MR. RICHARD’S ADDRESS TO THE
NATIONAL ASSOCIATION OF MANUFACTURERS
- CHAMBER OF COMMERCE -
THURSDAY, 23 SEPTEMBER 1982
WASHINGTON D.C.

MR CHAIRMAN,

I AM VERY PLEASED TO BE HERE TODAY TO PARTICIPATE IN YOUR DISCUSSION OF THE SO-CALLED VREDELING PROPOSAL.

EVER SINCE I BECAME RESPONSIBLE FOR THIS DRAFT DIRECTIVE A YEAR AGO I HAVE BEEN SURPRISED AT THE ENORMOUS AMOUNT OF CONTROVERSY IT HAS ATTRACTION. I AM PARTICULARLY CONCERNED ABOUT THE DEGREE OF HOSTILITY IT HAS GENERATED AMONGST THE MULTINATIONAL COMPANIES. IT SEEMS TO BE THE VIEW OF SOME MULTINATIONAL COMPANIES, PARTICULARLY AMERICAN ONES, THAT THE PRIME PURPOSE OF THIS DIRECTIVE IS IF NOT TO DESTROY, THEN TO BADLY DAMAGE THEM. NOTHING COULD BE FURTHER FROM THE TRUTH.


THE MULTINATIONAL COMPANY IS A FOCAL VEHICLE FOR ECONOMIC CHANGE IN OUR WESTERN SOCIETIES, AND THE EEC IS NO EXCEPTION TO THIS. THE FACTORS INFLUENCING THE NATURE AND THE SPEED OF SUCH CHANGE – BE IT SHIFTS IN INTERNATIONAL TRADE, IN INVESTMENT OR TECHNOLOGICAL KNOW-HOW – ARE NOW ESSENTIALLY INTERNATIONAL IN CHARACTER. INDEED, IN EARLY RECOGNITION OF THAT, ONE OF THE INITIAL AND LASTING PURPOSES OF THE EEC HAS PRECISELY BEEN THE CREATION OF A COMMON CROSS-FRONTIER MARKET ENCOURAGING CORPORATIONS TO OPERATE TRANSNATIONALLY, AND AMERICAN MNCs HAVE BEEN...
WE BEEN PRIME BENEFICIARIES OF THIS PROCESS.

MAINTENANCE AND FURTHERANCE OF TRANSNATIONAL TRADE AND INVESTMENT REMAINS A KEY EEC PRIORITY, LETTING THE BELIEF THAT CORPORATIONS SHOULD ENCOURAGED TO ADOPT AN INTERNATIONAL FRAMEWORK RESPOND TO INTERNATIONAL CHALLENGES AND EXPLOIT INTERNATIONAL OPPORTUNITIES.

BUT AT THE SAME TIME, EXPLOITATION OF NEW OPPORTUNITIES - AND FEW IN THE INTERNATIONAL BUSINESS COMMUNITY CONTEST THE BENEFITS ACCRUING MNCs FROM THE CREATION OF THE COMMON MARKET MUST BE PARALLELLED BY THE ASSUMPTION OF NEW POSSIBILITIES, NOTABLY TO LOCAL WORK FORCES, LIKE THE COMPANIES THAT EMPLOY THEM, ARE CAUGHT UP WILLY-NILLY IN THIS PROCESS OF CHANGE. WE ARE NOT SIMPLY A COMMON MARKET OF GOODS AND SERVICES, BUT ALSO A COMMUNITY OF PEOPLES. STRATEGIC DECISIONS MADE BY LARGE ENTERPRISES WHICH DIRECTLY AFFECT THE WELFARE OF LARGE NUMBERS OF CITIZENS CANNOT SIMPLY BE ANNOUNCED...

ANNOUNCED AFTER THE EVENT. THIS IS PARTICULARLY TRUE IN TIMES OF GREAT STRUCTURAL CHANGES INSTANCED BY RAPID TECHNOLOGICAL INNOVATION AND RISING AND MASSIVE UNEMPLOYMENT. I FEEL THAT WE IN THE EEC MUST ENSURE THAT, IN SEEKING TO FOSTER AN EFFECTIVE BUSINESS RESPONSE TO SUCH STRUCTURAL CHANGE IN WHICH THE MULTINATIONALS HAVE AN UNDOUBTED ROLE TO PLAY, WE MUST NOT LOSE SIGHT OF THE INVOLVEMENT IN THAT CHANGE, OF EMPLOYEES OF SUCH COMPANIES. THIS, I THINK YOU WILL AGREE, IS AN EVEN-HANDED APPROACH.

A WORD ABOUT TECHNOLOGICAL INNOVATION IN THIS CONTEXT: SO AS TO ASSIST BUSINESS IN MEETING THE CHALLENGES IN THIS AREA, WE IN THE COMMISSION HAVE PROPOSED A PROGRAMME ON HIGH TECHNOLOGY, A CENTRAL COMPONENT OF WHICH, AS I INDICATED JUST NOW, IS THE COMMUNITY'S ABILITY TO CREATE A SINGLE EUROPEAN MARKET FOR EQUIPMENT AND SERVICES. BUT THE STARTLINGLY RAPID CHANGES, /BOTH IN...
Both in production techniques and employment structures, that this process engenders cannot simply be conceived, developed and implemented in a social vacuum. We believe that work forces need to be consulted on these matters, informed of and involved in the decision-making process affecting their livelihood. This is not, I believe, a radical position, nor is it a position against the pursuit of technical innovation.

On the contrary. We firmly believe in the process of change, but also in the need to justify it to those concerned. Otherwise the whole process of industrial transformation risks being called into question. If we are to approach these extremely difficult problems in a constructive manner, then we have to create a sense of cooperation and partnership between both sides of industry. The issues involved are too important for us to try to settle them in the traditional manner of confrontation.

I hope that we will be able to forge this new partnership, though I am bound to say that, if the conflict between the two sides of industry which has arisen over the so-called Vredeling proposal is to be duplicated, then there is not very much ground for optimism.

I have on another occasion likened the activities of UNICE and ETUC to trench warfare on this matter. Both sides have moved into fixed positions with little expectation of their coming closer together. If I might say so, it seems to me to be an enormous over-reaction to what is, at the end of the day, an important, yet essentially modest, set of proposals. In talking about the Vredeling proposal, it is important to see it in its proper perspective. In a sense the process that led up to the Vredeling proposal started with the Social Council Resolution of January 1974, setting up a Social Action Programme...

THE SOCIAL COUNCIL RESOLUTION OF JANUARY 1974 WAS ALSO SUPPORTED BY AN OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE IN SEPTEMBER 1974, WHICH IN PART STATED THAT "THE PROBLEMS CREATED BY MULTINATIONAL FIRMS IN THE SOCIAL FIELD MUST BE RESOLVED ..."

BE RESOLVED AND WORKERS MUST BECOME INVOLVED IN THE ACTIVITIES OF THEIR FIRMS BY MEANS OF A SYSTEM OF REPRESENTATION WHICH WILL ALLOW THEM TO EXPRESS THEIR VIEW AND TAKE A STAND ON MATTERS OF MOST CONCERN TO THEM.

IT IS ALSO, I THINK, RELEVANT TO POINT OUT THAT THE EUROPEAN PARLIAMENT PASSED A RESOLUTION IN MAY 1977 DEALING WITH THE PRINCIPLES TO BE OBSERVED BY ENTERPRISES AND GOVERNMENTS IN INTERNATIONAL ECONOMIC ACTIVITY, IN WHICH IT SAYS "THERE ARE NO INTERNATIONAL LEGAL REGULATIONS TO SOLVE THE PROBLEMS OF MULTINATIONAL UNDERTAKINGS CAUSED BY THEIR SIZE, MASSIVE LIQUID RESOURCES AND CENTRALISATION OF ECONOMIC POWER". THE RESOLUTION GOES ON TO SAY THAT "HAVING REGARD TO THE NEED TO ENSURE EQUAL OPPORTUNITIES AND PREVENT DISCRIMINATION IN COMPETITION BETWEEN NATIONAL AND INTERNATIONAL UNDERTAKINGS, THE EUROPEAN PARLIAMENT STRESSES THAT BINDING AND LEGALLY ENFORCEABLE..."
LEGALLY ENFORCEABLE LAWS MUST BE LAID DOWN FOR MULTINATIONAL UNDERTAKINGS AND CALLS ON THE COMMISSION TO FORWARD THE NECESSARY PROPOSALS AS SOON AS POSSIBLE".

SO IT CAN BE SEEN THAT THE CONCERN OF THE COMMUNITY ABOUT THE ACTIVITIES OF MULTINATIONAL UNDERTAKINGS HAS BEEN LONG-STANDING AND HAS BEEN EXPRESSED NOT ONLY IN THE COMMISSION BUT ALSO IN THE COUNCIL OF MINISTERS AND IN THE EUROPEAN PARLIAMENT. IT IS AGAINST THIS BACKGROUND THAT THE COMMISSION APPROVED THE DRAFT DIRECTIVE.

I SHOULD LIKE TO EXPLAIN MY ATTITUDE TO THIS PROPOSAL. IN SUMMARY, THIS DIRECTIVE AIDS TO GIVE WORKERS IN COMPANIES WITH SUBSIDIARIES THE RIGHTS TO INFORMATION ON COMPANY POLICY WHICH IS LIKELY TO AFFECT THE WORKERS' LIVELIHOOD OR WELL-BEING. THAT SEEMS TO ME TO BE A QUITE ADMIRABLE OBJECTIVE. NO ONE WOULD DENY THAT WORKERS HAVE ...

AT LEAST THE RIGHT TO BE INFORMED ABOUT MATTERS WHICH ARE OFTEN LITERALLY A MATTER OF ECONOMIC LIFE OR DEATH TO THEM. THIS IS PARTICULARLY TRUE IN A PERIOD OF RECESSION, WITH MASS REDUNDANCIES, PLANT CLOSURES AND AN INCREASING ANXIETY ON THE PART OF WORKERS OVER THEIR FUTURE EMPLOYMENT. IT IS SIMPLY NOT GOOD ENOUGH TO SAY THAT THERE IS NO PROBLEM.

THAT IS NOT TO SAY THAT I NECESSARILY BELIEVE THAT THE PROVISIONS OF THE DIRECTIVE AS IT STANDS AT PRESENT ARE THE BEST WAY OF DEALING WITH THIS MATTER. I APPRECIATE THE ANXIETY OF THE EMPLOYERS OVER THE POSSIBILITY THAT THEY MIGHT HAVE TO DISCLOSE CONFIDENTIAL INFORMATION TO THEIR COMMERCIAL DETRIMENT. I ALSO UNDERSTAND THEIR WORRY OVER THE COST OF IMPLEMENTING THESE PROPOSALS. MY OWN VIEW IS THAT THERE IS NEED FOR A DIRECTIVE ON THIS MATTER, BUT THAT WE NEED TO REDUCE, OR AT LEAST SIMPLIFY, THE PROCEDURES PROPOSED, ...
PROCEDURES PROPOSED, AND THAT WE OUGHT IF POSSIBLE TO LIGHTEN THE BURDEN IN ADMINISTRATIVE AND FINANCIAL TERMS WHICH IT PLACES ON EMPLOYERS. I AM, HOWEVER, CONVINCED THAT, IF THE DIRECTIVE, HATSOEVER ITS FINAL SHAPE MIGHT BE, IS TO BE EFFECTIVE, IT MUST BE STATUTORY AND OPEN TO JUDICIAL ENFORCEMENT. BOTH, ON THE BASIS OF MY EXPERIENCE AS A POLITICIAN AND AS A LAWYER, SEEM TO ME TO BE ESSENTIAL FEATURES.

AS YOU PROBABLY KNOW WE HAD A DEBATE ON THE VREDELING PROPOSAL IN THE EUROPEAN PARLIAMENT LAST WEEK AND THE PARLIAMENT WILL BE VOTING ON THE REPORT OF THE RAPPORTEUR OF THE SOCIAL FAIRS COMMITTEE OF THE PARLIAMENT AND THE AMENDMENT THAT REPORT HAS ATTRACTED AT THE NEXT PARLIAMENTARY SESSION IN OCTOBER. I WILL NOT HIDE FROM YOU THAT THE DRAFT DIRECTIVE AND THE SPENCER REPORT HAVE CREATED CONSIDERABLE CONTROVERSY ...
FOR THE TRADE UNION MOVEMENT TO ASSUME THIS RESPONSIBILITY, THE FREQUENCY AND CONTENT OF INFORMATION TO BE PROVIDED TO THE WORK FORCE IS ALSO THE SUBJECT OF DIFFERING VIEWS AS IS THE NATURE OF CONSULTATIONS TO BE HELD. SUCH MATTERS AS THE BY-PASS OPTION; SIZE OF SUBSIDIARY AND GROUP; PENALTIES, AND THE WHOLE AREA OF CONFIDENTIALITY HAVE ALSO ATTRACTED COMPETING OR CONFLICTING AMENDMENTS. AS I HAVE SAID, ALL OF THESE AMENDMENTS WILL BE VOTED ON IN THE NEXT SESSION OF PARLIAMENT, AS WILL THE REPORT, AND I SHOULD THEN RECEIVE A COHERENT OPINION FROM THE PARLIAMENT.


IN MY DEALINGS IN RECENT MONTHS WITH THE EUROPEAN PARLIAMENT, THE SOCIAL PARTNERS AND indeed with American multinational corporations, I HAVE BEEN ENDEAVOURING TO OBTAIN THE MAXIMUM UNDERSTANDING ON WHAT WE ARE PROPOSING AND THE MAXIMUM AGREEMENT ON THE DETAILS OF THE DIRECTIVE. I WOULD BE LESS THAN FRANK IF I DID NOT SAY THAT I HAVE BEEN DISAPPOINTED BY THE EXTREME REACTION OF MANY EMPLOYERS' ORGANISATIONS IN EUROPE AND BY MANY MULTINATIONAL CORPORATIONS IN THE UNITED STATES. I HAVE ALWAYS REGARDED THIS DIRECTIVE AS BEING A VERY MODEST SET OF PROPOSALS.
Proposals. Because of the great over-reaction of employers' organisations in Europe, the controversy has, if anything, worsened labour relations rather than improved them. Indeed, it is only in recent months that we have managed to get the European Trade Union Federation UNICE the European employers' organisation to talk to one another about this matter.

Yet whilst I regard the proposal as modest I also consider it to be very positive in the contribution it will make to labour relations and therefore something well worth having.

In Europe, like you in the United States, we are going through a period of intense economic difficulty and I am afraid I have to say there is the very real prospect of major economic catastrophe. If we are not extremely careful the present world recession will create a very high level of mass unemployment which will become permanent feature in our societies. With the present...

The present figure of real unemployment in Europe being some 12 million and with the near certainty that this will grow to 15 million plus by 1985 there is a real danger that we will come to accept that the unemployed "like the poor are always with us". The adoption of such an attitude would in my view be a recipe for disaster.

Rather than reorganising our societies so as to accommodate permanent high levels of unemployment, we ought to be setting ourselves the task of renewing the conditions of full employment. But if we are to get unemployment down then it can only be done on the basis of cooperation between the management and labour and that cooperation will not come about in a climate of hostility and fear which exists in so many of our industrial undertakings at the present time. So as part of the battle of reducing unemployment and bringing about the regeneration of our economies, improved labour relations are an essential...
ARE AN ESSENTIAL ELEMENT AND I BELIEVE THAT THIS
DIRECTIVE CAN MAKE A POSITIVE AND MAJOR CONTRIBUTION TO IMPROVED LABOUR RELATIONS. IT IS FOR THIS REASON THAT I AM DETERMINED TO DO ALL I CAN TO SEE THAT THIS DIRECTIVE BECOMES COMMUNITY LAW.

++++++