

# COMMISSION OF THE EUROPEAN COMMUNITIES

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## EUROPEAN SOCIAL BUDGET

(Communication from the Commission to the Council)

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COMMUNICATION TO THE COUNCIL  
ON THE  
EUROPEAN SOCIAL BUDGET

I. FOLLOW-UP TO THE FIRST EUROPEAN SOCIAL BUDGET (1970-1975)

As instructed by the Council at its meeting on 9 November 1972, the Commission submitted the first European Social Budget to the Council on 4 December 1974. The Budget was drawn up in collaboration with Government experts, covered the period 1970-1975, and consisted of a retrospective analysis (1970-1972) and a forecast (1973-1975). In the approach adopted by the Council in November 1970 it was decided that "the European Social Budget is not intended to lay down political objectives to which Member States would be committed". The Budget was to be a purely factual document collating comparative statistics concerning expenditure on social security and, more generally, in all fields relating to social policy. It was to include medium-term forecasts based on the legislation governing those various fields when the European Social Budget was drawn up.

At meetings in the first quarter of 1975, the Council's Social Questions Group reached the following conclusions :

- the Commission will undertake an updating of the figures for 1975, this operation being considered part of the mandate for the first stage,
- the decision as to whether to publish the updated document will be suspended, taking into account the reserves, without prejudice to the Commission's facility of establishing contacts on this subject with the delegations which formulated the reserves in order to examine appropriate solutions to the relevant problems,

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- as regards further stages and without prejudice to the mandate already given for examining the extension of the Social Budget to the field of adult occupational training and social housing, all options remain open and the Council will pronounce later on the basis of propositions of the Commission taking into account notably the work programme presented by the Commission in September 1972  
/ doc. R/1900/72 (SOC 193) /.

The President noted that all delegations and the Commission's representative could agree on the conclusions set out under the first two sections above.

As to the conclusions in the third section, a delegation pointed out that the present mandate relating to the possible extension of the Budget was not adequate enough for an appreciation of the objectives which the Social Budget is intended to fulfil.

While the decision on revising the first European Social Budget was being implemented (the revised text should be available in the first quarter of 1976), the Commission's services met the Government experts on several occasions (in February, April and June 1975) in order to define the objectives of the European Social Budget (see II) and to draft guidelines for a second European Social Budget (see III).

## II. OBJECTIVES OF THE EUROPEAN SOCIAL BUDGET

At the meeting of Government experts in June 1975, the Commission's services made clear their viewpoint on the objectives which the European Social Budget should meet, after due consideration of the written and spoken remarks made by the various delegations.

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These objectives can only be achieved in stages by future Social Budgets.

a/ The first objective of the European Social Budget is to be a quantitative source of information on past and future trends - in the medium-term - in expenditure on the various fields of social policy and in the way this expenditure has been financed.

The achievement of an objective of this kind is a difficult and long-term task :

(i) - At Community level, it involves compiling comparative data on a number of social fields where this has not yet been done : vocational training, low-cost housing, tax advantages for social reasons, formation of assets by workers, education, etc;

(ii) - It also involves the consideration of capital expenditure (investment) as well as operating expenses.

The first European Social Budget (1970-1975) only dealt with current expenditure (and its financing) in the following sectors :

- social security,
- employers' voluntary contributions,
- benefits for victims of political events and natural disasters,
- social assistance,

or in other words, purely with "social protection".

These are the only areas at present where it has been possible to make any serious comparisons, after the work done by the Statistical Office over a period of almost ten years in the framework of the "Social Accounts";

(iii) - It also implies achieving more comparability in the national forecasts in the European Social Budget and therefore forecasting methods which should at least be approximated if not common. (A group of independent experts is at present examining this point).

(iiii) Even if the European Social Budget in its present state were extended and improved in this way, it would still only amount to a quantitative source of information for measuring trends in social legislation, particularly in the field of social protection, and especially the financial problems they pose, but not for explaining the reasons for these trends.

An analysis of the relative influence of the various factors which govern expenditure should therefore be included so as to highlight the reasons for converging or diverging trends.

b/ It should be evident from a/ that the Social Budget could at a certain stage in development already have become an aid to decision-making. Furthermore, if it fits in with the guidelines explained above, it then becomes even more effective as an aid to decision-making, both nationally and at Community level.

In fact the forecasts contained in the Budget, which are really the essence of it, highlight the problems posed by the various trends in receipts and expenditure in the social sphere if legislation remains unchanged.

These problems should then be examined jointly and each Member State should explain what approach it has already followed or intends to follow to solve its own problems. In this way each Member State and the Commission could learn from this experience and also assess the consequences for, on the one hand, other areas of social policy and, on the other hand, for other policies such as economic and taxation policy.

As has already been pointed out, these measures can only be implemented gradually on the basis of the information thrown up by the forthcoming European Social Budgets as each of them is analysed.

### III. GUIDELINES FOR THE SECOND EUROPEAN SOCIAL BUDGET

As was the case with the first European Social Budget, the forecasts for the second Social Budget will be drawn up in the light of constant legislation and of a number of economic and demographic parameters.

(1) Like the first, the second European Social Budget will be restricted to the actual content of the Social Accounts, which corresponds to that of social protection.

#### Justification

However great the desire to extend the scope of the analysis, it is a fact that for the moment only the field of social protection is in a position to furnish sufficiently reliable comparative data via the Social Accounts of the Statistical Office of the European Communities.

(2) While the second Social Budget is being prepared, efforts will be made to try to extend the application of comparable statistical methods to other areas of social policy. The areas of priority concern are vocational training for adults and low-cost housing, where work has been under way at Community level for some years now.

It is hoped that this work will be completed within the next two years so that it can be included in a future European Social Budget.

#### Justification

Both the Council mandate of November 1972 and the Council Resolution of January 1974 mentioned extending the European Social Budget to other areas besides social protection, especially vocational training for adults and low-cost housing.

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(3) The forecasts in the European Social Budget will cover the period 1976-1980 and, retrospectively, the period 1970-1975. The reference year will be 1975.

Justification

Because of the time it takes to compile forecasts at national level and then to utilise them at Community level, as the drafting of the first European Social Budget clearly showed, it seems preferable to extend the three-yearly ("short" medium-term) forecasts to five years. There should also be a certain amount of coordination between the medium-term social forecasts and the medium-term economic forecasts (fourth medium-term economic programme).

The year 1975 was chosen as reference year since work on the second European Social Budget will not really get under way before the end of the second half of 1976, and by then provisional general information will be available for 1975.

(4) European Social Budgets will be drawn up every two years, starting with the second European Social Budget.

Justification

The workload involved in drafting a Social Budget, for both the national delegations and the Commission, makes it unrealistic to contemplate bringing out an annual European Social Budget in the foreseeable future as provided for in the mandate of November 1970.