

## Economic and Social Committee opinion on the social aspects of the internal market (19 November 1987)

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## Opinion on the social aspects of the internal market (European social area) (19 November 1987)

(87/C 356/08)

On 24 September 1987 the Economic and Social Committee, acting under the fourth paragraph of Article 20 of its rules of procedure, decided to draw up an Opinion on the abovementioned proposal.

The Section for Social, Family, Educational and Cultural Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 12 November 1987. The rapporteur was Mr Beretta.

At its 250th plenary session (meeting of 19 November 1987), the Economic and Social Committee adopted the following Opinion by 97 votes to 44, with 13 abstentions. The Opinion was based on the findings and conclusions set out in the information report forwarded to the Community Institutions subsequent to the majority decision taken at the plenary session on 24 September 1987.

### 1. Making a success of the internal market and European social area

1.1. The Committee reiterates its earlier endorsement<sup>1</sup> of the need to create and consolidate a single market which it sees as a major stepping-stone towards European political unity as well as economic unity - a prerequisite for fostering future development, boosting employment and enhancing prospects for Community exports on the world market. A Community-wide single market is therefore the key component of a broader plan for revitalizing the Community economy so that firms will reap the benefits of economies of scale and sharpen their competitive edge.

In addition, the Committee would also point out that since economic and social policies are intertwined the internal market's aims can only be attained if the requisite industrial, commercial, financial and tax measures go hand in hand with social action to preserve and improve the existing balance.

1.2. In present circumstances, the Committee also notes that the Member States do not seem wholly convinced that Community development is a vital element in their national interests. Hence their failure to provide the Community institutions with adequate resources and the political authority to promote and press ahead with the development process.

The resulting contradictions and uncertainty are seriously undermining the decision-making process and delaying the phased creation of a single market when what is actually needed, with such vital aims at stake, is speedier action.

1.3. Further, current far-reaching upheavals, and the high level and structural pattern of unemployment, seriously complicate pursuit of the internal market's economic and social goals. Consequently, the Community institutions have justifiably opted for a pragmatic approach laying stress on consensus.

1.4. As the Single Act formally declares, social dialogue is the key instrument of consensus. To give practical encouragement to the development of this, the Community institutions must shoulder their individual responsibilities for the framing and implementation of growth strategies.

1.5. The problems to be tackled include employment, restructuring of the labour market, redistribution and length of working time, work organization, firms' capacity to adjust to technological change and improve competitiveness, and organization of social welfare schemes. Closely tied up with these is the need to secure convergence of national laws to meet the requirements of the internal market, including its social dimension. All this brings a pressing need for basic social rules which can be adapted to the entire Community. Such rules are necessary to avoid market distortions and provide industrial and economic decision-makers with a stable basis making it possible to extend social dialogue.

1.6. Adoption of Community legislation guaranteeing basic social rights immune to competitive pressures is therefore a key stage in the creation of the single market.

1.7. The Community institutions must avail themselves of the Single Act's provision for qualified majority voting, thereby altering the legal basis for proposals on a number of social matters which, as proposed by the European Parliament, should be based on application of Article 118A of the Single Act in its broadest sense. The perplexity that continues to reign in some Member States and Community circles regarding use of this legislative instrument could be dispelled since Article 189 of the Treaty clearly stipulates that although a Directive 'shall be binding, as to the result to be achieved, upon each Member State to which it is addressed', 'the choice of form and methods' for achieving the desired result shall be the responsibility of the national authorities.

## 2. Proposals

2.1. Weighing the case for social policy framework directives the Committee feels that in the present situation the adoption of a framework Directive setting out inalienable basic social rights is both feasible and necessary to infuse Community policy as a whole with fresh momentum and meaning. These provisions - which would be inspired by existing Commission proposals, bearing in mind relevant European Parliament and Economic and Social Committee Opinions, the fruits of social dialogue and declarations by the International Labour Organization (ILO) and the Council of Europe - would be designed to secure:

- the right of all workers, irrespective of contractual status and thus including part-time and fixed-term contract workers, (a) to negotiate and be covered by collective bargaining agreements or professional agreements, (b) to be protected by health and safety measures at the workplace, and (c) to contribute to and benefit from social security schemes,
- a ban on repeated renewal of fixed-term contracts,
- the right of workers to be informed and consulted in decision-making bodies on technological innovation and on changes which affect business structures, the organization of production, and employment.

Such rights would provide a firm basis for smoother relations between labour and management in their traditional sectoral negotiations on wages, work organization and the flexibility which firms will need in adapting to new market dictates - while avoiding uncontrolled deregulation.

2.2. Industrial relations account for a large proportion of the social aspects, but they do not embrace all the guarantees needed to maintain the Community's social fabric. The following measures are therefore needed:

- emphasis on individual and joint social responsibility to underpin support for the most vulnerable and disadvantaged groups outside the labour market,
- support measures to help safeguard family unity and family values which can be beneficial to society as a whole,
- provisions to guarantee free movement of Community citizens, with particular reference to migrant and frontier workers; determination of conditions for the recognition of educational and vocational qualifications obtained in another Member State,
- measures to protect the rights of ethnic minorities,
- more positive action to guarantee women more tangible equal opportunities in education, training and employment,
- confirmation for consumers' and users' right to help define plant and product safety standards and their potential effects on health and the environment.

2.3. The Community and most of the Member States are discussing and initiating social security reforms. In view of the development of the internal market and the Community governments' wish for 'economic and social cohesion', the Committee recommends a more coordinated Community policy on any changes in social security schemes. Such coordination must not lead to a downward alignment of allowances.

Apart from being an expression of solidarity with the most underprivileged sections of society such as persons unable to find work, social security is also a 'sine qua non' for maintaining an acceptable level of skills, efficiency and motivation in the economic system, thereby providing significant support for industry.

2.4. As far as the possibility of quantitative and qualitative growth is concerned, the Commission has forecast a growth rate of some 2% for 1988 and an annual 2,5% growth rate is expected for the years 1987 to 1991.

The Community unemployment rate should be about 12% in 1988, dipping slightly by 1991. The trends which the Commission would like to have seen and which were set out in its 1985 scenario for a 'cooperation growth strategy for more employment' have clearly not materialized to any great extent.

2.4.1. It is therefore obvious that the market alone cannot offer concrete short or medium-term prospects of restoring the employment balance; the technological progress which affects all sectors combined with demographic and sociological trends make it impossible to use traditional ways to absorb redundancies in declining industries.

In addition to support for economic growth through appropriate supply and demand policies such as those formulated by the Commission, it is essential to propose other measures to speed up job-creation and qualitative growth.

The Committee therefore feels that it is necessary: (i) to devote a proportion of productivity gains to negotiated reduction of working hours, taking into account the specific features of individual sectors; and (ii) to give greater attention to problems of qualitative growth with the intention of developing new economic activities to meet changing demands.

Attempts to improve the quality of life must meet specific requirements. By implementing these according to an agreed, planned order of priority, it will be possible (a) to launch new economic activities capable of mobilizing public investments which will be profitable in the long term, (b) to provide - by stimulating ancillary sectors - attractive opportunities for private investors and entrepreneurs.

Investment should preferably be channelled into areas such as protection and enhancement of the natural and cultural heritage, optimum land use, the environment, the safeguarding of the ecological balance, 'clean' technology, and the safety of natural and technical products.

2.4.2. Such prospects may enhance the validity of the five priority areas set out by the Commission in its communication 'A new frontier for Europe' and strengthen the case for increasing, and even doubling, EC structural funds.

Finally, closer scrutiny of the qualitative aspects of Community support and initiatives could be an important element in the shift from aid focusing on isolated projects towards programmes (spread over a number of years) which encourage the involvement of the two sides of industry and the local authorities.

Done at Brussels, 19 November 1987.

*The Chairman of the Economic and Social Committee*  
Alfons MARGOT

