

# **SOCIAL SECURITY POLICY OF EUROPEAN ECONOMIC COMMUNITY**

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## **I- PREFACE**

European Economic Community has been established in nineteen fifties. Until the beginning of the nineteen seventies the conditions for economic development were quite favourable. The members of European Economic Community have made use of this advantage. They have eliminated the obstacles which were against to free movement of capital, commodities, services and persons. Thus they have been able to increase their national incomes and the purchasing power of their people rapidly.

Such an economic success, has inevitably effected living and working conditions. So in just in the same way, in addition to considerable increases in real wages, lower income groups too have taken their share from the economic development. Nevertheless it is difficult to say that the effects of economic successes to welfare have always been equitably or fairly. So it has been necessary for the community and for the member countries to improve social policies which aimed at establishing a balance among the social groups (1).

(1) The Social Policy of the European Community, EEC Pub.,?, 1981, p. 8.

## I- SOCIAL POLICY OF THE EUROPEAN COMMUNITY

Social policy is defined in many ways. In one of the European Community publications social policy is defined as «the policy which is related to human beings and their welfare» (2).

Beginning from that point, Article 117 of the Rome Treaty which has been signed in 1958, states that all the member countries are like-minded to increase the living standards of the workers and to improve their working conditions. In addition to that it has been explained that the social development can not be reached only by the activities of the Common Market, so it is necessary to make cooperation in some other fields too.

The article 118 of the Rome Treaty, arranges the social policy subjects in a row for which a significant cooperation is necessary. European Commission has taken on work for that development. The social policy subjects stated in the article are as below :

- Employment;
- Labour law and working conditions;
- Vocational training;
- Occupational accidents and industrial diseases;
- Occupational hygiene;
- The right of organization and collective bargaining between employers and workers.

At the beginning member countries were quite reluctant to transfer their authorities and responsibilities to the Community in the field of social policy. From their point of view the harmonization of the activities aimed at increasing the living standards of the workers was sufficient. They might have believed that the operation of common market at that time would automatically acquired this result (3). But after the crisis following 1973, it has been noticed the economic development alone was not adequate for social development. Later on cooperation activities has gained more and more importance in the field of social policy.

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(2) *The Social Policy ...*, p. 4.

(3) *European Unification*, EEC Pub., No. 3/1981?, p. 49.

In this study we will briefly discuss the social policy studies of the member states and then we will dwell upon social security policies.

### III- SOCIAL SECURITY ASPECTS IN THE EUROPEAN COMMUNITY

Social security, like social policy can be defined from many point of views. Individuals in the short or long term may have meet face to face with various risks. Social security gives a guarantee for a steady income against to these risks. This guarantee can be ensured by means of «social insurance» which can be financed by the premiums paid by persons connected with the social insurance. Another way for this guarantee is «social assistance» which is a source transfer in other words. If we care for the applications of the modern countries we consider the both systems are being used together and according to the economic, social and political changes and developments, we see one of the systems or the other gains more importance. From now on we shall discuss the concept of «social insurance» and difficult applications of member states.

As we all know, the main risks which make way for income missing are the events of illness, accidents, maternity, death and unemployment.

The necessary measures against to those risks, the systems, and the organisations are being changed from one member state to another. Generally member states have established their own social security systems according to their traditions and according to their economic and social considerations. They want to preserve their systems. Thus it is not wrong to express that the social security applications in the community are not in a harmony. But although these distinctions we can say that almost the whole of citizens of member states are under the guarantee of social security systems of their countries.

We should talk about two organizations which affect the social security systems of the community. The first one is International Labour Organization, which has a great importance due to its studies to improve international working standards and to improve social security standards. The other one is the European Council to which the European countries are members. Without any doubt,

conventions and recommendations accepted by these organizations in the field of social security, have influenced the applications of member states of the community.

While examining the social security systems of the member states we should briefly examine the improvements which have occurred in the near past. As we talked about at the beginning of this study, European Economic Community has been established at the end of nineteen fifties. That period was very suitable from the economic angle. As a result of reasonable cooperation, coordination and efforts a considerable economic achievement has occurred. These improvements forced new social security policies. Member states while expanding the coverage of social security regulations have tried to improve the quality of the services. The percentage of social protection expenditures has rapidly increased. Economic crisis during 1973-1974 and 1979-1980 slowed-down the increase to some scale. But in the long term the social expenditures continued to rise up.

**Table 1 : Social protection expenditure as a percentage of GNP in member states for the year 1983**

<b>Country</b>	<b>Percentage</b>
Federal Republic of Germany	30.2
Belgium	31.9
Denmark	28.9
Greece*	20.2
Spain*	18.5
France	28.8
Ireland	24.6
Italy	27.3
Luxembourg	29.3
Netherlands	34.0
Portugal*	12.6
United Kingdom	23.7

(4) **New Forms of Work: Labour Law and Social Security Aspects in the European Community**, European Foundation Pub. Luxemburg, 1988., p. 116.

Table 2 : **Percentage of total social security benefits for health, old age, family, unemployment and other functions (5).**

Country	Health	Age	Family	Unemp.	Other	Total
FRG	27.0	29.8	6.5	7.1	29.6	100
Belgium	21.9	27.0	9.9	14.2	27.0	100
Denmark	23.5	34.3	9.4	13.7	19.1	100
Spain*	29.0	42.0	0.02	15.0	9.0	100
Greece*	18.7	70.3	3.3	2.7	5.5	100
France	24.7	34.0	9.6	9.8	21.9	100
Ireland	29.0	24.9	9.4	13.1	23.6	100
Italy	22.5	34.7	6.9	3.2	32.7	100
Luxembourg	22.5	26.7	7.6	8.1	10.6	100
Netherlands	25.8	27.0	8.1	12.7	26.6	100
UK	20.3	40.6	10.6	10.1	18.4	100

As we mentioned because of economic crisis there has been decreases in social expenditures. During the crisis years European commission has determined two priorities related to social expenditures. The first one is the expansion of social security applications. Therefore some social groups which have not been protected satisfactorily, had been entirely protected. The second priority is the increase of present social expenditures.

In recent years efforts are focused on the formation of new employment fields. This is due to rapidly rising unemployment rates. There has been restrictions for some groups of social expenditures. Another way of solution for the unemployment problem is to prepare plans for the early retirement. This phenomenon has forced the member states to make cooperation and to look for collective solutions for social security problems.

Since the first of July 1987, after the validity of «Boundless Europe Bond», the whole European Community countries will be boundless until 1992. That means more and more striving is necessary for the harmonization of social security applications.

(5) *New Forms of Work*, p. 118; For more detailed information about «social protection» see, *Eurostat Review (1977-1986)*, pp. 122-128.

#### 4- SOCIAL SECURITY FOR MIGRANT WORKERS

The first legal text approved by the European Community in the field of social security is about the rights of migrant workers. In fact this situation was inevitable. Because the free movement of workers in the community was one of the main rights of the treaty. Without ensuring to benefit from the allowances and subsidies of illness, death, unemployment, occupational accidents and displacement, workers would not leave their countries. Many countries have tried to solve this problem by bilateral agreements or conventions. But they were not satisfactory and a comprehensive order was essential. Nowadays, after the new regulations, we know migrant workers over five millions are working in the European Community and they all are benefiting from the social security applications.

There are three main principles for the determination and protection of the insurance rights of migrant workers (6).

1. Migrant workers coming from another member countries of the community, have the same rights with the citizens of the country in which they are working already.
2. Working periods and the insured periods, continued in different member states are being combined for determination of the allowances.
3. Optionally, entitled allowances can be transferred to another member state.

Moreover people who are in the other member countries for visiting and travelling purposes benefit from illness and maternity subsidies.

The legal basis of the social security rights of the migrant workers in the European Community is expressed in the article 51 of the Rome Treaty. This article has given work to Council to take the necessary measures for the free movement of workers and in addition to that it has made possible the aggregation of vested interests and the transfer of the subsidies.

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(6) Mete TÜRÜNER, «Labour Movements in the European Economic Community», *Economic Relations Between Turkey and the EEC*, Ankara, 1977, s. 456-458; For detailed information, see: *Treaties establishing the European Communities*, Luxembourg, 1973, pp. 221-223.

Bye-laws 1971 dated and 1408/71 numbered, and 1972 dated and 574/72 numbered, which have been approved by the help of the authority of article 51, are organizing the present situation.

The social insurance branches are shown as below :

- a. Illness and maternity allowances;
- b. Disablement allowances;
- c. Old-age subsidies;
- d. Widow's and orphan's pensions;
- e. Industrial injury benefits;
- f. Death grants;
- g. Unemployment benefits;
- h. Family allowances.

Since July the first of 1982, the provisions of bye-law organizing the social security rights of migrant workers are being extended so as to cover the people who had gone to other member countries to work independently.

As we tried to explain above the Community legislation kept away from interference. So that each member state has been able to preserve her own social security system. In connection with that, the legislation about the social security rights of migrant workers is not in an order. It is bulky and it is difficult to use. This phenomenon, in our opinion indicates that it is essential to work hard from now on for the harmonization of the social security applications.

## 5. SOCIAL SECURITY WITHIN THE EUROPEAN COMMUNITY-TURKEY RELATIONS

The Ankara Agreement was signed in 1963 and took effect in December 1964. This agreement has organized the partnership relations of both sides. Article 12 of this agreement mentions of the free movement of workers only. The article 39 of the Additional Protocol which is 1970 dated, has more detailed regulations about the security rights of the workers.

Comparing to the bye-law numbered 1408/71, the article 39 of additional protocol ensures less rights for the Turkish workers than the other migrant workers.

If we summarize the distinctions, there are no rights for the family members of the workers who stay in Turkey. Some insurance branches such as occupational accidents occupational diseases and unemployment were not taken into consideration. Also the regulations on combining the working periods are said to be insufficient.

For the solution of these problems Turkey has established bilateral social security conventions between some Community members and herself. These member states are Germany, England, France, Belgium, Netherland, and Denmark. But it is difficult to say that these conventions are satisfactory.

Finally, «The Council of Association» (7) has decided to carry out the rules of bye-law numbered 1408/71. Nevertheless that decision could not be realized.

In 1987 Turkey has appealed for membership. It may or may not be realized in the near future. However the problem is the free movement of Turkish workers in the Community. According to the rules of additional Protocol it would be realized at the end of 1986. But it could not be realized. Instead of looking for new solutions, Turkish workers in the Community should directly be able to make use of the regulations of bye-laws numbered 1408/71 and 574/72.

## CONCLUSION

It is possible to evaluate the findings of our brief explanations in two different groups.

The first group is about the social security system and the social security applications in the European Community.

The European Countries are going towards to the European Integration. This process is inevitable. But already the different applications of member countries is a contradiction to this process. The complexity of that situation is an obstacle to the free movement of labour. Besides that as a consequence of different standerds, there has been different attitudes and applications against the same risk. These kinds of problems are in contradiction with the idea of integration.

(7) **Turkey-EEC Relations**, Commission of European Comminites Pub., Ankara, 1977, s. 25-28; Ali Sait YÜKSEL, **Türkiye İlişkileri Açısından Avrupa Ekonomik Topluluğu**, Z.B., İstanbul, 1979, s. 74-81.



The second group of findings is about Turkey. We should approve that Turkey's social security system is backward from qualitative and quantitative perspectives, comparing to the European Community..

Some normal and standard social security branches such as «family allowance» and «unemployment insurance» still are not being organized in Turkey. Some people are partly within the scope of social security regulations, while some others are entirely excluded. Moreover, most of allowances provided by insurance branches are quite far from being satisfactory. These are the disadvantages of Turkey's social security system against the European Community.