective agreements, it is also clear that a new balance needs to be struck between the legislator at Community level and collective agreements between the social partners, and between the European and national levels for such normative actions.

Financial support and incentives

25. The Union also provides financial support to achieve its objectives. The

Structural Funds represent the main Union instrument for promoting cohesion within the Union. Action, especially by the European Social Fund, will be developed in an integrated and comprehensive approach (see Chapter II). Most aspects of social policy are affected, including combating unemployment and exclusion, promoting equal opportunities, supporting the integration of young people, promoting the mobility of workers and their adaptation to industrial change, and, in the regions lagging behind, strengthening education, science and technology services and training for the health sector. In addition, the Union also provides financial support to many valuable pilot projects and programmes in the social field, and promotes the exchange of experience and information through programmes such as LEONARDO (see Chapter II).

Mobilisation and cooperation

26. The Commission has a role in the mobilisation of efforts to achieve common goals within an agreed framework, leading to the convergence of objectives and policies, such as in the fields of employment and social protection. The Commission recognizes that there is a need for better synergy between the Union's efforts and those of the Member States, and for more cooperation and concentration of the action involved. For this mobilisation role to be effective, it will increasingly be necessary to define the agreed goals with more precision, including the definition of quantitative targets when appropriate, and for Member States to take action to meet the agreed objectives. A clear example of such mobilisation has been provided by the Commission's White Paper on Growth, Competitiveness and Employment.

27. It is also necessary to promote more and better structured cooperation and exchange of experience on matters of

common concern, which may be decided by the Member States according to need, and for which the Commission can usefully provide the framework and technical underpinning.

28. Furthermore, social policy depends for its success on a wide variety of actors and organizations especially at local and regional level. The Commission will assist these groups to establish stronger cooperation via networks across the Union, or parts of the Union, and to stimulate their contribution to achieving the goals of the Union, especially through actions which are both innovative and cross-national.

Information

29. The provision of clear and accessible information on developments in the social field is essential if social policy is to have a real impact on people's everyday lives. The Commission will therefore seek to provide more and better information to European citizens concerning their social rights and opportunities and developments in the social sphere, to help achieve transparency and better understanding of the Union's actions. In addition to the specific proposals elsewhere in this White Paper (particularly Chapters IV and X), the Commission will also seek to enhance the role of its Information Offices in the Member States in the provision of information in the social field.

Analysing future trends

30. It is increasingly clear that the process of change requires collective reflection and coordinated action across a whole range of issues. Important questions are being raised about the future of work itself, and the impact that the Information Society will have on work and on people's everyday lives. Examples of this include changes in the organisation of time, the balance between work and

leisure, and the social consequences of changes in different work sectors as the boundaries between work and qualifications become increasingly blurred. The process of managing these changes will need to be taken forward in synergy with the social science elements of the Union's research programme, and the Commission will seek to develop its medium term research capacity in the social field.

31. The various Observatories which the Commission operates in the social field⁴, in collaboration with the Member States, provide a valuable instrument for the collection, analysis and dissemination of information, a function which is becoming increasingly important in view of the need to understand and assess the rapid changes currently taking place in the field of social policy, especially in the labour market. This information is an important element of the policy formulation process. The Commission will also use the Observatories to produce accessible and informed analyses of specific problems, and will promote a greater synergy and interplay between the different Observatories, so as to develop a greater capacity for inter-disciplinary analysis of social policy issues.

32. In this context, the Commission will also continue to develop its sectoral reports, such as the annual Employment in Europe Report (Chapter I), the proposed annual Equality Report (Chapter V), the annual report on demography (Chapter VI) and the Social Protection report (Chapter VI) to provide a forward looking analytical underpinning to its work in the social policy field.

33. Furthermore, the Commission will also keep under review the role of the relevant agencies, especially the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Health and Safety. In

particular, building on its work to date, the European Foundation for the Improvement of Living and Working Conditions has an important role to play in analysing the key developments and factors of change concerning living and working conditions in the Union. In this context, the Foundation, taking account of its tripartite structure, can play an essential role in the dissemination of information and exchanges of experience.

34. The Commission will seek to improve its links with the Foundation and to reinforce cooperation for the future in order to exploit fully the specific contribution that the Foundation can make. In particular, the Foundation will be invited by the Commission to develop further its capacity for comparative analyses and promoting exchanges of experience.

I - JOBS - THE TOP PRIORITY

1. The pursuit of more good, stable jobs is both a central objective of the Union and a means of addressing more effectively many of the Union's wider social objectives. To this end, employment policies need to adapt. For too long, Europe has focused on the management of unemployment instead of promoting job creation as the top priority.

A - UNION EMPLOYMENT INITIATIVES

2. Unemployment in the Union now stands at 11% and has averaged close to 10% for a decade. It is seen as the gravest social problem throughout the Union. Special concern focuses on the lack of prospects for new entrants to the labour market - young people and women especially - and on those who have become excluded from regular work particularly when they are long-term unemployed. Overall EU employment performance is markedly worse than in the US or Japan. The Union's employment rate has declined steadily since 1960 and is now less than 60% of the working-age population while that of the US has steadily increased to over 70%. EU-wide youth unemployment stands at over 20% for example, as against 13% in the US and 5% in Japan. The share of long-term unemployment stands at over 40% of the total in the EU, but 11% in the US.

3. Policy initiatives within the Union with regard to employment have been developing progressively over the past year, reflecting the shared preoccupation of all Member States to find new ways of creating and preserving employment. In May 1993, the Commission proposed an Employment Framework Initiative which set out the basis of a concerted strategy for employment. The major step forward came in December 1993 with the Commission's White Paper on the interrelated issues of

Growth, Competitiveness and Employment, which developed that employment strategy in the wider economic, industrial and social context of Union. The Union strategy was endorsed by the European Council at Brussels in December 1993.

4. Member States now all recognise that dynamic structural changes, as well as stronger economic growth and increased labour market flexibility, are urgently needed if the Union is to break out of the low employment, high unemployment trap, and to broaden access to work and spread income more widely. It is also recognised that stronger partnerships between national, regional and local levels and between different actors of society - and at Union level - are necessary in support of that strategy, and in support of the wider development of the Union labour market.

5. The European Council in Brussels identified seven areas for particular attention by the Member States in its action plan resulting from the Commission's White Paper:

- (i) improving education and training systems, especially continuing training;
- (ii) improving flexibility within enterprises and in the labour market;
- (iii) the reorganisation of work at enterprise level;
- (iv) targeted reductions in the indirect costs of labour (statutory contributions), particularly of less skilled work;
- (v) better use of public funds set aside for combating unemployment;
- (vi) specific measures concerning young people without adequate training;
- (vii) developing employment in connection with new requirements.

Progress to date

6. The report presented to the Council in June 1994 summarizing follow-up to the White Paper, indicates that almost all Member States have undertaken reforms of their employment systems in recent years. The Commission considers that, although action is under way in Member States on each of the 7 aspects, it clearly does not yet go far enough to meet the employment challenge of the 1990s and the next century.

7. Over the past months the economic outlook for the Union's economy has improved. Present growth forecasts suggest that output growth in the Union could rise to 3 percent or more in 1996. Employment, however, is still expected to decrease in 1994. The unemployment rate is expected to stabilize only in 1995, at a jobless total of 18 million or some 11.6% of the labour force. As the White Paper urged, economic policies must remain on a long-term basis resolutely oriented towards creating jobs, both by promoting a strong and employment-creating growth process, by encouraging active labour market policies and by improving access to the labour market, particularly for the young.

8. Increased economic growth brings a positive and welcome improvement to the employment climate. However, as recognised at Corfu by the European Council, there is a danger that it may offer an illusion of relief from the pressures for structural change, rather than being harnessed to work systematically towards the changes required in that better economic environment. There is thus a risk that, in the absence of new structural measures for creating more employment, growth will not become more labour intensive, and that the effect of existing, pre-White Paper, structural reforms will only be sufficient to compensate for the increase in productivity resulting from policies aiming at increasing efficiency and

competitiveness. The implementation of policies outlined in the employment part of the White Paper is thus fundamental for making growth more labour-creating, and for ensuring that the benefits of such growth are directed towards more jobs.

9. The White Paper stresses the need to widen considerably access to work, to widen the concept of work, and to build a new solidarity based on using productivity gains to create new jobs rather than increase incomes of those in employment. In particular, it underlines the need to ensure that progress in achieving equal opportunities is further pursued, particularly in view of the increased participation rates of women, changing family structures and roles, and the need to maximise the potential of all the Union's human resources. Much more attention needs to be focused on new jobs and the most promising sectors for employment growth. The White Paper also focused on the need for a new sustainable development model based on the incorporation of environmental costs in market prices.

10. It is important to ensure that, as well as supporting high productivity jobs, the Union maximises its ability to generate and sustain jobs at other levels, particularly in the unskilled, semi-skilled and personal and local services fields. This will require acknowledging and addressing the instabilities inherent in rapid change and global competition through a range of related measures, including the integration of macro-economic policy with an active structural development policy accompanied by labour market measures. This will help to make the European economy more effective in terms of employment, and enable it to make full use of the opportunities offered by liberalisation in areas such as the telecommunications sector and technological progress in areas like the Information Society and biotechnology.

11. All Member States, in their different ways, are seeking to introduce changes to their labour market policies, directly or indirectly related to the White Paper's suggestions. The White Paper has been carefully examined as a valuable point of reference in all Member States, including by social partners at national level. However, the urgent need for collective reflection and coordinated action across the whole range of policies affecting the broad employment environment has not yet been realised. A fragmented approach persists, with old and complex national regulations still in force in many Member States. The reforms in the employment systems adopted so far often appear incomplete and it is difficult at this stage to assess their wider impact. Most Member States now recognise, however, the need to build the long-term social consensus in favour of structural changes especially where they affect people's living and working conditions.

12. Member States generally recognise also that this search for consensus implies that greater labour market efficiency and long-run competitiveness is to be sought, not through a dilution of the European model of social protection, but through the adaptation, rationalisation and simplification of regulations, so as to establish a better balance between social protection, competitiveness and employment creation.

13. Increased labour market flexibility means different things to Member States, and needs to be analysed carefully, as the term deregulation is often used with differing connotations. The starting point, for most Member States, is a large body of laws, regulations or collective arrangements. Their ending point, in terms of the nature and scale of change required, is, therefore, likely to differ widely - even after substantial review - particularly in terms of the degree of, and approach to, change in social protection. In analysing these developments, differences between

Member States have to be taken carefully into account.

14. Most Member States stress the need for a more dynamic contribution from the social partners at local and sectoral levels, and a stronger partnership between them and public authorities at those levels. At national level, some Member States recognise the importance of building greater complementarity between public policy and contractual negotiations. At Union level, discussions with the social partners have continued within the framework of the social dialogue, with a particular focus on White Paper employment issues. The Council's Standing Committee on Employment has also discussed issues of work organisation and working time in a positive way.

15. Among the social partners, positive attitudes - reflected for instance in certain agreements - co-exist with reticence to accept the change necessary to take account of the interests of the unemployed. The need for far-reaching reform of the employment systems has yet to become generally accepted. Greater public awareness and acceptance that adjustments in the short-term are needed for the creation of more jobs will be necessary to ensure the adoption and implementation of these reforms. Major political difficulties have been encountered by governments seeking to undertake reforms in this sense. Resistance from those who feel threatened by the changes is not compensated by any obvious public support from those people who would benefit most, but who are largely disenfranchised or excluded from the labour market at present.

16. The need to alter fundamentally, and update, the structure of incentives which influence the labour market is still not adequately recognised. Co-operation across Ministerial boundaries within Governments in the development of

policies needs to be given greater priority. Further organisational and administrative changes will be needed if the implementation of the White Paper strategy is to be pursued effectively. In this context, some Member States have developed or are in the process of setting up, inter-ministry action on specific subjects. Also, most are already decentralising the delivery of labour market (including training) measures as part of a move towards more active targeting of those at risk especially the long term unemployed. Some are seeking to integrate and combine services at local/regional level instead of the previously fragmented range of services available. These different changes need to be given further impetus and to be linked within a global effort.

17. In redesigning policies and systems it will be important to develop the added value of Union-wide action, and mutual support, in exploiting the diversity of Member State experiences. This requires careful examination of the efficiency of different national systems in achieving employment objectives. It means looking at the possibilities to "pick and mix" different elements of policy and good practice from different national systems. It also means the pursuit of increased compatibility between Member States' systems, so as to ensure that they do not develop in ways which conflict with overall Union employment objectives or standards, distort conditions of competition, or inhibit the development of free movement of people within the Union.

18. In this respect, the increased co-operation between the Member States and the Commission with regard to the follow-up to the White Paper is encouraging, but will need to be pursued much more systematically during the coming years.

B - THE FUTURE ROLE OF THE UNION

19. During the second half of 1994, the Commission, in close consultation with the Member States, will prepare a more specific action plan at the level of the Union and of the Member States. This will be directed in the short term at reversing the trend of unemployment and, by the end of the century, significantly reducing the numbers of unemployed. This action plan is to consist of :

- (i) the general framework concentrating on fixing more specific objectives for the implementation of the seven points identified by the Brussels European Council, leaving to Member States the choice of means;
- (ii) specific accompanying measures to be coordinated or adopted at the level of the Union; and
- (iii) a monitoring procedure underpinned by closer cooperation between Member States on employment issues and by the intensification of the process of exchange of information and best practices.

This framework will have to draw on the assessment of progress carried out so far and seek to exploit successful experiences, and should have as one of its objectives to support, and to help overcome the obstacles to, the adoption of the necessary reforms in the Member States.

20. The action plan will be proposed for adoption by the European Council at its meeting in Essen in December 1994. The European Council held at Corfu in June had an in-depth discussion on the different elements of the action plan, and placed a particular emphasis on the encouragement of reforms in Member States intended to improve the efficiency of systems of employment and on specific measures to fully exploit the employment potential of small and medium-sized enterprises.

Support for Member State policies and measures

21. The Commission will continue to encourage the Member States to follow up systematically the different suggestions made in the White Paper on Growth, Competitiveness and Employment. As a further contribution to the pooling of ideas between Member States, the Commission will shortly be issuing its annual Employment in Europe report on the employment situation in 1994 in the Union and will sponsor a second European Employment Week in November 1994.

22. In the meantime, the Commission will develop further its own capacity to contribute to the development of the Union's medium term employment plan, and to strengthen its cooperation in this field with Member States. To this end, the Commission proposes to :

- *strengthen its existing co-operation with Member State authorities - notably the Directors-General of Employment - regarding policy development, and to present regular reports taking forward the Commission's "tableau de bord" of comparative information on the progress of the Member States in following up the action plan agreed at the Brussels Summit;*
- *develop Union-level co-operation between all Directors-General whose responsibilities concern or affect employment - including Employment, Social Protection and Education and Training Ministries;*
- *expand the policy content of its annual Employment in Europe Reports and extend the policy debate in its annual Employment in Europe Conference to assess the impact of current economic policy on employment;*

- *strengthen its Employment Observatory system and data bases on labour market measures in cooperation with the Member States, and work with the Member States, in particular by developing better, and more up to date comparative statistics on the structure of employment;*
- *consolidate the European Employment Service (EURES), set up to inform, counsel and place job seekers across Europe (see Chapter IV).*

23. In this perspective, the Social Affairs Council is called upon to play a pivotal role, linking with other ministerial/sectoral Councils, notably ECOFIN, so as to contribute to proposals and measures which have a much more significant impact.

24. The social partners will be encouraged to intensify their cooperation within the framework of the social dialogue at European level, both at an interprofessional and sectoral level. It will be necessary to invite them to review the efficiency of the existing machinery for this purpose, in particular in relation to addressing the concerns of the unemployed (see Chapter VIII).

25. The Commission will continue to monitor employment aids to ensure that they are targeted on priority needs and do not distort conditions of employment. In addition, the Commission is also launching a process of examining the impact on employment of existing Union and national legislation on employment and competitiveness.

26. Small and medium-sized enterprises are universally recognised as being a major source of new employment. The creation of new SMEs and the development of existing SMEs is therefore crucial in the

search for new jobs. Within the framework of its integrated programme in favour of SMEs the Commission is therefore paying particular attention to encouraging improvements in the administrative and legal environment for SMEs.

Support for successful job creation policies and practices

27. In a series of Resolutions adopted since 1983, the Council has invited the Commission to promote the exchange of information and experience about the development of policies and practices about successful job creation experiences. With the active collaboration of Member States and the support of the European Parliament, the Commission has set up a series of policy-centred action research activities (ERGO, LEDA, SPEC, LEI, etc.) which have been developed alongside MISEP (Mutual information system on employment policies) and are designed to assist the rapid transfer of good practice and know-how between all kinds of enterprise - small, medium and large - and localities - rural, industrial and urban - across the Union. During 1994, these different activities are being carefully reviewed by the Commission in the light of the priorities set by the White Paper on Growth, Competitiveness and Employment, the need to secure value for money from Union-level actions and to streamline the machinery for policy interaction. The Commission will present in early 1995:

- *a Communication rationalising and streamlining the existing policy-centred action research activities referred to above, and designed to build a new cooperative framework for closer and more structured collaboration between Member States and the Commission with regard to employment and labour market policy. Account has also to be taken of the imminent launching of a series of new Community Initiatives, notably ADAPT and EMPLOYMENT, as well as the second phase of other Community Initiatives such as LEADER.*

28. This cooperation will be designed to complement the scope and thrust of the Community Initiatives, and should focus in particular on such issues as the emergence of new jobs, the contribution of different kinds of enterprises to job creation, promising locally-based initiatives and partnerships, the switch from passive to active labour market measures, and the general encouragement of entrepreneurial activity to stimulate the creation of more SMEs. It will also consider initiatives to foster the entrepreneurial activities of women in the labour market and ways of encouraging increased employment opportunities for women and men in non-traditional occupations. It would thus underpin the systematic exchange of good practices and feed the results of its analysis into the overall process of cooperation in this field.

II - INVESTING IN A WORLD CLASS LABOUR FORCE

1. Investment in education and training is now recognized as one of the essential requirements for the competitiveness of the Union as well as for the cohesion of our societies. This was one of the seven areas identified by the Brussels European Council in its action plan resulting from the White Paper on Growth, Competitiveness and Employment.

Building the skill levels of the present and future workforce

2. In their official responses to the Commission⁵, all Member States have expressed their determination to improve the quality of their education and training systems to better meet the challenge of long-term competitiveness, and to provide the supply of a highly skilled and adaptable workforce. A qualified and well-motivated workforce is a corner-stone of a competitive economy. This is vital as individuals will in future have to change careers or jobs more frequently during their life times. All Member States have underlined the need to sharpen public awareness that investment in the qualifications and skills of the present and future workforce is as indispensable as investment in real capital. Special concern has been expressed by some Member States about the need for better coordination of the policies pursued by the Education and Employment Ministries which in most Member States have overlapping responsibilities with regard to vocational training. Without close coordination between education and vocational training systems, and closer ties with research and development, it will be impossible to ensure progression for individuals to build or add to their skills and qualifications throughout their life time.

3. Most Member States emphasised the need to put a higher premium on the

importance of vocational qualifications, and to place them on a par with academic qualifications within the framework of a unified national system of certification in place of existing disparate certification arrangements. Most Member States stress too the importance of a much closer association of the social partners with the design, management and delivery of training, especially at local, regional and sectoral levels. All agree that national qualification systems should be developed along convergent, but not harmonised lines, at the level of the Union so as to underpin the free movement of persons on a transparent and practical basis.

4. There is little evidence of adequate special measures designed to eliminate the problem of basic illiteracy faced in most Member States, as well as the lack of other basic skills, on the part of many school-leavers. These unqualified school-leavers inevitably become the hard-core of the long-term unemployed. Virtually all Member States, however, have taken or are now taking steps to ensure that all young people are offered a sound, broadly-based initial vocational training. Member States have welcomed the Commission's Youth Start scheme as a further stimulus to national efforts. Although a number of measures targeting young people have been introduced in many Member States over the last few years, the range of schemes sometimes make it difficult to perceive how the individual is meant to find his or her way through the systems. Some simplification and streamlining could be useful within Member States and lead to greater transparency and comparability of the different qualification systems throughout the Union.

5. Most Member States have recently committed themselves to the following priorities designed to :

- revitalise and extend the coverage of their apprenticeship system, improving quality and standards, including the work-based component;
- develop further the bridges between the worlds of school and work, including the introduction of more opportunities for work experience and the introduction of credits for young people (having left full compulsory education) to choose an approved course;
- review their arrangements for vocational guidance, though without much evidence of the need to examine the links between such services and employment/placement services, whether public or private;
- review the training of trainers and instructors and their qualifications;
- encourage active partnerships between higher education and industry, including the two-way transfer of staff between institutions of higher education and companies;
- encourage management training for potential entrepreneurs to improve the survival rate of new SMEs;
- improve foreign language teaching and encourage a spirit of enterprise among young people so as to develop skills to support job creation and economic development, including the use of technology in the school curricula.

6. So far as continuing training is concerned, all Member States are concerned to improve and extend access and participation and stress the importance of in-company training with appropriate vocational assessment of employees and also to strengthen the links with local and regional authorities especially in terms of

forecasting skill needs and shortages. High priority is being accorded to continuing training for the least qualified unemployed, and the creation of more incentives for this group. These policies were given a useful stimulus by the Council Recommendation adopted on 30 June 1993⁶. Nevertheless, overall, Member States still have much to do to create a transparent and dynamic system of lifelong learning. This must be a central priority for the Union.

7. At European level, the representatives of the trade unions have offered to take up the suggestion made in the Commission's White Paper on Growth, Competitiveness and Employment and to negotiate a collective bargaining agreement on continuing training so as to extend access to and participation in continuing training. This could build on the previous joint opinions agreed on this subject within the framework of the social dialogue. At this stage, however, UNICE has not taken up this offer. The Commission will encourage and support further dialogue on this subject, recognising the importance of improving the motivation and quality of the workforce as a whole.

8. There is some evidence of the introduction of tax relief or financial assistance through loans for individuals paying for their training, and also to help small employers to invest in developing the skills of their employees. There are some signs too of a new approach to the organisation of working life, with a higher degree of alternation between work, training and leave, for example, leave schemes so as to increase job rotation under which continuing training of employees is combined with job training of unemployed persons who are recruited as substitutes for those on training leave.

9. There is growing evidence of the internal flexibility of firms being promoted through new training efforts enabling employees to reorganize their work and

their working time on a more flexible basis. However, generally participation in continuing training of those employed in small and medium sized firms continues to be relatively weak.

10. In accordance with Article 127 of the Treaty, the Commission will continue to develop progressively a vocational training policy building on the various achievements to date at the level of the Union. The Commission fully recognises that Member States have responsibility for implementation in this field. The Commission will concentrate its effort on the definition of objectives so as to set a policy framework at the level of the Union, which is essential so as to provide urgent stimulus to the efforts of Member States, and to ensure high standards throughout the Union.

11. The development of a coherent training strategy, underpinned by the different instruments at the disposal of the Union, could thus serve to improve training performance and to inform and stimulate national, sectoral and local training systems. This concerted, Union-wide strategy, could then be followed up by each Member State in the different national and regional training actions. The national training strategies should be published by the Commission so as to further the exchange of experience, and exploited through discussions with the Directors General of Vocational Training and the social partners.

12. The Commission proposes to present further proposals during 1995, within the framework of Article 127 and taking account of the recent decisions on LEONARDO and SOCRATES, linked to the overall plan of action for employment, focusing on the following priority aspects set out in the White Paper on Growth, Competitiveness and Employment and designed in the context of national structures to:

- *build a **Union-wide guarantee** that no young persons can be unemployed under the age of 18: they should be guaranteed a place in the education and training system or in a linked work and training placement. The contribution of the Union is to underpin this with the Youthstart initiative;*
- *set progressive targets up to the year 2000 for the **elimination of basic illiteracy**, and lack of other basic skills, on the part of school-leavers;*
- *raise the status of **initial vocational education and training**, and encourage the development of the entrepreneurial skills of young people and their capacity to exploit the new technologies throughout appropriate work experience;*
- *extend the **scope and range of existing apprenticeship schemes**, and/or other forms of linked work and training, in active cooperation with the social partners;*
- *improve the **coordinated provision of guidance and placement services**, notably at local level, to provide systematic advice to young people on career and job opportunities;*
- *examine ways of **introducing tax incentives for firms and individuals** to invest in their continuing training, as an expression of public policy commitment to the development of life-long learning opportunities for adults.*

13. In addition, in cooperation with the Member States, the Commission will review the arrangements for management education and training in the Union and identify ways of promoting cooperation and the dissemination of good practices.

14. While recognising the vital importance of linking employment and training, the Commission is also sensitive to the risk that training schemes can simply become mechanisms for containing unemployment or can, if not properly implemented, give rise to abuse in the form of the substitution of unemployed people for those in employment. In labour market terms, this would represent a downgrading of participants in such schemes, and would also have a generally negative effect on terms and conditions of employment across the board.

15. Finally, a new research initiative on education and training has been introduced within the Fourth Framework programme with the objectives of assisting Member States in their efforts to develop links between research, education and training and improve their education and training systems, through dissemination of good practice. Research in this field can provide valuable support to building the skill levels of the present and future workforce.

The European Social Fund

16. In the context of its policy of economic and social cohesion, the Union has at its disposal in the Structural Funds a very significant financial instrument which can strongly support this process. The Structural Funds and especially the Social Fund must increasingly make a carefully targeted contribution to the development of a skilled, adaptable and mobile workforce. The development of human resources is a fundamental component of the Union's strategy for growth, competitiveness and increased employment.

17. The Structural Funds, with a financial envelope of more than 141 billion ECU between now and 1999, will provide a very substantial contribution to investment in human resources, the fight against unemployment and the working of the labour market. The European Social Fund

in particular will account for some 40 billion ECU over the coming period. It is, therefore, of the greatest importance that last year the Council and the Parliament accepted the Commission's proposal for a radical overhaul of the Social Fund to make it a more effective and flexible instrument.

18. On a Union-wide basis the Social Fund is focused on combatting long-term unemployment and exclusion from the labour market, on seeking to ensure that all our young people are given the necessary skills and the opportunity to work, on promoting equal opportunities and, in the context of the new and innovative Objective 4, on helping to adapt the work-force to industrial change. In an integrated approach the Structural Funds make a particularly significant contribution to the development of those regions facing particular development problems, in particular Objective 1 regions where strengthening education and science technology services is amongst the additional priorities. In addition, new flexible structural instruments have been created to help meet the social challenges faced by certain industries, such as the fishing sector. Moreover, the setting-up of company-based training plans, linked to company business plans, will be widely encouraged, drawing appropriately on the possibilities opened up by the new Objective 4.

19. The Commission is presently negotiating Community Support Frameworks (CSFs) with Member States which will set out a strategy for the use of the Structural Funds between now and the end of the century. As far as the Social Fund is concerned, the Commission is promoting a targeted approach based on three priority themes:

- *improving access to and quality of initial training and education, especially through the implementation*

of "Youthstart";

- *increasing competitiveness and preventing unemployment by adapting the workforce to the challenge of change through a systematic approach to continuing training;*
- *improving the employment opportunities of those exposed to long-term unemployment and exclusion, through the development of a package of measures which form a pathway of reintegration.*

Promoting equal opportunities for women in the labour market is an integral part to all of these themes.

20. The Commission will continue to seek in partnership with the Member States to ensure that the priority to be accorded to investment in human resources is reaffirmed and reflected in the CSFs and programmes agreed for the coming period. It is also important that the CSFs and programmes now adopted contain sufficient flexibility to make it possible to adapt actions and financial efforts to the ongoing implementation of the White Paper on Growth, Competitiveness and Employment, which will put a premium on quality and will also help to redress the balance towards more adequate investment in human capital. The Commission will in this regard take steps to ensure systematic monitoring, evaluation and control throughout the period so that programmes are amended as necessary, so that those programmes which are more effective are given adequate support and so that the most successful experiences and practices are disseminated rapidly throughout the Union.

21. It is also important to ensure better coordination between departments and between national or regional authorities and other relevant actors. Member States will be encouraged to review implementation mechanisms in order to

increase efficiency and transparency in the granting of support and to ensure that implications for employment and skills are fully taken into account when decisions to fund infrastructure and productive investment projects are being made. In addition to seeking closer national inter-departmental cooperation, efforts are needed to promote a broader partnership involving NGOs, community bodies, local authorities, the social and economic partners and the private as well as the public sector to bring in new knowledge and expertise.

22. Experience has shown the growing importance of the local level and of decentralised management. The development of implementation mechanisms which facilitate a bottom-up approach is especially relevant for the two new themes of the ESF: combating exclusion and promoting adaptation to industrial change, where much experience lies outside the public domain. A series of national conferences will be promoted with effect from 1995, together with a European level event, to highlight for the wider public the practical uses of the ESF.

23. A key challenge for the future will also be the phasing-in to the ESF of measures currently implemented under the European Coal and Steel Community. Useful lessons can be learned from experience gained with the ECSC which has operated in exceptionally close association with the social partners and with co-financing from the industries in the form of a levy on output. This system has cushioned the social impact of tremendous job losses over the past twenty years and more.

Community Initiatives

24. The new series of Community Initiatives will be launched later this year. These include EMPLOYMENT, whose main objective is to improve access to employment for certain disadvantaged

groups (such as the young unemployed, disabled people, the socially excluded and women), and ADAPT, which aims to assist workers at risk of unemployment through industrial change to adapt to new working practices and methods. They are designed to have an important catalytic effect on national, regional and local efforts to promote employment and to improve the quality and standards of training provision. An important feature of the Community Initiatives will be the emphasis placed on developing a strong transnational and innovative dimension. The Commission will establish with all concerned a carefully constructed programme of monitoring and information exchange so as to exploit all the possibilities opened up by these programmes.

Community Training Programme

25. Moreover, so far as action at the level of the Union is concerned, the recent adoption by the Council of the common position on the LEONARDO programme will provide a further impetus to

cooperation, building on the successful experience of the previous programmes (COMETT, FORCE, EUROTECNET LINGUA and PETRA). This programme is designed to promote and support quality and capacity of innovation in the field of training. It will be developed in synergy with the structural intervention of the Union, especially, as far as the ESF is concerned, with the new set of Community Initiatives. Arrangements will be made to ensure a regular flow of information from these different actions to the Member States. The Council should decide the programme before the end of 1994 so that with effect from January 1995 the next phase of cooperation in the field of vocational training can benefit from the full range of actions to be developed in the framework of the LEONARDO programme. Implementation of this programme will benefit from the reinforced link with CEDEFOP (European centre for the development of vocational training), especially as regards the regular production of comparative descriptions of training systems.

III - ENCOURAGING HIGH LABOUR STANDARDS AS PART OF A COMPETITIVE EUROPE

1. Legislating for higher labour standards and employee rights has been an important part of the Union's achievements in the social field. The key objectives have been both to ensure that the creation of the single market did not result in a downward pressure on labour standards or create a distortion of competition, and to ensure that working people also shared in the new prosperity. The main areas of focus have been equal treatment between men and women, free movement of workers, health and safety, and - to a limited extent - labour law.

2. Since the adoption of the Single European Act, the emphasis has shifted from harmonisation to the adoption of minimum standards, and the 2nd Social Action Programme⁷ which resulted from the Social Charter adopted in 1989 foresaw 21 proposals for directives, most of which were based on Article 118A. The Commission has proposed all of these and 13 have been adopted. Important progress has therefore been made on health and safety at work, including the Directives on the protection of pregnant workers⁸, the protection of young people at work⁹ and the organisation of working time¹⁰, which, by laying down minimum standards, have recently further extended the social protection of workers. As regards labour law, important decisions have been taken with the Directive on an employers obligation to inform employees of the conditions applicable to the employment contract¹¹ and the amendment to the collective dismissals Directive¹².

3. Nonetheless, a number of proposals remain outstanding. Four proposals in the health and safety area are still under discussion in the Council (see part C). In addition, there are 4 other proposals outstanding before the Council. These are:

- (i) information and consultation of workers
- (ii) non-standard employment :
 - working conditions
 - distortion of competition
- (iii) posting of workers

4. In the next phase of social policy, the Commission believes that the highest possible priority must be given to bringing these proposals to a successful conclusion.

5. The priorities for the future will therefore be completion of the existing Social Action Programme, the consolidation of a good base of labour standards, and the promotion of health and safety at work.

A - COMPLETING THE EXISTING SOCIAL ACTION PROGRAMME

Information and consultation of employees

6. In April 1994, the Commission presented a proposal to improve the information and consultation of employees in Community scale undertakings under Article 2(2) of the Agreement on Social Policy¹³. The Social Affairs Council on 22 June reached a Common Position on the text and the Commission expects it to be adopted by the end of 1994. The Commission will give careful attention to assisting the implementation of the Directive, and to ensuring cooperative exchanges between those involved. In addition:

- *once this Directive is adopted, the Commission will examine its impact on the seven proposals for Council directives which concern or contain provisions concerning information and consultation of employees¹⁴ which are currently on the table of the Council.*

Posting of workers

7. It is urgent that progress is made on this important problem. The Commission's proposal¹⁵ seeks to establish a core of minimum standards to protect workers working temporarily in another Member State. The completion of the single market makes this all the more necessary.

- *If no success can be achieved in the Council on this text by the end of 1994 the Commission, without prejudice to the legal framework, will initiate further discussions with the social partners and, in the light of their opinion, consider further whether this problem can be resolved by new proposals for action in this field.*

New forms of employment

8. The last four years have seen dramatic developments in the labour market brought about in particular by changes in both the production model and the service sector, leading to more flexible forms of work contract (fixed term, temporary and part-time). This is not only because management wants to increase flexibility, but also because the workers involved quite often prefer alternative work patterns. If these flexible forms of work are to be generally accepted, it is important to ensure that such workers are given broadly equivalent working conditions to standard workers, and there is a general concern to make a breakthrough at Union level in this area. The Commission recognises that, as a result of these developments, its original proposals in this area¹⁶ may now need to be reformulated. The measures adopted will also need to take account of the principles of the ILO Convention on part-time work adopted in June 1994.

- *If no progress can be made in the Council on the basis of the current proposals by the end of 1994, the Commission will initiate consultations*

with the social partners under the Agreement on Social Policy. These consultations will consider what further action might be taken, including the possibility of a first step through a new directive on part time work.

- *In the same context, the Commission will also examine the possibility of a framework directive covering the issues of reconciling professional and family life, including career breaks such as parental leave. Such a proposal would seek gradually to encourage the development of new models better suited to the changing needs of European society, and be specifically designed to facilitate the full integration of women into the labour market (see also Chapter V). It would set minimum standards within a framework designed to encourage competitive solutions in a changing world. In this event the existing proposal on Parental Leave¹⁷ will be withdrawn.*

Working time

9. The Working Time Directive, which sets provisions regarding minimum daily and weekly rest periods, a maximum 48 hour working week, paid annual leave and night work was adopted in November 1993¹⁸. In addition, the Commission has given a commitment to the Parliament to make proposals to complement the existing Directive to cover all employees. Provided that certain minimum standards are respected, flexibility in working time arrangements should be encouraged, particularly at company level as part of developing new patterns of work and in order to improve competitiveness and increase employment opportunities.

- *Consultations with the social partners and/or studies by the Commission are proceeding in the case of sectors (five transport sectors plus sea fishing) and*

activities (other work at sea and doctors in training) excluded from the working time directive. The Commission considers that agreements between the social partners would be the best solution, but if no agreements can be reached during 1995, proposals for Directives based on Article 118A will be considered.

B - CONSOLIDATING A GOOD BASE OF LABOUR STANDARDS

10. With the completion of the existing Social Action Programme, a substantial base of labour standards has been consolidated in European law. The question of where to go from there is complex and controversial because the issue of labour standards is at the heart of the debate about the relationship between competitiveness, growth and job creation.

11. On the one hand, there are those who argue that excessively high labour standards result in costs which blunt the competitive edge of companies in one country or region as compared with others. On the other hand, many believe that productivity is the key to competitiveness and that high labour standards have always been an integral part of the competitive formula.

12. The tension between these two views has been very evident in the different submissions which the Commission has received as a result of the Green Paper. It must be said that there is no clear consensus on this point and that Member States and others remain divided in their opinions about the need for further legislative action on labour standards at European level.

13. A number of Member States, with support in particular from the European Parliament, the Economic and Social Committee and the ETUC, developed the

idea of extending the floor of binding and enforceable minimum standards, as the appropriate instrument for making gradual progress towards economic and social convergence in the Union, having regard to the economic strength and capacity of the different Member States. In addition to supporting adoption of current proposals, a range of other areas were put forward for legislative action at Union level. These included:

- (i) protection against individual dismissal;
- (ii) protection of the privacy of workers in particular with regard to the processing, including the collection and disclosure of workers' data;
- (iii) requirement of equal treatment in case of part-time work and work on fixed-term contracts (see part A above);
- (iv) the prohibition of discrimination against workers who uphold their rights or refuse to perform unlawful tasks ;
- (v) the right to payment of wages on public holidays and during illness;
- (vi) the right of the worker to be heard in internal company matters which concern him or her personally.

14. The Commission is already undertaking detailed studies on the situation in the Member States on points (i) and (ii) above and expects to be able to publish the results within the next nine months. It will also encourage debate in the Council and Parliament, and with the social partners on these issues. The need for proposals for further legislation at European level in any of these areas will be considered in the light of this debate, taking into account the work already undertaken in relation to the proposal for a general framework directive on data protection. In addition, there are a number of other areas - for example homeworking and teleworking - where new approaches might be developed and which should be further explored with a view to possible Union action in the future.

15. Other issues mentioned in responses include the prohibition of discrimination on the grounds of race, religion, age and disability (see Chapter VI) and the informal economy. With regard to the complex problems surrounding the issue of the informal economy, the Commission proposes, drawing on past discussion, to encourage the exchange of experience between Member States with a view to creating a new impetus and identifying possible solutions. In the light of this process the Commission will:

- *present proposals to address the issue of illegal work, including its links with illegal immigration.*

16. More generally, the Commission believes that, in the immediate future, consolidation and implementation of the existing corpus of law - in this as in all areas - in order to ensure that competition is not distorted by non-transposition will be at least as important as the presentation of new proposals (see Chapter X). This situation may change once the present process of adaptation of labour law which is underway in all Member States has settled down. Once the new patterns of workers rights are clearer at national level, the question of how best to underpin this at European level will no doubt return to the agenda. In this context, given that it is almost five years since the adoption of the Social Charter, the Commission believes that it is now time to take stock for the future. It therefore plans to:

- *organise during 1995, in collaboration with the European Parliament, a joint hearing to assess the achievements, problems and perspectives following the Social Charter, five years on. This will also draw on the 1994 report on progress in achieving the objectives of Article 1 of the Agreement on Social Policy, which the Commission is required to draw up by Article 7 of the Agreement and which will, for*

practical purposes, be merged with the report on the application of the Social Charter.

C PROMOTING HEALTH AND SAFETY AT WORK

17. The Commission's Communication on safety, hygiene and health protection at work¹⁹ sets out the main areas for action to be undertaken up to the year 2000.

18. A key priority remains the need to make progress on the health and safety proposals currently under discussion in the Council, with a view to their adoption during 1994 and 1995²⁰. In addition, following the consultation of the Union Institutions on the Communication, a fourth programme of action on safety and health will be drawn up in 1995. The key features of this programme will be :

- *appropriate development of Union legislation in the light of new knowledge or technical progress, or to remedy identified shortcomings, especially in relation to high risk situations and harmful agents;*
- *consolidation of existing provisions in order to reflect advances in science and technology and to make them more easily applicable by all concerned;*
- *promotion of information, education and training activities targeted at employers and workers as well as cooperation between Member States and the social partners to improve awareness of health and safety issues;*
- *promotion and development of preventive measures and protective services, especially in relation to risk assessment;*
- *study of problems encountered in*

undertakings and enterprises such as small and medium-sized enterprises and in particular by specific groups as well as issues connected with well being at work;

- *development of non-legislative accompanying measures in order to promote and supplement legislative objectives.*

19. The Parliament has called on the Commission to develop a programme to be called Safety Action For Europe (SAFE). The Commission intends to respond to this request in its fourth action programme. As foreseen in the above Communication, the Commission will also:

- *make proposals to develop and formalise the role of the Senior Labour Inspectors group.*

20. On 22 June 1994 the Council approved a Regulation establishing a European Agency for Health and Safety at Work, based in Bilbao²¹. The Agency will have as its main tasks the collection and dissemination of technical, scientific and economic information on health and safety at work, the promotion of and support for exchanges of information and experience between Member States, organising conferences and seminars, providing the information necessary for the Commission in the preparation and evaluation of legislation, the establishment of a network linking Member States' national networks, and the collection and dissemination of health and safety information from outside the Union. The Commission will place a special emphasis on ensuring that the Agency becomes operational during 1995.

IV - BUILDING A EUROPEAN LABOUR MARKET

1. One of the great successes of European integration has been to transmute economic migratory movements between Member States into free movement based on free movement of persons who draw their rights from the Treaty, which contributes to a concrete and practical expression of European citizenship. This is a real testimony to the values inherent in the European social model, and in particular the rights and responsibilities of individuals.

2. The pursuit of the goal of free movement for the citizens of the Union, and the more so for settled third country immigrants, is obviously more difficult under conditions of high unemployment. This is a reality which cannot be ignored, but it has to be seen against the background of the European tradition of openness, the historical successes of Europe in integrating immigrants and the contribution this has made to economic success and demographic and societal vitality.

A - THE FREE MOVEMENT OF PERSONS WITHIN THE UNION

3. Article 8 A of the Treaty gives every citizen of the Union the right to move and reside freely within the territory of the Member States. In reality, certain persons without resources are hindered from exercising this right, in particular unemployed people without benefits, those who live on social benefits and certain disabled people, and gypsies, who encounter practical and administrative difficulties in residing in the Member State of their choice. An in-depth reflection on the notion of the citizenship of the Union is necessary, with a view to re-examining the conditions set by derived law for the exercise of free movement, in particular as regards the right to stay and reside, taking

also into account the need to avoid, as far as possible, creating additional financial burdens or potential irregularities.

4. The challenge to the Union now is therefore to create a real European mobility area, in which freedom of movement becomes not only a legal entitlement but also a daily reality for people across Europe. This calls for a more complex interaction of policies than in the past. Such free movement contributes to achieving the objectives of the single market as well as the establishment of a more flexible and efficient European labour market. In other words, it is a clear illustration of the integration of social and economic policies that the debate on the Green Paper has emphasised. The Commission therefore proposes:

- *to review all aspects of the operation of the single market with regard to the free movement of people (employed, self employed, students, pensioners and others), and will establish a high level panel to assess the problems faced and to propose possible solutions. The panel will report to the Commission during 1995.*

5. In this context, the Commission will also seek to ensure the provision of clear and accessible information to people seeking to move about the Union, building on the information already provided through the EURES data bases (see section C).

6. In order to remove the remaining legal barriers to free movement of workers, the Commission will press for adoption of the proposed measures in the areas of family reunion, equality of treatment, and the strengthening of the

entitlement to residence for workers in an atypical employment situation²².

7. In addition, the Commission will:

- *use all available means to ensure real and effective implementation of the rules, including legal procedures where necessary. Member States should provide adequate training and information to officials at all levels in order to alleviate cumbersome administrative procedures;*
- *evaluate the measures already taken at Union level on the mutual recognition of diplomas and the comparability of qualifications, to exchange experiences and information and to achieve greater transparency both for employers and for workers. In addition, measures to promote academic recognition of diplomas and study periods should be considered in order to facilitate the mobility of students and researchers;*
- *propose to extend the general system of recognition of diplomas to professions not yet covered and continue the evaluation of measures already taken to facilitate the provision of services by and the establishment of regulated professions in the Union;*
- *make proposals additional to its Recommendation of 21 December 1993²³ to solve the taxation problems of workers who exercise free movement, in particular frontier workers, with the aim of guaranteeing equal treatment.*

B - SOCIAL SECURITY AND FREE MOVEMENT

8. Adequate protection by Union

provisions in the field of social security is a pre-condition to the effective use of the right to move and to stay within the Union. Without such protection, the existing disparities between the social security systems of the different Member States would adversely affect people moving across frontiers. They would risk losing all or part of their rights acquired or in the process of being acquired under national legislation (for example to pensions, health insurance, unemployment benefits, family benefits), when leaving their country to work, to look for a job, to reside or to stay elsewhere in the Union.

9. In more than thirty years of European action in this field many obstacles to free movement have been removed, but others which discourage people from moving still remain. The overall approach is not aimed at harmonising the Member States' systems of social protection, but at achieving effective coordination of these systems throughout the Union. Coordination is a dynamic and never-ending process reflecting the rapid evolution of the national social security schemes and changing requirements.

10. To this end, the Commission proposes:

- *a wide-ranging technical revision and restructuring of the coordination of social security provisions in order to keep pace with developments and the needs of people, and simplify the existing rules. The Commission will identify the relevant problems, in order to assess the extent and the implications of the necessary changes. This analysis will serve as a basis for discussions on the strategy for modernization and simplification, involving governments and social partners, and for the development of a concrete proposal.*

11. In the meantime, Union action is also

necessary to preserve and to improve what has been achieved so far. The Commission will therefore bring forward legislative proposals covering:

- *the need to maintain adequate protection for people moving across borders as regards occupational and other complementary social security schemes supplementing or substituting for protection guaranteed by law. As regards occupational pensions, it is envisaged that the Union's role in overcoming the obstacles to mobility already identified in the Commission's Communication of 1991²⁴ will be to establish a general framework of broad objectives, and a proposal for a directive will be presented towards the end of 1994;*
- *coordination provisions for some new and modern types of benefits which have been created by Member States in recent years, such as education benefits and benefits for persons in need of long-term care;*
- *third country nationals who are legally employed and resident within the Union and who, when staying temporarily in another Member State, suffer multiple disadvantages because they are not covered by the coordination provisions. As a first step, they should be entitled to necessary health care benefits;*
- *the need to adapt Union rules on unemployment benefits for persons looking for work in another Member State. The existing rules were adopted when unemployment rates were comparatively low, and need to be adapted to today's labour market situation without creating, however, additional financial burdens or incentive for abuse;*

- *solutions to the problems posed by early retirement schemes based on industrial agreements, which are not covered by the coordination regulations and which pose various problems affecting, in particular, frontier workers.*

12. In addition, the existing provisions on cross-border access to health care are too restrictive and no longer appropriate to today's requirements. With a view to enabling greater and more efficient use of existing facilities, especially in border regions, the Commission will encourage co-operation in this field between Member States and their appropriate institutions.

13. Finally, the modernisation of the exchange of data between social security institutions is vital for the efficiency of the whole coordination system and the provision of a better service to the public. The further development of a telematic network will therefore be given a prominent place in Union action in the coming years. It is planned that this network, linking social security institutions in all Member States, will be in place before the end of 1998.

C - EURES

14. The current economic and employment crisis has highlighted the fact that a true European employment market does not yet exist. EURES (EUROpean Employment Services) has been set up both to act as a comprehensive European employment agency with a mandate to inform, counsel and place job-seekers across Europe, and to provide a forum for discussion of European employment issues at operational level. EURES operates through a partnership between the Commission, national employment services in 16 countries, and other institutions interested in labour mobility, such as employer organisations, trade unions and universities.

15. It reflects the demand from European employees and employers for a tool to tap into the enormous potential of a true European labour market, above all by providing good information on transnational job and recruitment opportunities. By facilitating transnational recruitment and experience, it can reduce existing structural labour market barriers, and can help develop the links between training and employment at European level. The object is also to draw on successful ideas in one country or region to tackle the challenges of another.

16. The core network of 400 trained advisers to deal with transnational job seekers and job providers is already in place. By the end of 1994, a computerised jobs data bank will be fully operational, supplemented by a living and working conditions data bank treating matters from accommodation to contract law to taxation. EURES will also have a particular focus on the creation of true frontier-free cross-border employment regions in areas of potentially high mobility.

17. This tool will be developed to facilitate the liaison between other EU initiatives (e.g. training initiatives, ESF Community Initiatives) and the world of work; and become a transnational framework for the exchange of experience and good practice relating to all issues in the field of employment.

D - INTEGRATION OF IMMIGRANTS

18. In February 1994 the Commission issued a Communication on immigration and asylum policies²⁵ as a basis for a new and wide-ranging debate about how the possibilities which the Treaty on European Union creates can be used to provide the coordinated response necessary, and the framework, to guide the Union in its future work.

19. The Communication stresses that

action in the area of integration policy remains an essential element of the wider need to promote solidarity and integration in the Union. To achieve this, integration policies must be directed in a meaningful way towards improving the situation of third country nationals legally resident within the Union by taking steps which will go further towards strengthening their rights relative to those of citizens of the Member States.

20. The framework for action by the Union set out in the Communication constitutes the basis for the action plan which will enable the Union to pursue an active and comprehensive migration policy. In particular, the Commission will:

- *make a proposal by the end of 1994 recommending the ratification by Member States of the International Convention on the protection of all migrant workers and members of their families, adopted by the UN on 18 December 1990;*
- *encourage the social partners to address, in the framework of the social dialogue, the question of the conditions of employment for third-country nationals legally residing in the Union;*
- *finalise, during 1994, a review of the implementation by Member States of the Decision of the EC-Turkey Association Council on the situation of Turkish workers employed in the Union. This will be followed by similar reviews concerning the situation of workers from the Maghreb countries and, in a later stage, of workers from Eastern and Central European countries with which the Union has concluded agreements.*

21. An internal market without frontiers in which the free movement of persons is

ensured logically implies the free movement of all legally resident third country nationals for the purpose of engaging in economic activities. This objective should be realised progressively.

As a first step the Commission will:

- *present a proposal in 1995 to ensure that Member States give priority to third-country nationals permanently and legally resident in another Member State, when job vacancies cannot be filled by EU nationals or nationals of third countries legally resident in the Member State.*

22. At a later stage, access to employment in response to an offer of employment will have to be secured; the timing for the realisation of full free movement rights, will depend on the labour market situation.

23. Successful integration in the host country is perhaps the ultimate test of effectiveness of the Union's free movement policy, and it is important that the migrant communities themselves have a voice in their own integration process. Migrants associations can often serve as mediators in promoting integration in the host country. The Commission will therefore start, in 1994:

- *an evaluation of integration projects and projects against racism carried out by NGOs with financial support from the Commission, in order to develop guidelines which can be used at national, regional or local level.*

E - COMBATTING RACISM AND XENOPHOBIA

24. As agreed at the Corfu European Council, the Union will step up its efforts to develop a global strategy at Union level aimed at combatting racism and xenophobia. For its part, the Commission will:

- *continue to encourage the development of systems to monitor incidents of racial harassment, where several Member States have made progress and discussions are proceeding on how cooperation within the Union could stimulate further progress.*

- *increase existing financial support for anti-racism projects, with the purpose of pump-priming national and other efforts in this field, and continue to fund organizations whose aims and programmes contain a large anti-racist element.*

- *consult the social partners at European level in 1994 on the possible adoption of a code of good employment practice against racial discrimination.*

25. The Commission will also press for specific powers to combat racial discrimination to be included in the Treaty (see Chapter VI).

V. EQUALITY OF OPPORTUNITY BETWEEN WOMEN AND MEN

1. The European Union has a long standing commitment to equal opportunities between women and men (Article 119 of the Treaty of Rome), and it is now widely recognised that the legal framework reflecting social policy at European Union level has been a catalyst for major change in the Member States. In turn the clarification and interpretation of the law, usually through legal cases, has benefited the development of equal opportunities. Nevertheless, much remains to be done. The need for a strong legal framework remains, and there should be a consistent application of existing equality legislation across the Union.

2. The economic context of equality policy has changed dramatically over the past years and this needs to be reflected in the development of European policy. The increase in women's activity rates has taken place in spite of and in parallel with higher rates of female unemployment (12% compared to 9% for men), and experience in some countries shows that increased activity by women is not automatically linked with the growth in part-time work. The difficulty of finding work has not discouraged women from increased economic activity, including enterprise creation: women were responsible for creating a significant proportion of new small enterprises set up in the EU in the 1980s.

3. This adaptability and creativity of women is a strength that should be harnessed to the drive for growth and competitiveness in the EU. Lower activity rates of women in the EU (66%) compared to women in the US, Japan and non EU countries (72%) is a factor which militates against achieving greater competitiveness, especially given the current predominance of women in second and third level education in the EU and their generally

higher educational attainments. Greater competitiveness can also be achieved by upgrading working conditions in flexible and low protected, low paid or informal jobs so that their economic role in production as well as consumption is increased through appropriate recognition and remuneration.

4. The contribution which women can make to the revitalizing of the economy is one of the reasons why the issue of equality should be seen as a key element to be taken into account in all relevant mainstream policies. European efforts should be redoubled to develop actions and policies which reinforce women's rights and maximise their potential contributions. They should be underpinned by an evaluation of the economics of equal opportunity, especially the costs of not applying equal opportunity policy.

5. Women are not a homogeneous group. Much discrimination comes from the same historical and cultural roots and affects all women. However, policies need also to address the differing needs and expectations of, for example, disabled, elderly, migrant and/or ethnic minority, young women, or those who live in rural areas or inner cities. Specific attention is given to women in other relevant sections of this White Paper.

A - DESEGREGATING THE LABOUR MARKET AND PROMOTING THE VALUE OF WOMEN'S WORK

6. The gender balance of activities in the economy is likely to be deeply affected by structural economic change, in particular the growing role of services, the new technologies and the new flexibility of work organisation, working time and the new technologies and the new flexibilities of work contracts that public and private enterprises are seeking. Positive and

sustained action is needed to maximise the opportunities and reduce the dangers. This is especially relevant to homeworking and teleworking, which offer significant opportunities for women - the majority of workers in these fields - but where there is also a need to guard against the danger that they may generate poorer working conditions and isolation for women. It will be necessary to reassess the value given to jobs traditionally performed by women, jobs like childcare, care of elderly people, work in family enterprises and care in the home local services. In addition, new forms of work organisation will tend to create more flexible jobs not only for women but also for men. Policies are necessary which will lead to both sexes taking advantage of the potential benefits of flexibility.

7. To achieve this, changes in the workplace must be accompanied by action to eliminate discrimination, by, for example, the use of codes of practice covering pay, training and vertical desegregation (i.e., opening all levels of seniority to women). All forms of women's productive work must be appropriately paid (by, inter alia, implementing gender-neutral job evaluation and job classification schemes) and that social protection can guarantee an independent life for the individual worker.

8. Equally, ensuring real choice and equal opportunities in education and vocational training together with access to life-long learning opportunities, is essential to maximise women's career opportunities. Moreover, more attention should be paid to the benefits of integrating specific social objectives into the strategic plans of business. The social partners could participate in devising measures to support positive action within the public and private sector by encouraging the use of equality audits within enterprises, using flexible targets and publishing the results; providing practical guidance to help employers, especially SMEs, calculate the cost and

benefits of positive action and "family-friendly" policies, and publishing examples of best practice in European enterprises.

9. The Commission will therefore:

- *introduce codes of practice on equal pay for work of equal value (a follow-up to the Memorandum adopted in June 1994), on training and on vertical desegregation;*
- *develop measures to encourage the skilling and development of professional qualifications of women, including measures designed to help women set up their own businesses;*
- *make proposals for the removal of discriminatory fiscal and social protection policies and for the individualisation of rights (see Chapter VI);*

B - RECONCILING EMPLOYMENT AND HOUSEHOLD/FAMILY LIFE

10. The growing participation of women in the economy has been one of the most striking features of recent decades, suggesting that there is now an urgent need, in the interests of society as a whole, for working life and family life to be more mutually reinforcing. Technological production and societal trends are leading enterprises to be at the forefront of such social changes, in some respects ahead of legislation and public policy. The latter is now confronted with major issues such as the relationship between working time and care time. Changing demographic trends mean that the responsibility for elderly dependants is moving up the social agenda, although childcare is still the major problem for working parents in many Member States. New social infrastructures are needed to support the household and the family, and the question of how families can be helped to carry the costs remains to be addressed.

11. Progress towards new ways of perceiving family responsibilities may slowly relieve the burden on women and allow men to play a more fulfilling role in society. However, greater solidarity between men and women is needed if men are to take on greater responsibility for the caring role in our societies and if flexibility in employment is not to lead to new pressures on women to return to the ranks of the non-salaried population or be obliged to accept paid work at home in isolation from the community. This solidarity will be assisted by the implementation of the provisions of the 1992 Council Recommendation on Childcare²⁶, which calls for the provision of leave arrangements for fathers as well as mothers throughout the Union. Positive policy action is also needed to help the process of change and to promote a more nearly equal sharing of parental responsibilities, another element in the Childcare Recommendation.

12. Drawing on the experiences of Member States, and with a view to fostering greater cooperation, the Commission will:

- *follow up the Childcare Recommendation by assessing the implementation of the Recommendation, establishing baseline data on childcare infrastructure and services in the Member States, and looking at ways of addressing the issues of stereotype roles of the sexes in society*
- *undertake an economic assessment both of the job-creation and reflationary potential of child and dependent-care infrastructures and services. This will include an assessment of the use of quantitative and qualitative targets for the improvement of childcare provision, and the potential use of fiscal and financial instruments to improve these*

infrastructures and services. In the light of this assessment the Commission will make appropriate proposals.

C - ACCELERATING THE PARTICIPATION OF WOMEN IN DECISION-MAKING

13. The role of women in decision making is fundamental to the progress of society. Indeed, the objective of equality between women and men will be frustrated if much more rapid progress is not made in the involvement of women in decision-making in all sectors of society. The great strides that have been made towards equal opportunities for girls and women in education have laid the foundation for a major step forward in the next decade. The Commission considers that there is a need now to move to the next phase, focusing on equal treatment as well as equal opportunities not only in the labour market but in society as a whole. Experience now shows that formal equal opportunities alone do not automatically result in either equal treatment or proper representation of women at decision making levels. Closer examination is required of the entrenched institutional and cultural barriers that inhibit or prevent the proportional representation of women in public and political bodies, including organisations of the social partners. The European Union should exercise leadership by taking concrete steps to enhance the role of women in its own institutions, and should assist the Member States and other European institutions to make progress in the same direction.

14. Drawing on the experiences of Member States, and with a view to fostering greater cooperation, the Commission will:

- *continue to develop research into, information on, training for and proposals for action on the increased participation of women in decision-*

making in both the public and private sectors.

D - NEXT STEPS

15. The Commission will continue to promote equal opportunities through integrated action programmes. The current, Third, Action Programme is due to be completed by the end of 1995. A mid-term evaluation will be published in the second half of 1994. In the light of that evaluation and this White Paper, the Commission will:

- *publish during 1995 a Fourth Action Programme on Equal Opportunities between Women and Men, to come into force in 1996*
 - *publish, beginning in 1996, an annual "Equality Report" which will review developments in equality at Member State and Union level and serve as a monitoring instrument for equality policies.*
16. Furthermore, the Commission will:
- *press for the adoption of the proposed Directive on parental leave and/or other legislation on leave arrangements (see Chapter III);*
 - *encourage the adoption of the outstanding proposal for a directive on the burden of proof²⁷. If this is not adopted by the end of 1994, the Commission will consider withdrawing the proposal and issuing a Communication on procedures and remedies for the implementation of Article 119 and the equality directives (access to justice, time limits, burden of proof, and remedies and sanctions, etc.), building on the existing case law of the ECJ;*

- *use all available means to ensure the real and effective implementation of all applicable legal provisions, including legal procedures where necessary;*

- *following the recent Council Resolution on the promotion of equal opportunities through the Structural Funds²⁸ and in line with demands from the European Parliament, develop mechanisms to integrate the equality dimension in the operation of the Funds including the Community Initiatives through the use of more precise targets, data collection and monitoring of the participation of women. Criteria will be developed which can be consistently applied across all Member States to enable effective collection of information and comparison at trans-national level. The European Advisory Committee could play a key role in the development of such criteria and in the monitoring process. In parallel, the Commission will encourage by all means at its disposal the successful take-up and operation of the "EMPLOYMENT-NOW" Community Initiative;*

- *examine how to build monitoring by gender into all relevant Union policies and make it a requirement in their evaluation.*

17. To deepen the social dialogue with regard to equality, the Commission will propose that regular meetings be held between the social partners and the heads of the national equality agencies represented on the Advisory Committee for Equal Opportunities. It will also develop contacts and consultation of women's organisations in the context of the proposed social policy Forum (see Chapter VIII).

VI - SOCIAL POLICY AND SOCIAL PROTECTION - AN ACTIVE SOCIETY FOR ALL

1. The responses to the Green Paper make clear that the traditional social protection systems of Europe - based on the concept of the welfare state - are an important achievement that needs to be maintained. But it is also clear that there needs to be a move away from more passive income maintenance measures towards active labour market measures designed to ensure the economic and social integration of all people. This means giving a top priority to employment, securing new links between employment and social policies by developing a "trampoline" safety net, and recognising that those who are not in the labour market also have a useful role to play in society. While the European social model provides a good foundation, it needs to be developed to provide a new synergy between the welfare and wealth-creating functions of society.

2. This is all the more important because the European Union will experience significant changes in its demographic structure within the next 20 years, most especially the ageing of the population, and social protection schemes will need to adapt to all these developments. The share of people over 60 will rise from 20% to 23% by 2010 while the share of young people under 20 will decrease from 24% to 21% over the same period. Life expectancy will continue to increase, by one year every five years. The active and creative contribution of older people to society therefore needs to be encouraged. At the same time, family patterns are changing: larger number of families are being formed outside marriage, people are having children later and partnerships are often less stable.

3. The Commission is monitoring these changes, and will produce a regular report on demography in the EU, the first of which

will be issued at the end of 1994. The main objective of this report will be to illustrate the ways in which demography - in the short and longer term - will impact on and interrelate with social and economic policy.

A - MAINTAINING AND ADAPTING THE EUROPEAN MODEL OF THE WELFARE STATE

4. Two years ago, the European Union completed a long period of discussion culminating in the adoption by the Council of a Recommendation on the Convergence of Social Protection Objectives and Policies²⁹. In this Recommendation, Member States acknowledged that a single market can be created while maintaining the diversity of social protection systems that exist within the Union - mainly as regards the arrangements for financing and organizing them - and that comparable trends in Member States lead to common problems and challenges (unemployment, ageing, changing family structures, health care cost-containment, etc.). In order to permit the co-existence of different national systems and to enable them to progress in harmony with one another towards the fundamental objectives of the Union, Member States have agreed to foster the convergence of their social protection policies, and have fixed common objectives which will act as pointers to the way their systems are modified to take account of the challenges set out above.

5. The Commission, at the Council's request, will continue to analyse the development of social protection policies within the Member States and, in cooperation with them, to evaluate their outcome, so that each of them can fully benefit from the experience of others.

6. This exchange of experience will focus on the relationship between social

protection, employment promotion and combating exclusion, and in particular on ways to combine the grant of benefits, including the guarantee of a minimum level of resources, with an active employment policy. The financing of social security, in order to better adapt it to employment promotion, is again an important issue for the exchange of experience, as is the need to guard against potential abuses of the system. Furthermore, ways of containing the cost of health care services and adapting social protection systems to the development of family structures where this creates new social protection needs will also be addressed.

7. The Green Paper addressed the issue of the social transition to economic and monetary Union. Most of the contributions received deal with this question, but they show contrasting views. However, it is clear that the problem of rising social protection expenditure, which currently amounts to one quarter or even one third of the GDP of individual Member States, raises important questions. In order to integrate the economic and social approaches, the Commission therefore intends:

- *to monitor the social challenges that Member States face, as regards social protection expenditure, through regular joint discussions with Directors General for Employment and for Social Protection and consultations with the social partners and other economic and social actors. The Social Protection in Europe report will play a key role in this monitoring.*

8. Drawing on these exchanges of experience, the Commission will give consideration to:

- *a complementary Recommendation on the adaptation of social protection systems to changing family structures, notably through the individualization*

of rights and contributions on the basis of a comparison of actual gender inequalities in social security.

- *a Recommendation on the financing of social security setting out common guidelines to promote better adaptation of social security to employment promotion while maintaining solidarity networks and permitting the co-existence of different national systems.*
- *a Recommendation on long-term care insurance for people who become dependent.*

9. Finally, in order to ensure the equal treatment of women and men in the field of social protection, the Commission will propose:

- *a modification to the Directive on equal treatment in occupational social security schemes³⁰ in line with the Barber judgment, the additional protocol to Article 119 in the Treaty on European Union, and the ECJ post Barber judgments clarifying the application of Article 119 in the field of occupational social security.*

10. It will also pursue its work to complete the adoption of the principle of equal treatment in social security³¹.

B - PROMOTING THE SOCIAL INTEGRATION OF ALL

11. The marginalisation of major social groups is a challenge to the social cohesion of the Union and calls for a mobilisation of efforts by Member States and all the parties concerned, and for a reinforcement of the bulwark of social rights. It is clear that contemporary economic and social conditions tend to exclude some groups from the cycle of opportunities. The responses to the Green Paper confirm the need to respond to this

challenge and focus on the well-being of all people, workers and others.

12. This is not just a question of social justice; the Union simply cannot afford to lose the contribution of marginalised groups to society as a whole. At a time when major technological, economic and social changes are increasing the insecurity of a growing number of people, the Union needs to ensure that the most vulnerable (people excluded from social and economic life, young people unable to find a foothold in the economy, long-term unemployed, disabled and older people, for example) are not excluded from the benefits of - and from making an active contribution to - the economic strength of a more integrated Europe.

13. While the basic responsibility for this lies with the Member States, full cooperation between them, within the Union, plays an important role. Moreover, Article 2(2) of the Agreement on Social Policy gives the Union a role in supporting and complementing the activities of Member States. The Commission will therefore continue to develop the basis for equal rights, spread new ideas on best practice, and support innovation and experimentation, increasingly of a transnational character, through the Structural Funds, and notably the European Social Fund.

The fight against poverty and social exclusion

14. At present, with more than 52 million people in the Union living below the poverty line³², social exclusion is an endemic phenomenon, stemming from the structural changes affecting our economies and societies. It threatens the social cohesion of each Member State and of the Union as a whole.

15. Exclusion processes are dynamic and multidimensional in nature. They are linked

not only to unemployment and/or to low incomes, but also to housing conditions, levels of education and opportunities, health, discrimination, citizenship and integration in the local community. As a result, preventing and combating social exclusion calls for an overall mobilisation of efforts and combination of both economic and social measures. At European level, this also implies also that social exclusion should be addressed in the framework of all Union policies.

16. The creation of more jobs is a vital factor in the struggle against social exclusion, but the provision of new jobs alone - even in substantial numbers - will not lead to the elimination of social exclusion. Since the mid-1970s, Union level action through the three Poverty Programmes has demonstrated a number of lessons, and it is clear that it is possible for such action to have a multiplier effect. This message was reinforced by, for example, the European Conference on combatting social exclusion held in Copenhagen in June 1993. The Commission will continue its efforts in this respect, and in particular will:

- *make every effort to ensure the adoption by the Council of the next programme of Union action in this field, on the basis of the proposals presented by the Commission in September 1993³³.*
- *continue actions currently underway, in particular strengthening the dialogue with representative bodies and working towards a public solemn declaration against exclusion.*

17. In addition, further efforts are required to stimulate a European-wide solidarity involving all partners in fighting exclusion. While the primary responsibility for both policy and action must lie with Member States, and indeed at regional and local levels, action is also needed at the Union

level. The Union must demonstrate that it is not silent or inactive on this issue, and that it is able to act not only in the interests of the employed but also of the unemployed and socially excluded. Moreover, Article 2(2) of the Agreement on Social Policy gives the Union a specific role in supporting and complementing the activities of the Member States as regards the integration of persons excluded from the labour market. The Commission therefore believes that there is a good case for examining the possibility of:

- *further Union action on the integration of those excluded from the labour market, covering both the economic and the social dimensions of this integration, providing a legal framework for supporting and stimulating the efforts in the Member States.*

18. The purpose of such a proposal would be to define common objectives and guidelines, rather than detailed provisions or uniform solutions. It would seek to underpin the emphasis on moving from passive to active labour market measures by taking forward the 1992 Recommendation on sufficient resources³⁴ and combining the guarantee of a minimum level of resources with an active policy which would maintain financial incentives to get a job. This might include proposals for the gradual implementation by Member States of minimum requirements on, for example, measures to help those seeking employment to make a full contribution to society, and the social integration of those who cannot join the labour market.

19. In addition, the new Research and Development programme contains a specific subprogramme on social exclusion, which will enable research on indicators as well as on the impact of policies in the field of social exclusion to be carried out. Moreover, the Structural Funds, and in particular the Social Fund, within the

framework of the new Objective 3 and of the new Community Initiative Programme on Employment and Human Resources, also make a major contribution to combating exclusion.

20. Housing is also a key issue in combating social exclusion and may also be an important source of new jobs. Further projects will be pursued on housing issues, in particular through exchanges promoted by the regular meetings of Ministers responsible for housing and exchange programmes developed in this context. These different actions will be coordinated by the Commission so as to provide a well structured and comprehensive contribution in this field.

21. In addition, the Urban Initiative, agreed by the Commission on 15 June³⁵, seeks to target help on a limited number of neighbourhoods within cities where an accumulation of factors (high unemployment levels, low education attainment, poor housing, environmental decay, high crime rates, etc.) make for a generally poor quality of life. Unemployment in poor urban areas tends to be significantly higher than national averages. The problems will need to be tackled in an integrated way, by means of concerted action by national and city authorities. Similarly, the Rural Development Initiative (Leader II) aims to combat the problem faced by rural communities, when an overall development strategy, based on the combined efforts of the local partners and the development of their skills, has proved to be a profitable approach.

Promoting the social integration of disabled people

22. More than 10% of the total population of the European Union have disabilities. The needs of individual disabled people may vary considerably depending on the nature of their disability,

coupled with factors such as their previous experience, their level of skill, and their personal circumstances. Assistance often needs to be tailored to the severity of a disability. However, as a group, people with disabilities undoubtedly face a wide range of obstacles which prevent them from achieving full economic and social integration. There is therefore a need to build the fundamental right to equal opportunities into Union policies.

23. Considerable help has been given from the European Social Fund, the HORIZON Initiative and the HELIOS Action Programme, including the Handynet system, to support and promote the training of disabled people so as to enable them to enter or re-enter the labour market. The aim of this assistance is to demonstrate that enabling people to develop their abilities is beneficial not only to themselves but also to society as a whole. This work will continue. In addition, the Commission will:

- *build on the positive experience of the European Disability Forum to ensure, through appropriate mechanisms that the needs of disabled people are taken into account in relevant legislation, programmes and initiatives. This includes ensuring that to the maximum extent possible Union programmes are accessible to disabled people and that they are actively encouraged to participate in them;*
- *prepare an appropriate instrument endorsing the UN Standard Rules on the Equalisation of Opportunities for Persons with Disabilities;*
- *as part of a process to encourage model employers, prepare a code of good practice in relation to its own personnel policies and practices, and encourage discussions within the framework of the social dialogue on*

how such a model could be extended more widely.

24. It will also examine how Union action could contribute to the key issue of improved access to means of transport and public buildings, and press for the adoption of the proposed Directive on the travel conditions of workers with motor disabilities³⁶.

The economic and social role of older people

25. The concerns of today's - and tomorrow's - older citizens go beyond the traditional issues of pensions and care services, vital as these policy areas will continue to be. The challenge is bigger: it is to maintain a high level of integration of the older population as Europe ages.

26. Achieving this will require new thinking on many issues that have been taken for granted until now, such as traditional career patterns, retirement age and the role of the nuclear and extended family. Account also needs to be taken of the fact that women are in a majority among older people, and that women of this age usually have much lower incomes. The European Year of Older People and Solidarity between Generations 1993 showed how new ideas and new practices can be promoted at European level. In order to take forward this work, the Commission will shortly make a proposal for:

- *a Decision for further Union-wide actions to help meet the challenges of an ageing population covering, in particular, the role and contribution of the active retired population.*

Equal opportunities for all

27. A number of contributions to the Green Paper - including the European Parliament, the Economic and Social

Committee and the ETUC - called on the Commission to take further concrete action to combat discrimination on the grounds of race, religion, age and disability. While the Treaties as they stand do not provide any specific competence for legislation in this area, this is an omission that is becoming increasingly difficult to justify in today's Europe. The Union must act to provide a guarantee for all people against the fear of discrimination if it is to make a reality of free movement within the single market. In addition to its existing work in these areas:

(see above and Chapter IV) the Commission therefore believes that, at the next opportunity to revise the Treaties, serious consideration must be given to the introduction of a specific reference to combatting discrimination on the grounds of race, religion, age and disability. With this in mind, the Commission will undertake further work aimed at demonstrating the value added of specific Union level actions in this field, as a natural complement to what can be achieved at national, regional or even local level.

VII - ACTION IN THE FIELD OF PUBLIC HEALTH

1. Both this White Paper and the earlier Green Paper refer to the significant links between public health and social and environmental policy. These include the adverse effects of poverty, unemployment and social exclusion on health; the increasing pressures on health and social protection systems caused by demographic changes, notably the ageing of the population; the role of preventive and rehabilitative health programmes in fostering social integration; the impact of environmental conditions on public health; and the specific health problems and needs arising from increased mobility within the Union and migration into it.

2. In its Communication on the framework for action in the field of public health³⁷ the Commission describes the current health and related problems confronting the Member States and defines an approach for implementing the provisions of Articles 3(0) and 129 of the Treaty.

3. Following an assessment of the scope for action at Union level, the Communication provides for the possibility of multi-annual programmes in a number of areas. Proposals for Decisions on three of these programmes have been adopted by the Commission to be considered by the Council and Parliament under the co-decision procedure for implementation in 1995. These are programmes on:

- cancer
- health promotion, information, education and training
- prevention of drug dependence³⁸

4. The Commission intends to bring forward further programmes on AIDS and other communicable diseases and on health data and indicators, including the monitoring and surveillance of diseases, as a matter of priority. Consideration is also being given to the possibility of further programmes in areas such as accidents and injuries, pollution - related diseases and rare diseases.

5. The Commission has also set up an inter-departmental group on health which aims, in line with the provisions of Article 129, to ensure that policies being developed in other sectors take full account of health protection requirements.

6. In formulating and developing the Union's action, the Commission will take full account of the links with other areas, and will aim to maximise synergy between social and health measures while being careful to respect the differences in structures, organisation and implementation between the two areas.

7. In the light of experience in implementing the Union's health protection objective, the Commission will consider what further actions may be required. In particular, the Commission will respond to requests from Member States and facilitate cooperation between them in areas such as fundamental health choices, the delivery of services and new health-related technologies. One particular area for consideration is that of assisting Member States to respond to health issues such as increased access to services and facilities arising from improved mobility within the Union.

VIII - TRADE UNIONS, EMPLOYERS' ORGANISATIONS AND VOLUNTARY ORGANISATIONS AS PARTNERS IN THE PROCESS OF CHANGE

1. The challenges set out in the Green Paper and the responses to them from all sides leave no doubt that consensus is needed if social reforms are to be effectively realised. Moreover, in a fast-changing Europe, the legal process has difficulty in keeping pace with events. The internationalisation of the forces behind change, both economic and social as well as demographic, also argues for new mechanisms which, in synergy with the law maker, allow legislation and state regulation to find their proper place.

2. The historical and cultural traditions of the Member States have made it possible to build a European social model of consensus, reconciling economic effectiveness and social solidarity. The social partners have played a crucial role in this process, both through cooperation between the state, employers and the trade unions on economic and social policies, and through the establishment of relations based on agreement between employers and trade unions. In particular, collective bargaining has proved to be a flexible instrument in creating consensus, encouraging an equitable distribution of the results of economic progress and smooth adaptations to shifts in the productive process and social changes. For example, in the ECSC industries (coal and steel), where such shifts and changes have been numerous, both passive and active social measures have been carried out in the framework of sectorial consultation and consensus. The high level of unemployment illustrates the need for the social partners to give more weight in the collective bargaining process to the reintegration of the unemployed. Equally, a strong role is played in all Member States by the large number of voluntary and welfare organisations.

3. The massive structural changes currently facing the Union pose new challenges for this system. The development of the Union's labour law is now confronted with a need for new, more flexible mechanisms of social regulation which can adapt to the speed and the extent of these changes. This requires a new complementarity between legislative regulation and collective agreements, the increased participation of the social partners in the preparation of the measures under consideration at Union and national level, and stronger cooperation between employers and workers organisations. The corresponding social adjustments will also require the full involvement of the voluntary and other representative organisations.

A - PROMOTING AND STRENGTHENING THE SOCIAL DIALOGUE

4. The existing cooperation between management and labour has now been consolidated by the new framework defined by the Agreement on Social Policy. The Agreement recognises and formalises the double function of the social dialogue: consultation of the social partners at the Union level, and the right of the social partners to negotiate agreements which can either be given binding legal effect or place obligations only on the signatories. From now on, it is possible for European social regulation to rest on both the legislative initiative of the Union institutions and collective bargaining between the social partners. This process, which needs to evolve and develop over time, will enable the development of a new partnership between economic and social actors, making it possible to adapt effectively to structural change.

5. The Commission has issued a Communication on how these new

procedures will operate³⁹. The key message of the Communication is that although some elements of a European level social dialogue are already in place, its development towards an organic and structured system of industrial relations for the Union still requires progress.

6. In terms of structures, action is needed on a number of points. Specifically, the existing consultative committees need to be restructured in order to take account of a number of new elements such as the enlargement of the Union with the accession of new members; the composition of the social partners' delegations, and the question of representativity; the relationship between legislation and collective agreements; and the relationship between consultation and negotiation.

7. The Commission will therefore bring forward proposals for Decisions designed to reexamine:

- *the mandate and composition of the Standing Employment Committee in the light of the implementation of the Agreement on Social Policy. Consideration will be given to giving it a new role so that it would become a Standing Committee on Employment and Social Policy, and*
- *the number, mandate, coverage and composition of the sectoral social dialogue committees. The linkage with the existing and/or strengthened interprofessional Consultative Committees will be improved.*

8. The promotion of European level social dialogue necessarily relies in the first instance on the social partners' organisations themselves. The contribution of the Commission to this process rests on the following objectives: balanced support for the parties; training and information on European issues; extending the results of

the European social dialogue at national level; and the relationship between the various levels of dialogue.

9. With a view to helping the social partners to develop the social dialogue, the Commission therefore proposes to bring forward :

- *a discussion document on the development of the social dialogue, focusing on balanced support for the parties and implementation of Articles 3 and 4 of the Agreement on Social Policy.*

10. This would include, inter alia, proposals for the establishment of a European training centre for industrial relations; the rationalisation of financial support for the social partners with a view to strengthening action to ensure balanced support for both sides of the social dialogue; and a dissemination and awareness-raising programme about the European level social dialogue, with a view to extending it at national level. This will involve the promotion of meetings, seminars, studies, publications (Joint Opinions, agreements, etc.) and of exchanges at Union, national and interregional levels.

11. More generally, the Commission believes that, in order to respond to the current changes in the labour market, the social dialogue could usefully be broadened in a number of ways. In this context, it will make proposals to :

- *encourage the social partners at European level to consider how the search for high labour standards can be pursued as an integral part of improved productivity. In order to maintain and improve labour standards in a competitive world economy, Europe needs a renewed commitment from both sides of industry to the pursuit of quality*

production processes with high productivity.

This would cover such issues as access to continuing training for all employees (including management), new mechanisms for ensuring employee participation and full exploitation of all the new opportunities offered by the new technologies. The practical problems faced by very small companies in adapting to a rapidly changing business environment would need special attention.

- *stimulate the involvement of the social partners at European level in actions to address the question of the conditions of employment of third country nationals legally resident in the Union and the possible adoption of good employment practice against racial discrimination (see Chapter IV), to devise measures to support positive action for women within the public and private sector (see Chapter V), to encourage model employers to help disabled people at work (Chapter VI), and to address major new issues such as reconciling family and work, exclusion and ageing.*

B - DEVELOPING THE ROLE OF THE VOLUNTARY ORGANISATIONS

12. Whilst recognizing the unique role played by consensus and collective agreements between employers and trade unions in the European social model, it is clear that voluntary and other representative organisations have a right to be consulted by the Union and to play their role in the process of change. It is for this reason that a clear distinction has to be

drawn between the negotiating processes now established under the Agreement on Social Policy and the consultations which the European Union must undertake to deal with social problems which cannot be dealt with by collective bargaining. In relation to problems, such as exclusion, racism, demographic trends and ageing, the Union needs to develop partnerships with a wider range of institutions, including employers and trade unions in view of their civic rather than their collective bargaining functions.

13. In addition to the strengthening of the social dialogue, the Green Paper raised the question of the need for an "appropriate forum for discussion in which the strategic problems of European society could be debated in an open and democratic manner". The responses to this question varied. While the Commission does not think it appropriate for the social dialogue as such to take on this role, given its purpose of nourishing the process of collective agreements between the two sides of industry, it does agree that appropriate mechanisms are needed to associate other relevant organisations, with the evolution of European social policy. This is also in line with the declaration in the Treaty on European Union on cooperation with welfare organisations.

14. The Commission therefore proposes:

- *to institute a Forum for debate and discussion on social policy issues, along the lines of the Green Paper conference held in May 1994. This Forum would be convened every 18 months and involve the widest possible range of interested bodies. The first meeting will be held in October 1995.*

IX - INTERNATIONAL COOPERATION - THE ROLE OF EUROPEAN SOCIAL POLICY

1. The European social model is not impervious to outside influences from other parts of the world, nor can it be ignored that the achievement in Europe of a reasonable balance between wealth creation, freedom and social justice appealed to the peoples of Central and Eastern Europe and contributed to the collapse of Communism. And while European rigidities were the subject of considerable criticisms from the United States in the period after the oil shocks, the current US/Europe debate (as for example at the G7 Summit on Jobs) recognizes that much can be learned from the European commitment to a high level of social protection. On the other hand, the Japanese socio-economic model, which has been the subject of debate in Europe, is beginning to evolve towards a new balance between security and flexibility.

A - BILATERAL AND MULTILATERAL COOPERATION

2. The fact that European social policy is now emerging increasingly in the context of the external relations of the Union arises not only from the interaction between different socio-economic models, but also from the reality that world competition is increasingly socio-economic in character. The Commission therefore intends:

- *to systematise exchange and contacts with other industrialised countries; a programme of exchanges of experience already exists with Japan, and dialogue with the US in the social field will be widened. The Commission also intends to strengthen links with international organizations such as OECD, ILO, the Council of Europe and the United Nations.*

3. The World Summit on Social Development, to be held in March 1995 under UN auspices, demonstrates the increasing importance being attached to a joint consideration of the social consequences of the evolution and transformation of the world. The Summit will be an important forum for such discussions, and will take employment, social integration and reduction of poverty as its central themes.

- *The Commission, in the light of its work on the White Paper on Growth, Competitiveness and Employment, and more broadly because of the values inherent in the European social model will have a special contribution to make.*

4. The Commission also intends:

- *to continue its long-standing cooperation with the International Labour Organisation.*

In this context, it will be important to ensure that an acceptable solution is found to resolve in a constructive fashion the outstanding questions related to the participation of the Community and the Member States at the International Labour Conference, recognising that the tripartite nature of that body requires a particularly careful approach to be taken by the EU.

5. In the run up to the enlargement of the Union in 1995, the Commission will also:

- *continue to play an active role in ensuring cooperation on social policy within the framework of the European Economic Area agreement.*

