Resolutions and Conclusions Adopted by the First European Regional Conference of the International Labour Organisation

(Geneva, January-February 1955)
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Resolutions and Conclusions
Adopted by the First European Regional Conference
of the International Labour Organisation

(Geneva, January-February 1955)

I. Resolution concerning the Role of Employers and Workers in Programmes
to Raise Productivity

The First European Regional Conference of the International Labour Organisation,
Having been convened by the Governing Body of the International Labour Office,
Having met at Geneva from 24 January to 5 February 1955,
Recognising that a substantial increase in standards of living and in human welfare in Europe depends to a large extent upon the achievement of higher productivity and an equitable distribution of the benefits resulting therefrom and of the total national income;
Invites the Governing Body to draw attention to the following conclusions regarding the role of employers and workers and their organisations in programmes to raise productivity.

GENERAL CONSIDERATIONS

1. Higher productivity provides opportunities for raising the general standard of living, including opportunities for—
   (a) larger supplies both of consumer goods and of capital goods at lower costs and lower prices;
   (b) higher real earnings;
   (c) improvements in working and living conditions, including shorter hours of work; and
   (d) in general, a strengthening of the economic foundations of human well-being.

2. In order to ensure that higher productivity does in fact lead to higher standards of living, it is of the utmost importance—
   (a) that there should be a free and strong trade union movement within a régime which ensures fullest freedom for the exercise by it of collective bargaining rights on an equal footing with employers and/or their organisations;
   (b) that in programmes to raise productivity emphasis should be laid upon more effective work through the improvement of methods and not upon harder work; there should be no deterioration in conditions of work and no risk to the safety or health of workers;
   (c) that the demand for goods and services should be maintained at a sufficiently high level and that adequate measures should be taken to prevent higher productivity from leading to unemployment;
   (d) that the benefits of higher productivity should be equitably distributed among capital, labour and consumers.

1 Adopted on 4 February 1955 by 47 votes to 37, with 4 abstentions.
3. The achievement of higher productivity calls for appropriate action on the part of governments, employers and workers. It also calls for the closest possible co-operation between, and effective consultation and participation of, all groups concerned.

4. Governments have a responsibility for creating conditions favourable to higher productivity by promoting economic expansion including a balanced programme of economic development; by promoting co-operation between employers and workers; by encouraging initiative in individual undertakings irrespective of ownership; and by adopting appropriate economic and social policies concerning such matters as foreign trade, capital formation, restrictive business practices, the reduction of costs of distribution, the assurance of adequate supplies of raw materials, monetary and fiscal conditions, the development of efficient employment services, health, housing, scientific and social research and training in the techniques of higher productivity. It is essential that in their educational arrangements suitable provision should be made by the authorities for scientific, technical and vocational training.

5. One of the urgent problems of raising productivity is the problem of increasing the efficiency of the less up-to-date undertakings in all sectors of the economy.

The Role of Employers and Their Organisations

6. Since it is the function of management to plan, organise and control the operations of an undertaking, primary responsibility for action to raise productivity in individual undertakings rests with management. In discharging this responsibility, management must take into account problems of human relations and personnel policy, problems of a predominantly technical character and problems of organisation in which both human and technical factors are involved.

7. Employers' organisations can contribute greatly to the growth of productivity by encouraging and assisting individual managements to find satisfactory solutions to the problems which arise in these various fields; by directing attention to arrangements for supervisory and vocational training or for the training of work-study or other technicians for the industries with which they are concerned; by arranging for or facilitating the exchange of experience between undertakings; by spreading knowledge of techniques which have been found to give good results; and by discussing and reaching agreement with trade unions regarding the general principles which should underlie measures to raise productivity and the safeguards to be applied when such measures are adopted.

Problems of Organisation

8. Defective organisation in an undertaking may impede the growth of productivity both directly by causing delays and confusion and indirectly by undermining good human relations and frustrating individual initiative. The raising of productivity requires an examination of the general organisation of the undertaking and a clear definition of the lines of authority and responsibility.

Problems of Human Relations and Personnel Policy

9. Management has a responsibility for creating and maintaining effective two-way channels of communication within the undertaking so as to ensure that workers are kept as fully informed as possible of the plans and policies of management, and that management is continuously aware of the views and opinions of workers. The fundamental aim of any such system of communications should be to unite all members of the undertaking into a team conscious of a common purpose and having a common interest in the well-being of the undertaking. The arrangements which will best serve this purpose will vary according to the nature and complexity of the undertaking. The full participation of workers' representatives
and their trade unions in the planning and application of measures to raise productivity is indispensable.

10. Management has a responsibility for looking ahead and taking all measures which are possible within the undertaking to ensure that higher productivity does not lead to unemployment, and for working out in advance, in co-operation with workers' representatives, arrangements which will provide reasonable safeguards for the interests of workers affected by technological improvements or other changes which may be introduced with a view to raising productivity.

11. The achievement of an efficient organisation requires thorough training of the personnel at all levels in all relevant aspects of their work. For members of management, specialists and supervisors, training programmes should aim at providing (a) a thorough understanding of the implications of material change on human relationships, and (b) skill in applying such techniques for raising productivity as fall within their competence.

12. Such factors as the relations between the worker and his supervisor, recognition of the efforts made by workers, social relationships within the working group, the nature of the work itself and the satisfaction that the worker gets from it, are important factors affecting morale and productivity, and deserve careful study by management.

Technical Problems

13. The possibilities of increasing productivity by concentrating production on a narrower range of styles and models by improving plant layout, physical working conditions and the arrangement of work posts, and, in many plants, by increasing the degree of mechanisation, especially of materials-handling operations, deserve careful attention.

14. The Conference welcomes the attention that is being devoted by European managements to industrial engineering techniques, costing and budgetary control and production planning. Applied with appropriate safeguards, these techniques can contribute greatly to increased productivity. The Conference recommends that everything possible be done to spread knowledge of these techniques and to encourage a wider use of them. Work study, however, is not an exact science and can be no more than a technical method of assisting management and trade unions to find solutions for problems which are in essence human problems and not purely technical.

The Role of Trade Unions and Workers

15. It is recognised that the function of a trade union is to defend and promote the best interests of its members. Consequently the participation of trade unions in schemes to achieve higher productivity will be influenced by the acceptance by management of the principle that the techniques of modern management methods and industrial engineering are part and parcel of industrial negotiation. The skilled techniques of industrial engineering are only the skeleton which is clothed by good human relations and the principle of collective bargaining. Modern techniques mean not less but more bargaining in which the trade unions, through their own trained personnel, can negotiate the principles under which these techniques can operate.

16. In order to fulfil their task, trade unions should be provided with the fullest information and be given opportunities to participate effectively in the planning and application of measures to raise productivity, which will enable them to make invaluable contributions. For example—(a) they can co-operate with managements in working out procedures which will provide safeguards for the interests of workers affected, by changes introduced with a view to raising productivity;
(b) in this way, and by education and persuasion, they can do a great deal to convince their members that technological improvements, provided they are accompanied by reasonable safeguards, are to be welcomed; trade unions thus have a vital and indispensable part to play in the creation and maintenance of conditions in which measures to raise productivity can be taken with the support and co-operation of the labour force as a whole;

(c) they may give a lead in encouraging their members to participate fully in suggestion schemes and in works committees or other joint machinery;

(d) they can provide, or participate in organising, training facilities for workers, shop stewards and trade union officials in business economics and in techniques of work study and industrial engineering, with a view to enabling them to participate, on the basis of adequate technical knowledge, in the application of work-study techniques and in dealing with problems and methods of raising productivity.

17. The equitable sharing of the results of higher productivity is of vital interest to trade unions and workers. Their interest embraces higher real earnings, lower costs and prices, shorter hours and the development of social provisions. The low living standards in some European countries require wise capital investment, as unemployment and poverty in one country threaten more prosperous countries.

18. Despite these broader considerations, however, it should be recognised that the workers in a particular undertaking cannot be expected to co-operate in measures for increasing productivity in that undertaking without the prospect of sharing, through an immediate improvement in their remuneration or conditions of work, the fruits of productivity increases. This again emphasises the need for negotiation, consultation in advance and agreement on the methods of sharing the fruits of higher productivity.

**Role of the International Labour Organisation**

19. Within the field of its competence, and in co-operation with other agencies concerned with productivity questions, the International Labour Organisation can contribute to the growth of productivity—

(a) by defining and seeking to extend the area of agreement between governments and the representatives of employers and workers, a task for which the tripartite structure of the International Labour Organisation gives it a special competence;

(b) by providing a forum for the exchange of views and experience;

(c) by undertaking continuous study both in general and in particular industries
  (i) of the aspects of the problem of raising productivity which are of special concern to it, and
  (ii) of the methods of ensuring that the benefits of higher productivity are fairly distributed;

(d) by making available through its publications the results of such studies together with information on the action being taken in the different countries to raise productivity;

(e) by providing or co-operating in the provision of technical assistance to governments which request such assistance in raising productivity.

The Conference hopes that the work thus far carried out by the International Labour Organisation in these various fields will be continued and expanded.

20. The Conference requests that the International Labour Organisation should, in its programme of studies and research, devote special attention to—
(a) obtaining from all countries detailed and, so far as possible, comparable statistics of employment, productivity and wages, which would facilitate international comparisons of the level and growth of productivity and of standards of living;

(b) those methods of raising productivity which utilise the techniques of industrial engineering, including method study and work measurement, or which have a direct impact on the attitudes of workers or supervisors or on other aspects of industrial relations;

(c) adaptation of vocational training in the light of the progress of productivity;

(d) the special problems of raising productivity in small undertakings;

(e) the relationship between the growth of productivity and workers' earnings;

(f) methods used by undertakings and industrial organisations to give workers a psychological and financial interest in the progress of productivity;

(g) the relationship between productivity and the security of employment;

(h) the promotion of constructive industrial relations;

(i) the measures taken in various countries to promote the geographical and occupational mobility of the working population.

21. The Conference has noted with interest the experience acquired by the International Labour Organisation in providing technical assistance in the raising of productivity to the governments of a number of countries outside Europe. It hopes that any requests for similar assistance, under the Expanded Programme of Technical Assistance, under the regular budget of the International Labour Organisation or under other appropriate arrangements, which may be formulated by governments of European countries, will receive sympathetic consideration. The Conference welcomes the help that has been given to the technical assistance activities of the International Labour Organisation, financially and in assisting the International Labour Organisation to secure the services of well-qualified experts, by the governments of the more highly developed countries, and hopes that this help will be continued, and if possible extended.

II. Resolution concerning the Age of Retirement

The First European Regional Conference of the International Labour Organisation, Having been convened by the Governing Body of the International Labour Office, Having met at Geneva from 24 January to 5 February 1955,

Welcomes the report on the age of retirement and congratulates the Office on the comprehensive way in which the subject has been studied, and the manner in which it has recorded the details of past experience and current practice in regard to pension and retirement schemes in the different European countries.

Valuable information has been gathered together illustrating the advances from a social point of view that have been made and also showing the wide variations which exist in the different countries concerned. These variations are the direct results of differences in economic and demographic conditions, manpower needs and other factors which are not uniform.

The report indicates that the age at which regular work ceases depends on the occupation and circumstances of the individual worker, and on social, economic and industrial conditions in the country concerned. It is frequently found to be between the ages of 60 and 70 years, and lower ages are frequently applicable in certain occupations where special circumstances prevail. There are variations from country to country, and flexibility in the pensionable age is a feature of many national pension schemes.

1 Adopted on 3 February 1955 by 65 votes to 17, with 10 abstentions.
It is suggested, therefore, that the following principles should guide the various countries in the arrangements which they make for retirement:

1. Legislation should provide for every worker who has completed a full working life to be able to retire and rest with an adequate pension. A "full working life" will include also periods of unemployment and incapacity for work.

2. The minimum pensionable age should be fixed, as a general rule, within the range of 60 to 65 years, regard being had to national differences in the effective earning capacity of the average worker aged 60 or more and in the number of years during which he may expect to enjoy his pension. For women this age should be five years lower than that fixed for men.

3. Pensions at lower ages should be provided for occupations which are arduous or unhealthy; these may be provided either under separate schemes or under the national scheme.

4. Many workers who have reached the minimum pensionable age are willing to continue at work and can render effective service. They should be given the opportunity to continue at work of some kind if suitable employment is available for them without prejudice to the interests of workers below the minimum pensionable age.

5. The amount of the pensions in payment should follow the same trend as the general level of the cost of living.

6. Economic and demographic considerations may justify a variation in the conditions of a pension scheme. Such variations should always take due account of the rights acquired or being acquired.

III. Resolution concerning an International Comparison of the Cost of Social Security and Other Social Advantages

The First European Regional Conference of the International Labour Organisation, Having been convened by the Governing Body of the International Labour Office, Having met at Geneva from 24 January to 5 February 1955, Having considered the methods of financing social security benefits, item III on the agenda;
Adopts this fourth day of February 1955 the following resolution concerning the financial statistics of social security and other social advantages:

Considering that the development of social security in the European countries during the post-war period has laid stress on the importance of the problems arising from its financing;
Considering that the diversity of the methods of financing among the European countries, and particularly of the relative importance of the financial participation of the public authorities, makes it difficult to establish a complete and objective international comparison;
Considering that the problems of financing social security cannot be examined by themselves but only in relation to the cost of production, the general level of prices, the general level of wages—taking account of the wages proper and of the various social advantages—and the economic, social and demographic structure of each country;

1 Adopted on 4 February 1955 by 72 votes to 16, with 1 abstention.
Considering that an international comparison is necessary in order to find appropriate solutions to the problems arising with regard to the economic co-operation of all European countries;

Having noted the extremely full documentation and the very instructive analysis which have been submitted to the Conference by the International Labour Office in its Report III: The Financing of Social Security:

1. Decides to invite the Governing Body of the International Labour Office to instruct the Director-General—
   (a) to continue and expand the efforts of the Office to assemble basic statistical data, to study the evolution of the said systems of financing social security and to compare the methods of financing social security and other social advantages granted either to the workers or to the population as a whole;
   (b) to expand the inquiries and studies relating to the economic and social incidence of resources allocated to social security and other social advantages both on the national and the international levels in order to obtain an objective and complete international comparison;
   (c) to publish regularly the results of its work, including absolute basic figures.

2. Invites the governments and the industrial organisations of employers and workers to co-operate closely with the International Labour Office in the establishment of statistics and their technical exploitation.

3. Asks the Governing Body to submit the said studies to the next European Regional Conference for consideration of conclusions resulting from these studies.

IV. Conclusions concerning the Financing of Social Security

A. General Considerations

1. The favourable progress of social security in the European countries during the post-war period makes it necessary to concentrate attention on the methods of its financing. If social security is to function in a satisfactory manner in order to achieve its objects, methods of financing must be established in such a way as to ensure a fair and rational distribution of its cost on the one hand and, on the other, to guarantee a balance between the receipts and expenditure of social security institutions so that the right of protected persons to benefits may be guaranteed in all circumstances.

2. When examining the different methods of financing it must always be borne in mind that the effect of social security is a redistribution of the national income. In other words, the cost of social security, whether it applies to the whole or only to certain categories of the population, is always borne by factors of production or by the consumers. It is possible to conceive a case in which methods of financing social security—whether through direct contributions of the protected persons or through contributions of undertakings and employers or by the State—would not affect the economic and social repercussions of the method selected, so that the choice of the method would rather depend on psychological aspects. In the hypothesis in which the net nominal income of labour on the one hand, and the price of goods and services as well as the volume of investments on the other, would be entirely controlled, the economic and social repercussions could be determined in advance without being affected by the method selected for financing. On the other hand, in an economy which is not entirely controlled, the methods selected for the financing of social security have direct repercussions either on the nominal incomes of the workers or on other factors of production, and indirect repercussions on the prices of goods and services.

1 Adopted on 4 February 1955 by 68 votes to 18, with 3 abstentions.
3. In most European countries the income of social security comes from three sources: contributions of insured persons, contributions of employers, and participation of the public authorities from the fiscal income; special taxes for the financing of social security are only a particular method of financing social security by taxation. The importance of each of these three sources varies considerably from one country to another; in particular, the relationship between the income derived from contributions and that coming from general taxation shows marked variations. In a number of countries, on the other hand, social security is financed by the State. In examining the reasons and the justification for the present differences it can be seen that each country has determined the methods of financing its social security system in a fashion deriving from a series of factors: tradition, political, economic and social reasons, the structure of the State and of its fiscal system, as well as the importance attached to one or other branch of social security.

B. SOURCES OF SOCIAL SECURITY REVENUE

4. In order to determine the financial resources of social security, a series of elements should be taken into consideration, of which the most important are the following:

(a) the kind of benefits, taking account of the peculiarities of the different branches of social security, envisaged in the different parts of the Social Security (Minimum Standards) Convention, 1952 (No. 102);

(b) the scope of protection: the economic and social expediency of the different methods of financing depends actually on the categories of persons protected;

(c) economic and social factors peculiar to each country: the level and structure of the national income, the general level of wages, the economic situation of the different sectors of the national economy, the importance of the categories making up the economically active population, the demographic situation, the fiscal system, etc., determine the direct and indirect repercussions of the different methods of financing social security; these repercussions can vary in the same country from one economic sector to another or from one branch of activity to another; they can vary much more from one country to another, and special interest should be attached to this if it is desired to effect closer economic co-operation among the European countries;

(d) the traditions and customs of each country, which are at the root of the wide divergence of methods at present in force in the different European countries.

5. The participation of the public authorities in the financing of social security means, in certain countries, that the resources of social security come from taxes and duties. Financial participation of the public authorities should take more account of economic situations and of social justice, provided that the fiscal system itself satisfies this last preoccupation. In other countries social security is financed by the State from other sources, such as profits of undertakings, and not from taxes. Some financial participation by the public authorities would be particularly recommended in the following cases:

(a) preventive medical care;

(b) curative medical care in cases of so-called social diseases;

(c) a part of the effective cost of hospitalisation;

(d) maternity benefits;

(e) family allowances;

(f) benefits in the case of unemployment;

(g) old-age, invalidity and survivors' pensions in so far as they tend to guarantee reasonable means of subsistence;
(h) the cost of adjusting pensions to a rise in the cost of living due to currency devaluation or other factors.

6. The participation of the employers in the financing of social security is considered in many countries justified and desirable. The relative importance of employers' contributions in relation to total direct contributions has increased in the post-war period. The amount of the employer's contribution is closely related to wages properly speaking; from the point of view of the employee it is the net remuneration which counts, and from the point of view of the employer it is the total of wages and contributions which counts. Employees regard the employer's contribution as an integral part of their rights deriving from their work. The employer's contribution, like wages, is an element in the cost of production, so that the cost of this contribution is shifted to consumers in all cases where this is possible. This fact makes it necessary to take into consideration the situation of the producers in the country concerned with regard to international trade, when determining the volume of the employers' contributions.

7. The rights of workers to social security benefits and their right to participate in the management of social security institutions derive from their work and not from their contributions. Nevertheless some workers admit that the worker's contribution strengthens these rights and for that reason alone they are in favour of their participation in the financing of social security. Moreover, they wish to demonstrate, by their contributions, their convictions that their rights are always closely linked with their obligations and that the worker's contribution is an expression of his personal responsibility for himself and for his family. The contributions of employees should not, however, constitute too large a part of the total resources of social security and it is desirable that financial participation of the employers and the public authorities should predominate.

8. In a number of countries the workers are entitled to social security benefits without payment of contributions to the social security funds.

9. Although the differences in the relative importance of the resources, according to their origin in the different countries, cannot be considered as an insuperable obstacle to efforts to establish closer economic co-operation among European countries, it appears desirable that future developments should tend to reconcile the present differences which are too pronounced.

10. The choice between contributions related to the amount of wages or income and the contribution fixed independently of the amount depends in the first place on the technique established for calculating the amount of benefits. The contribution fixed in relation to the wage has the advantage of reducing automatically the contribution of the low-paid worker. Moreover, if the type of benefit or the calculation of benefits is such that the ratio of benefits to wages varies in the opposite sense to variations in wages, contributions fixed in proportion to wages strengthen the solidarity among protected persons, which is one of the objectives of social security. Contributions in proportion to wages are more especially justified when the amount of the benefit is also proportional to the wage, at least if the amount increases with the wage. On the other hand, if the system provides for benefits of a fixed amount, a contribution fixed independently of the amount of the wage should also be considered as an appropriate solution. This solution implies that the part of the contribution charged to the worker should remain within very narrow limits so that it does not fall too heavily on low wages; this is easier to achieve if the range of wages is not too wide.

11. In the case of a contribution related to the wage or income, the wage or income ceiling for the calculation of contributions should not be fixed too low, so as to maintain the solidarity of protected persons. As the ceiling fixed for the calculation of contributions generally applies to benefits, too low a ceiling would deprive the worker of the possibility of obtaining benefits more adequate in relation to his wage.
C. CENTRALISATION AND DECENTRALISATION OF FINANCIAL ORGANISATION

12. It is not possible to dissociate the problems of separate financing for each branch of social security from those of unified financing of several branches of the general system of social security. When the different branches of social security have come into existence separately, each branch has been able to enjoy financial autonomy. In some European countries later reforms have introduced a unified financial structure for several branches, very often when the entire social security system was being reorganised. The separate financing of each branch makes it easier to ascertain variations in the receipts and expenditure of that branch. It involves certain necessary adjustments when the financial equilibrium of the branch in question is threatened. On the other hand, unified financing allows of equalisation between different branches when some find themselves more heavily burdened than had been foreseen, while others enjoy a better prosperity.

13. A number of social security schemes cover a wider field than the employee categories; they may be based on a unified financial structure for the active population or for the entire population. This unification, which implies a field with a broad financial basis, makes it easier to adapt the contribution of the persons concerned to their means. It also enables the provision of relief for certain categories of economically weak persons by allowing for reductions in their contributions to be offset either by increasing the contributions of other categories or by supplementary contributions from public authorities. Furthermore, in a unified financial scheme the burden can be distributed as fairly as possible among the different regions, branches of activity and occupational groups. In this way a social security scheme can more effectively fulfil its task as an agent for the redistribution of individual income, and at the same time the financial ability of the scheme to withstand economic, social or biological hazards which may affect a particular region or branch of activity more severely than the country or industry as a whole can be increased.

14. The financing of a special scheme for a particular occupational group inevitably rests on a narrower basis than a general scheme, with the result that economic fluctuations peculiar to the occupational branch concerned may affect a special scheme much more than they would a general one. The demographic structure of the members and beneficiaries of a special scheme is frequently less favourable than in a general scheme. In this case it may appear opportune to try to find a compromise solution between financial independence for a special scheme and a unified financial structure with a view to distributing equitably the cost of that part of the benefit provided by the special scheme which corresponds to the benefits provided under the general one. Only with such a procedure would the additional advantages provided under the special scheme be financed independently.

15. A completely unified financial structure has the disadvantage that the insured persons may feel themselves too far away from the institution which effects distribution and compensation, with the result that they might not take enough interest in the financial results of the scheme to which they belong. For that reason the legislation of several European countries favours, particularly with regard to sickness and maternity insurance, the existence of several insurance institutions each enjoying financial autonomy. However, a system of this kind may lead either to the differentiation of the contribution rate or to the differentiation in the quality or the quantity of the benefits, if special measures are not taken.

16. Most of the European countries finance the employment injuries scheme by employers' contributions which vary according to the degree of risk in the undertaking. This differentiation has its origin in the historical development of this branch which began by direct compensation by the employer, and by stages from commercial insurance into social insurance. At the present time this differentiation is regarded as an incentive to undertakings to strengthen preventive measures. Nevertheless, the differences which exist in the importance of employment accident risks between one branch of industry and another may be due in large measure to natural causes which cannot be completely removed by preventive
measures. Consequently, contributions fixed according to risks place a higher burden on the industries where greater risks are the natural consequence of the circumstances under which the employees work.

17. In compulsory medical care insurance schemes the contribution should be entirely independent of the number of persons in the family entitled to benefits by virtue of its head being an insured person.

D. FINANCIAL EQUILIBRIUM OF SOCIAL SECURITY SCHEMES

18. Financial equilibrium of the responsible organs and sufficiency of liquid assets are essential conditions for the smooth functioning of social security. The elements governing financial equilibrium of social security are in particular—
(a) the general situation of the national economy and of its different sectors, as well as the variations in the situation;
(b) demographic and biometric elements and their variations;
(c) the structure of the system of benefits and financing;
(d) the financial system.

Variations in demographic and biometric elements are the object of many studies, particularly in so far as they affect mortality and birth rates. On the basis of certain plausible hypotheses their influence on the variation in the volume of future expenditure can be forecast. The economic factors influencing the receipts and the expenditure of a social security scheme include employment and unemployment levels, and wage and price levels.

19. Increased expenditure in social security is in all circumstances justified, when it is more or less parallel to the national product as a whole. An increase in the production of goods and services will make available the financial resources needed to cover increased social expenditure without reducing direct factor income; in any event, the distribution of this income should be satisfactory and equitable. A system effectively guaranteeing the financial stability of social security should be based on the relationship between variations in social security expenditure and the national product; no action restricted to the field of social security alone can give lasting and truly satisfactory results unless due allowance is made for the national economy as a whole.

20. In spite of the difficulties inherent in the forecasting of the probable future receipts and expenses of a social security scheme, it is highly desirable that the situation should be actuarially analysed regularly and as thoroughly as possible, particularly when important changes in legislation are contemplated, so that the final decision can be taken with a full knowledge of the facts.

E. STATISTICS

21. The inquiry into the cost of social security during the period 1949-51, carried out by the International Labour Office, furnished information which was extremely useful for an international comparison, a comparison which is indispensable for a study of the economic and social expediency of social security both on the national and international levels. The financing of social security gives rise to problems which cannot be examined by themselves but only in close conjunction with a series of other factors and elements. In particular, the relation between wages and contributions of the employee and the employer does not give a complete picture unless the other social advantages are also taken into account, whether these are financed by the employer or through general taxation. The Committee adopted a draft resolution, based on these considerations, concerning an international comparison of the cost of social security and other social advantages. ¹

¹ See above, p. 6.
V. Resolution concerning Housing Construction

The First European Regional Conference of the International Labour Organisation, Having been convened by the Governing Body of the International Labour Office, Having met at Geneva from 24 January to 5 February 1955, Considering the importance of housing in workers' standards of living, Recalling that within the general field of housing and town and country planning, leadership in which is assigned to the United Nations, the International Labour Organisation is recognised to have special responsibility for matters relating to workers' housing; Invites the Governing Body of the International Labour Office to draw the attention of European governments to the following conclusions and considerations and to request that they be brought to the notice of employers' and workers' organisations, and to communicate them to the international organisations concerned.

I. Basic Principles

1. Next to food and clothing, housing is one of the essential needs of human life. In some countries there are considerable numbers of people who either do not yet have any dwelling of their own at all, or have to live in most primitive and unhealthy accommodation. It should consequently be an objective of national policy to ensure the provision of minimum requirements for the accommodation of the people of the country, taking account of the size of families. The length of time within which these minimum requirements can be secured will largely depend on the financial and economic possibilities of the country concerned.

2. In each country there should be one central body with responsibility for formulating and developing long-term and short-term national housing programmes, taking into consideration the conditions prevailing in that country. Representatives of employers' and workers' organisations and other bodies concerned should be consulted in the formulation of these programmes.

3. Comprehensive town and country planning is indispensable in the development and execution of such housing programmes, so as to ensure that proper use is made of existing land and that the housing requirements of the population in relation both to places of work and to facilities for health, transport, education, shopping, recreation, etc., are taken into account.

4. In order to promote housing construction appropriate measures should be taken to stimulate increased investment in housing by private capital, in addition to financing from public funds.

5. Governments should especially endeavour to promote the construction of low-cost housing at reasonable rents for the broad masses of the people (social housing construction).

6. During the period of housing shortage appropriate measures should be taken to ensure that available housing accommodation which is provided for the broad masses of the people is distributed on a social basis, and to prevent rents from being determined entirely by the free play of the market. The objective of housing policy should be, however, to arrive as soon as possible at an economic rent.

7. When employers take the initiative in constructing housing for workers, which is most praiseworthy, appropriate measures should be taken to prevent hardship to the worker by his being obliged to leave his dwelling on the termination of the contract of employment.

8. Private builders, private and public housing construction companies, cooperative building societies, public and other undertakings should participate on equal terms in the execution of housing programmes, provided they have the necessary productive capacity and reliability.

1 Adopted on 4 February 1955 by 80 votes to 0, with 6 abstentions.
II. Financing of Housing Programmes

9. In the long run, and as a consequence of higher productivity, the relationship between wages, including family allowances, and rents should be such as to enable workers to rent modern, healthy housing out of their own income, without public subsidies.

10. Governments should particularly promote the construction of privately owned homes, small settlements and privately owned flats. Where, under present income conditions, workers are not yet in a position to provide the necessary capital from their own resources, they should receive all possible help.

11. Individuals, private builders, co-operative and other building societies should be given the opportunity to pay off over a lengthy period any loans they have contracted.

12. Public loans should be granted to facilitate the financing of housing construction. Housing subsidies should be made available particularly to those groups of the population who are most in need of this kind of assistance.

13. Governments should consider the most appropriate ways and means of granting the various types of direct or indirect public subsidies, taking into account any views which may be expressed by employers' and workers' organisations.

III. Reduction of Housing Costs

14. The development of long-term national housing programmes will substantially contribute to the maintenance of building activity, to the reduction of seasonal unemployment, to the increase of productivity and to the effective reduction of building costs.

15. Special attention should be given to improved planning and organisation of work at the site, to greater standardisation and simplification of production methods, and to the application of modern research and of recognised construction standards.

16. Special attention should be given to promoting good labour-management relations in the house-building industry as a contribution to raising productivity in the industry and to the reduction of housing costs.

17. Finally, specific action should be taken to ensure that land required for housing developments is available at reasonable prices.