

TRADE UNION BULLETIN

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1. PUBLIC DISCUSSIONS ON NUCLEAR ENERGY

The Commission has confirmed its intention of organising public discussions on nuclear energy before the end of the year.

At present, discussions on nuclear problems are in progress in many parts of the Community, but only at the level of the Member States. The Commission considered that these questions should also be examined at Community level.

Aims and scope of the hearings

The objectives are as follows:

- to help inform public opinion on questions of nuclear energy, bearing in mind the Community's energy requirements;
- to ensure the Community's participation in the public debate on nuclear energy;
- to assist the Commission in defining areas of priority in nuclear energy research policy, i.e. areas where new initiatives or a more concentrated effort might prove necessary.

The public discussions will be "open" in the sense that the role of the Member of the Commission responsible for energy will be to listen; to raise questions, and to take note of the opinions expressed.

The public discussion should range over a wide field and embrace a series of topics relating to economic policy and growth rates, energy policy, social changes and democratic control, and environmental and safety aspects.

The first of these hearings should be held about the end of October 1977.

2. CROSSING BORDERS BETWEEN MEMBER STATES

The Commission has recently sent a letter to the Permanent Representatives of Community Member States on the subject of the Customs Union. In its letter, the Commission draws the Member States' attention to the special importance it attaches to implementation of the measures contained in its Recommendation of 21 June 1968 on the circumstances in which customs checks are carried out at border-crossings; Member States were to liberalize their checks at borders between Member States. The Commission recommended them in particular:

- (i) to avoid systematic stops at borders between Member States by informing the persons crossing them of their duty-free allowance entitlements and obligations on entering the territory of the Member State concerned;
- (ii) to have checks made on private cars and travellers at borders between Member States only in exceptional circumstances.

The Member States have not always followed this Recommendation. At the present time certain Member States are tightening up their border checks, which in some respects are becoming the rule rather than the exception.

Now that the final customs barriers are being removed for almost all products between the nine Member States at the very time of year when there is traditionally most travel within the Community, the Commission felt that it should call on the Member States to make border-crossing as trouble-free as possible.

3. BETTER SCHOOLING FOR CHILDREN OF MIGRANTS IN THE COMMUNITY

At its session on 28 June 1977 in Luxembourg, the Council of Social Affairs Ministers adopted a directive, designed to ensure the adaptation of school structures and curricula to meet the specific educational needs of migrant children. The adoption of this directive marks a new and important step forward in the implementation of the action programme in favour of migrant workers and members of their families, as well as of the first programme of educational cooperation in the Community, both of which were the subject of Resolutions of 9 February 1976.

About one and a half million migrant children attend pre-primary, primary and secondary schools in the Member States. More than two thirds of these migrant children come from non-member countries of the Community. In recent years there has been growing concern about the high educational failure rates of migrant children, and their particularly high degree of vulnerability in the present period of severe youth unemployment. This figure does not include the children of Commonwealth citizens or nationals of Ireland in the United Kingdom.

The directive applies, as a binding legal instrument, only to the children of nationals from another Member State, where such children are resident in the territory of the Member State in which the national concerned is or has been employed. This legal limitation is explained in this sphere by the fact that the Treaties can only provide to cover nationals of Member States, and their children. However, in an associated declaration, the Council has confirmed its political resolve to pursue and develop equivalent measures on behalf of nationals and their children from non-member countries who are not covered by the directive as such but experience similar problems.

The directive has two main aspects. The first provides that Member States will take the appropriate steps to facilitate the initial reception of young migrants into the new host country, so that they may become effective as quickly as possible in their new educational and social environment. This will involve in particular provision for teaching in the language of the host country. The host countries will also take the necessary measures to provide for the initial and continuing training of the teachers who would be engaged with these responsibilities.

The second aspect involves the undertaking by Member States to promote the teaching of the mother tongue and culture of the migrant children. This is to be done in cooperation with the countries of origin, and is to be co-ordinated with normal educational provisions for the children of nationals. In achieving this aim, the directive provides for the necessary flexibility of approach in recognition of the differences of structure between the various educational systems involved.

4. SICKNESS EXPENSES DURING A TEMPORARY STAY IN ANOTHER COMMUNITY COUNTRY

Under the social security regulations of the European Communities for migrant workers, insured persons - whether employed workers or pension holders, and members of their family - who go to stay in a Community country other than the one in which they live, may receive sickness insurance benefits if they need immediate medical attention during their stay.

What are the formalities?

Before going on holiday, those concerned must obtain FORM E 111 certifying their right to sickness insurance benefits.

This form may be obtained from the organisation with which they are covered for sickness insurance.

In the event of sickness or accident during a stay in another Community country, those concerned must apply to the nearest competent sickness insurance organisation, taking Form E 111 with them. These organisations are listed on the back of the forms.

This form is not required when staying in the United Kingdom, nor is it needed by nationals of the United Kingdom staying in Denmark or Ireland.

What are the benefits?

Sickness expenses (medical care, medicines, hospital treatment, etc.) will be paid by the insurance organisation at the place where the insured person is staying, in accordance with the system in force in that country. This organisation will supply all necessary particulars.

Generally speaking, in Denmark, Germany, Ireland, Italy, the Netherlands and the United Kingdom, medical care is given free by doctors approved by the insurance organisations. Medicines are also provided free in the Netherlands and in Ireland. In the other countries insured persons are required to make a (non-recoverable) contribution.

In Belgium, France and Luxembourg the insured person must normally pay all or part of the costs incurred and is then reimbursed by the competent sickness insurance organisation at the place where he is staying, in accordance with the scale applied to persons insured with that organisation.

Moreover, if, during his stay, sickness or accident renders him unfit for work, the worker may receive the daily benefits provided for under the regulations of the country where he is insured. The worker must inform the insurance organisation at the place where he is staying, by submitting a medical certificate of unfitness for work, and he must be examined by its medical adviser. This organisation will then request the organisation with which the worker is insured for cash payment of the benefits. The latter, if the worker is so entitled, will pay him the benefits by international money order or through the organization at the place where he is staying.

Guide N° 2, published by the Commission of the European Communities, gives further information on this subject.

5. COMMUNITY RESEARCH POLICY UP TO 1980

On a proposal from Mr Brunner, the Commission member responsible for research, the Commission has adopted a number of proposals relating to the Community's research policy; the proposals are contained in a Communication forwarded by the Commission to the Council under the title "Guidelines for the Community policy in the field of science and technology (1977-80)".

The Guidelines contain the overall concept of the Community research policy and its objectives up to 1980. For many years Community research was somewhat fragmented and (as a result of the Euratom Treaty) confined to nuclear research. The Paris Summit Conference held in October 1972 was the first occasion on which the go-ahead was given for the development of a comprehensive common policy in the field of science and technology, including non-nuclear research.

The first real breakthrough into non-nuclear research came in 1973 with the decision on the new multiannual research programmes and environmental research programmes.

In January 1974 the Council agreed that all the research policies of the Member States would be coordinated at Community level. The Scientific and Technical Research Committee (CREST) was set up.

The Guidelines review Community research policy over the last three years. With the energy research programme the Community has advanced further into non-nuclear fields. With fusion research and the nuclear and non-nuclear energy research carried out at the Joint Research Centre, the Community's research efforts in the energy sector have taken on great significance.

More than 50% of the Community's expenditure on research will be channelled in this direction in the coming years. The various public debates on nuclear energy beginning in autumn 1977 will also give energy research a fresh impetus.

However, exclusive concentration on energy research should be avoided just as much as the unlimited proliferation of Community research activities. The Guidelines are intended to be a frame of reference for the selection of future research programmes. They provide reference criteria to help answer the questions of whether a particular research project should be carried out on a Community basis, and whether it contributes towards the development of a common European research policy ?

Research programmes which merely serve the interests of a few individual researchers and do not fit into an overall concept of Community research will not be included. The average citizen should realise that Community research is useful to him as an individual.

In addition to research programmes on the environment and on protection against radioactivity which already concern the man in the street, the Commission intends to devote more attention to social and medical research.

- The Commission recently forwarded its first programme of medical research to the Council; it comprises research into the causes of congenital malformations, cell ageing and decreases in the functional efficiency of body organs, and the development of more efficient heart-lung machines.
- In the field of social research, efforts will be focused on the social repercussions of applied technology, conflicts between urban and rural regions, and the social problems of migrant workers. Furthermore, an exchange of information on the scientific methods developed in the field of social research is to be organized.

If all the projects are implemented, the Community funds earmarked for research up to 1980 will amount to more than one thousand million units of account (u.a.).

In comparison with the amount devoted to Community research between 1973 and 1976 (about 350 million u.a.) this represents a substantial increase. Although the Community programmes are still modest as compared with the Member States' programmes, the research policy will undeniably exert an increasing influence on Community policy in general and on national research activities in particular.

The Community can thus act as a catalyst, not only for research in the Member States but also between individual researchers.

Together with the Guidelines, the Commission proposes several specific research projects:

1. The Commission intends to foster cross-frontier cooperation in industrial research between small and medium-sized enterprises. Unlike the large multinational undertakings, medium-sized firms have not yet achieved a satisfactory level of cooperation on a Community basis. The Commission proposes that financial support be given to cooperative research projects and considers that 13 million u.a. should be made available for this purpose between now and 1980.
2. The proposal for a multiannual research programme (1978-80) in the field of non-ferrous metals is aimed at a better utilization of domestic raw materials. Three research topics are mentioned:
 - The first concerns prospecting for concealed and deep-seated deposits; the object is to improve prospecting extraction techniques;
 - The second is the use of low-grade and complex ores, which are widely available in the Community. Hitherto it has not been worthwhile exploiting them. The particular problems of ore processing and metal recovery are to be investigated;
 - The third area of research is mining technology: research will concern the reduction of the equipment and operating costs involved in sinking deep mines and exploiting small deposits which contain high grade ores.

The expenditure under the Community budget for the new three-year research programme is estimated at 23 million u.a. The Member States are to contribute to an equivalent sum.

3. The Community must come to terms with the future and the trends that may develop. It must be ready with alternative solutions so that problems are coped with and damage is averted. It was for this reason that in 1974 the Commission entrusted Lord Kennet with the study entitled "Europe + 30". The Commission regards the resulting report as a valuable reference document and a sound basis for all further forecasts. Before any decision is taken on the question of a permanent long-term forecasting system, the Commission intends first of all to launch a five-year pilot phase based on the "Europe + 30" report. In this connection the Commission proposes a five-year programme on forecasting and assessment in the field of science and technology. Expenditure on this programme is estimated at 4.4 million units of account.

6. TRIPARTITE CONFERENCE IN LUXEMBOURG, 27 JUNE 1977

The Tripartite Conference opened with an introductory address by Mr D. HEALEY, Chancellor of the Exchequer of the United Kingdom and President-in-Office of the Council. Recalling in particular that the Commission's document defined certain possible courses of action, certain policies to be avoided and certain areas where more analysis and debate was required, Mr HEALEY suggested that the conference should concentrate on a small number of central questions such as:

- on what aspects of the causes of economic situation was consensus possible;
- what would be the likely developments in the next few years;
- what, in particular, were the reasons for the failure of the economies of the member countries to react to the extent expected a year ago;
- was there any sign of new factors contributing to the development of the situation;
- what courses should be followed in order to solve the present problems;
- what specific types of measure were there which could contribute to the achievement of the desired goal and what were their implications ?

In Mr HEALEY's view, thought should be given to the policy to be followed in order to obtain a high level of investment, the links between investment and the creation of jobs, the contribution which could be made by labour market measures and the role to be played by the public sector and the service sector in the creation of jobs.

The speech of Mr H. VREDELING, Vice-President of the Commission, also stressed the role of investment in the creation of jobs. He insisted on the need to be selective in investment so as to ensure the best possible return from the point of view of job creation. In Mr VREDELING's view, it was in the public sector that the best possibilities for the creation of jobs were at present to be found.

The spokesman of the employers' organization, Mr PROVOST, President of UNICE, stated that the fundamental condition for a recovery in investment was the re-establishment of satisfactory profit levels. This result could, he said, only be achieved by bringing all production costs under control and reducing inflation rates. Demands for wage increase and social improvements ought, in Mr PROVOST's view, to be kept at a reasonable level and take account of what was economically feasible. In addition, taxation systems ought to be adjusted so as to encourage investment.

The representative of the European Trade Union Confederation (ETUC), Mr VETTER, drew attention to the fact that there were nearly 5.5 million unemployed in the Community; as for a rapid economic revival and a decisive improvement in the economic situation, the indications were far from encouraging.

Mr VETTER pointed out that the employers' attitude constituted a particular problem in the eyes of the ETUC. There was, he felt, no escaping the fact that investment activities continued to be inadequate and that investments made had mainly been aimed at economizing on labour.

In conclusion, Mr VETTER declared that the unions had come to the

conference with the aim of resuming the dialogue begun last year and, more particularly, of obtaining from the representatives of Government and industry in the EEC a reply to the question: "what policies have they followed or what policies do they intend to follow in order to realize the objectives of the last tripartite conference ?".

The speech by the CGT representative showed little divergence from the views of the ETUC.

After the speeches by Ministers and representatives of the two sides of industry, Mr HEALEY summed up the proceedings of the conference. In this summing up, an outline of which was later given to the press, he first drew attention to the areas of agreement on unemployment and the causes of the economic situation; then he pointed out the areas of disagreement as regards the policies to be followed in order to solve the present problems.

Thirdly, Mr HEALEY suggested a follow-up to the Tripartite Conference.

Mr HEALEY stressed in particular the general agreement at the Conference that the Community had a special responsibility to assist in overcoming the present crisis, notably by closer coordination in the use of its financial instruments (Regional Fund). He mentioned the need for intervention in areas such as textiles and shipbuilding. As regards the question of growth, not only for the Community but also for the world economy as a whole, this had, he said, been recognized by everyone as vital for the fight against unemployment. In this context, the participants had affirmed their determination to combat any tendencies towards protectionism, though some delegations had stressed the worsening in the competitive situation of certain industries in their countries as a result of cheap imports.

The question of what measures should be applied in order to give new impetus to the economy remained, he said, an area of controversy. Some thought that wages should be increased, others thought taxation should be reduced, and yet others demanded that private investment be encouraged or public spending increased.

Mr HEALEY concluded his summing up with the suggestion that the various problems should be studied in depth through the usual channels. This work should be speeded up so that proposals could be made for action by the Community institutions. In due course, he said, the Council would call a further tripartite conference, no doubt within the next year.

As regards further work, Mr HEALEY stated that:

" Now I know I have given a very inadequate and perhaps some of you may feel not wholly impartial - I have tried to be impartial - summary of our debates today. But I think that the important thing now is that we decide how we carry our work further. Vice-President VREDELING suggested in his opening statement that the questions on which the parties to this conference should co-operate in further work should cover the following ground:

Firstly, what are the cost, effectiveness and implications for industrial performance of different means of work sharing ?

Secondly, what is the role, compatible with stability and growth, in employment creation of the tertiary sector including the public sector ?

Thirdly, what are the restraints imposed by the international situation on the Community's competitiveness and what changes are required in the pattern of employment and investment in the Community as a result of recent changes in key areas of the world economy if we are to achieve growth with stability ?

And fourthly, how can we ensure the right conditions for employment-creating growth ? In particular what can be done to promote investment, public or private, and by what means, direct or otherwise, might we ensure that this investment will on balance create jobs rather than destroy them ? Some anxiety was expressed by some of the speakers at the Conference that in current circumstances investment might tend much more towards reducing the number of jobs available rather than increasing them. Now this needs to be highly practical, and I suggest that this study should include consideration of the likely employment effects of investment in the Community in the next year or two.

The Presidency has noted that the Commission and other Community institutions already have in hand work on factors affecting the supply and demand for labour, notably:

- the structural problem of unemployment among young people and women;
- the use of employment premia in the countries of the Community;
- the placement and training services within the Community.

I am sure it would be an important step forward if we could speed up this work, so as to produce comparative and quantitative studies of these matters which can serve as a basis for proposals for action by the Community institutions.

I think that these proposals have generally been supported by other speakers, and I suggest that this programme of co-operative studies would be the best basis for our future work. The work should obviously be carried out through the Standing Committee on Employment and the Economic Policy Committee, and I suggest that appropriate arrangements be settled through the usual channels. These arrangements should also provide for the reviewing of growth, investment and employment within the Community so that we may all keep abreast of relevant developments.

A FURTHER TRIPARTITE CONFERENCE

Many participants have referred to the need for another Tripartite Conference. I am sure it would be generally agreed that the discussion today has shown the value of exchanges of this kind in improving understanding of our problems and in indicating what approaches and policies are likely to be most useful and effective.

The suggested programme of further studies should help us to carry this process a stage further. In the light of these studies and of economic development in the Community and the world at large, the Council will be able in due course to determine at what moment it will be opportune to hold a further Conference, no doubt within the next year. It will then also be clearer what the scope of that Conference should be".

7. TRIPARTITE CONFERENCE ON GROWTH, STABILITY AND EMPLOYMENT:
STOCKTAKING AND PROSPECTS (LUXEMBOURG, 27 JUNE 1977)

ETUC STATEMENT

1. At the June 1976 Tripartite Conference governments, employers' organizations, the ETUC and the Commission all agreed that the prime aims of economic policy in the Community should be to achieve full employment by 1980, to realize an average annual growth of 5% over the period 1976-1980, and to reduce the rate of inflation to 4-5% by 1980 at the latest.

2. The results achieved so far have been very disappointing. The ETUC recognizes that the underlying situation facing the Community has continued to be very difficult but solutions must be found and implemented. All parties must recognize that the present situation cannot continue without posing very grave dangers to the very nature of our societies.

3. With regard to action by governments, the Commission's document for the Conference and the Pfeiffer report for the Economic and Social Committee do show that certain efforts - more in some countries than in others - have been made, but in the light of the record we do not believe that enough has been done. Unemployment, which stood at 4.85 million at the time of last year's Conference, had risen to 5.4 million in April of this year and, according to Commission forecasts, is liable to be at even higher levels by the end of this year. And when account is taken of the workers who have dropped out of the labour force and the migrant workers who have returned home, it is clear that the number of jobs lost far exceeds the number of registered unemployed. Inflationary pressures have remained strong, with prices rising at a rate of about 10% per annum which is about the same as last year. And the rate of economic growth in 1977 is only likely to be 3.5% compared to 4.3% last year.

4. The ETUC is particularly concerned by the generally low level of real policy coordination - as opposed to discussion - that has been achieved in the Council, despite the Commission's efforts in this regard. We had also hoped that the Council would facilitate the work of this year's Conference by submitting in advance to all of the parties written reports on the measures that governments have taken over the last year. Their refusal to do so is incomprehensible.

5. For our part, it was not easy for the ETUC to accept that full employment could not be achieved before 1980, but this and other targets were accepted and trade unions throughout the Community have pursued policies which have taken into account the seriousness of the situation. Unfortunately, we believe that many employers have not made a similar effort, for instance with regard to their investment and prices policies, to put the interests of society as a whole before their own particular interests, and they must share a large part of the responsibility for our continuing difficulties.

6. For us, the task of the 1977 Conference is clear: to establish why the Community is off-target for meeting the jointly agreed Luxembourg objectives and to establish how to get back on-target. For the ETUC the main points for a strategy for full employment must be:

- (i) Economic growth directed towards greater human welfare. This should be achieved by giving emphasis to a planned expansion

of public services and through efforts to improve working and environmental conditions.

- (ii) A policy for stimulating private and public investment in order to create employment. It is essential that this active investment policy is based on a close coordination of activities in the private and public sectors.
- (iii) Cooperation for more equal distribution of payments, deficits and surpluses and on economic policy generally. The surplus countries should be encouraged to secure a steady increase in effective demand in order to reach full employment.
- (iv) A more active labour market policy. This includes a wide range of selective measures to create jobs and training possibilities in order to restore full employment without causing inflationary pressure.
- (v) Maintaining and improving the purchasing power of working people and social benefits both as an end in itself and also to maintain and increase the level of demand and employment.
- (vi) Reduction of inflation. The vital fight against inflation should be consistent with the general objective of full employment. This requires the adoption of selective and specific anti-inflationary policies.

In this Statement we have concentrated on some of the principal issues on which major disagreements between the ETUC, governments and employers exist in the hope of having useful discussions leading to a wider consensus on future action.

The need for planning

7. It is now more generally accepted than a year ago that the problems facing the Community are structural as well as cyclical in nature, but the implications of this fact have not been fully accepted, namely that market mechanisms alone will not bring about the changes which are essential, and that therefore more planning is required.

8. We believe that each government and the Community as a whole should draw up, with the participation of both sides of industry, full employment plans to which all other policies, such as with regard to investment or to the balance of payments, should be related. In particular, it is necessary to identify the sectors and regions where jobs can and need to be created. All aids and incentives to industry should be related to the overall employment plan - and if a firm aid fails to conform with agreed objectives then it should be obliged to repay any assistance it has received.

9. The ETUC very much welcomes the fact that the Commission in its document to the Conference recognizes the need for stronger sectoral and regional policies. National and Community efforts should not be hindered by narrow and restrictive interpretations of Articles in the Treaty of Rome. The need for Community action in the steel sector is accepted, but there are many other sectors where a shared Community approach is necessary. A new and interesting idea is that the Community itself should raise international loans to finance industrial restructuring.

The Commission will need new powers however and the ETUC reiterates its long-standing proposal that the investment pre-notification system of the ECSC should be extended to other internationalized sectors.

10. An expanded industrial policy role for the European Community calls for an concomitant expansion of Joint Sectoral Committees, and it is now time to override negative employer resistance to this. We also believe that sectoral tripartite conferences should be organized with steel and agriculture being priority subjects.

The level of economic activity

11. The ETUC recognises the effort made by governments at the Downing Street Summit Conference to deal with the world's economic problems. It seems to have been assumed, however, that the broad development of the major world economies is, if not satisfactory, at least on the right track. The ETUC disagrees.

12. We believe that the existence of very high unemployment and of low capacity utilization indicates that the broad level of demand in our economies is insufficient, and must therefore be increased. The under-performance of the Community economy in 1976 (GNP grew by 4.3%) and the poor performance expected this year - 3.5% - underlines the fact that the Community must now seek to restore full employment both by ensuring that economic growth clearly exceeds the rate of increase of productive potential, and by introducing new and stronger job creation measures.

13. Measures to ensure recovery should be internationally coordinated and broadly-based, that is, the stronger economies should certainly give a lead, but the weaker economies should also follow so that all countries support each other.

14. And instead of governments relying heavily just on investment and exports to lead the recovery of their economies, greater attention should be placed on the role of the public sector and on consumption, though of course the proper balance will vary from country to country. The ETUC also believes that a considerable boost of aid to developing countries would be in the interest both of those countries and the European Community itself.

The role of private investment

15. The ETUC accepts that a recovery of investment is very important but we do not think that it is sensible to encourage profits on the assumption that this will lead automatically to an increase in private investment and so produce a general recovery and a return to full employment. Private investment levels are surely low because demand is low, because firms already have low levels of capacity utilization, and because confidence in a sustained future economic recovery is also low. Firms do not want to take risks, and unfortunately in some countries investment has also been held back for political reasons.

16. Rather than increased profits being used at present to finance higher investment and the creation of more jobs, there are real dangers - as experience has shown - that companies will instead reduce their debts, or buy land or commodities, or export their money. This may indeed be in the individual interest of a company but is certainly not in the interest of society as a whole. A further risk, as the Commission points out, is that the existing under-utilization of manpower in companies and the continuing low levels of demand for their output of goods or services may encourage investment for the rationalization of existing levels of production - and the net destruction of jobs - rather than investment for increased production.

The handling of balance of payments problems

17. The ETUC recognizes that exports are very important for most countries but it ought to be self-evident that every country cannot and must not seek to have a continuous balance of payments surplus. Attempts to do so can lead to increased protectionism. The fact is that European and other countries will have to live with substantial balance of payments deficits for a number of years to come because of the OPEC surplus.

What needs to be done is to ensure that the deficit is distributed fairly between countries, and the best way of doing this is certainly not for countries with payments problems to deflate, as has happened, since the total deficit remains the same and the problem is simply passed on to other countries, while the overall economic climate deteriorates.

18. The ETUC welcomes the decision of the IMF Interim Committee to establish a substantial mechanism to recycle the OPEC surpluses to deficit countries, but we also believe that it would be sensible for all Community countries to agree on a broadly-based expansionary strategy, with balance of payments problems resulting from adherence to the strategy being dealt with on the basis of solidarity. We also believe that a more managed system of exchange rates together with controls on capital movements is essential at the Community and world level.

The role of the public sector

19. The ETUC believes that in many countries an expansion of the public sector can play a major role both directly and through influencing the private sector in stimulating economic recovery and in breaking the vicious circle into which our economies have fallen. At the same time however we recognize that other economies have to give priority to renewing their manufacturing base.

20. The ETUC also recognizes that some governments have been reluctant to encourage the public sector for ideological reasons - which we do not accept - or because of the fear that budget deficits incurred in financing this sector will become too large. The ETUC accepts that these deficits cannot be increased without limit and it is true that in some countries budget deficits are high, but as long as they correspond to the use of resources which would otherwise be idle, they do not involve any real cost to a society or have an inflationary impact. Prematurely cutting budget deficits would be deflationary and, in present circumstances, disastrous in many countries. The real way to reduce deficits is to get people back to work, thereby cutting expenditure on unemployment benefits and at the same time increasing tax revenue.

21. There is no shortage of priority areas for public - or private - sector investment. The Community urgently needs to develop its energy industries for instance. Other priorities are housing, medical care, education, pollution control, the development of a healthy environment generally, and public transport.

The expansion of labour market policies

22. The Pfeiffer report shows that most countries are now giving much greater attention to the development of active labour market policies, though the ETUC believes there is still considerable room for improvement when comparison is made to certain EFTA countries.

23. Attention has frequently and rightly been focussed on the problem of youth unemployment. Governments and employers must not be surprised to find that a society which rejects its youth and condemns them to the dole queue is in turn rejected and condemned by its victims. The ETUC supports proposals which would ensure that every young person could either work or have the opportunity of undergoing useful training or retraining. And what is possible for young people must also be possible for older workers, for women and migrant workers - who also face serious employment problems - and in

fact for all unemployed people. Job subsidies should be accepted as naturally as investment subsidies have been in the past, but there need not be any question of "making work"; it should be evident that all of our societies' needs are far from being met.

24. The ETUC believes that the State has the ultimate responsibility for guaranteeing the right to work and this must involve a continuing role for the public sector in job creation. If the market sector cannot provide employment for people to produce the goods or services that are required - such as proper care for the young and aged - then it is the State's duty to do so. While this could be expensive in monetary terms, it should be realised that unemployment is even more expensive - socially and politically - as well as economically.

25. At the Community level, the ETUC welcomes the work the Commission has already undertaken on such questions as youth unemployment. The promised Commission proposals on an overall employment policy are awaited with great interest. The Social Fund is in the process of being reformed and will be given a more active role in tackling structural employment problems. This is good, but the need is for a much bigger Fund. Likewise in discussions about the Regional Fund, the basic necessity of a bigger Fund should not be put to one side. Structural and regional employment problems in Europe are not purely national in origin and it is right therefore that all Community countries should share the responsibility for them. However, the ETUC believes that resources must also be used effectively, and we accordingly welcome the Commission's intention to improve the coordination of the Community's financial means and to make the fight against unemployment the major priority.

Trade union action

26. The European trade union movement intends to make a major contribution to achieving the Luxembourg objectives particularly by, first, ensuring that workers' living standards and social benefits - and therefore also the levels of demand in our economies - are not cut but, on the contrary, are improved as much as possible and secondly, by continuing our campaign to reduce working time - whether by reducing weekly hours, extending annual holidays, raising the school leaving age, lowering the age of retirement or in other ways - and to create new jobs.

The effective control of inflation

27. The ETUC recognizes that a major constraint which many governments see as preventing them from tackling more vigorously the task of reducing unemployment is the fear of stimulating inflation. Trade unions certainly understand the concern of governments with inflation; indeed it is working people who suffer most from price increases. However, the ETUC completely rejects the view that the only way to deal with the evil of inflation is to tolerate the even worse evil of unemployment.

28. The experience of recent years surely shows that the real problem lies in a false analysis of the causes of inflation resulting in the adoption of inappropriate policy measures. Despite the persistence of the highest levels of unemployment in Western Europe for over a generation; despite three years of low and sometimes negative growth; and despite real wages falling behind the rate of price increases in many countries, inflationary pressures are still strong.

29. The dangers of inflation in the present situation do not in fact come from pursuing policies designed to make real and significant progress towards restoring full employment. All industrialized countries, including those in Europe, could, on average, now expand for several years at a rate distinctly faster than is likely on the basis of unchanged policies without running into generalized capacity limitations.

30. In fact, planned economic recovery in itself will be counter-inflationary, in that the fuller use of existing capacity and a better regional balance will have the effect of reducing unit costs for a number of years because the depression has been so deep. Enabling work-people to earn their living instead of being unemployed will also be counter-inflationary. And the adoption of selective labour market, industrial and regional policies should make it possible to remove particular bottlenecks which have generated inflationary pressures in the past.

31. Certainly, inflation is now a much bigger problem than it was five or ten years ago, but it can hardly be argued that trade unions in the Community have basically changed in this period and that this has, in some way or another, caused this extra inflation. The real changes which have taken place and which have led to higher inflation relate much more to such factors as the decline of competition caused by the growth of large and multinational companies which are able to control their own price levels, by changes in the relationships between countries - such as between the producers and the consumers of certain raw materials - and by increased anarchy in the international monetary system.

32. The aim of government policy should be to check the inflationary cycle at the point where it is being given impetus and so make it unnecessary for trade unions to have to press for high money increases to protect their members' living standards and share in economic growth. The ETUC has therefore urged governments to introduce systems of price information and supervision, to strengthen competition laws and controls over large and multinational companies, to negotiate international commodity agreements which give a fair deal to consumers and producers, and to reform the international monetary system - all of which can be done at the same time as promoting full employment. Such policies will enable trade unions to continue to respond in their collective bargaining strategies.

CONCLUSIONS

33. In this Statement, the ETUC's views on a number of major issues have been summarized. However, the purpose of this year's Conference is not primarily to hear or to discuss these views. It is governments, Community institutions and, at the level of industry, employers who have the major responsibility for managing our economies and, following their acceptance of the Luxembourg objectives last year, it is now for them to give an account of the policies they have followed, and propose to follow, to ensure that these objectives are realised.

34. In some areas, the gap between the policies followed by governments and by employers, and those proposed by the ETUC has been very wide. The ETUC is not however seeking a confrontation at the Conference. In fact we remain open to having a constructive dialogue with governments and employers and we hope that the Conference can lead to a wide consensus on how to proceed in the future. However, the ETUC will not be able to respond, and our affiliated organizations will not be able to justify their actions to their members

unless we get in return a positive response from governments and from employers. We need, above all, to be convinced by deeds as well as by words that all parties really are now prepared to do their utmost to restore full employment and to take the Luxembourg 1976 objectives generally much more seriously than in the past.

8. CONGRESS OF THE CISL (CONFEDERAZIONE ITALIANA SINDICATA LAVORATORI - ITALIAN CONFEDERATION OF TRADE UNIONS) IN ROME, 14 to 18 JUNE 1977

The Eighth National Congress of the CISL took place in Rome from 14 to 18 June 1977, attended by 1 012 delegates representing 2 823 735 workers (600 000 more than at the 1973 Congress).

Numerous foreign delegations were present as observers.

The European Trade Union Confederation was represented by Mr MARIOLI, one of the Secretaries of the ETUC, who addressed the congress, and by Mr Otto KERSTEN, the General Secretary of the International Confederation of Free Trade Unions.

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The CISL Congress opened with a speech by the General Secretary, Luigi MACARIO, and closed, after a wide-ranging debate, with a vote on two conflicting motions.

The first motion - tabled by, amongst others, Mr MACARIO, Mr CARNITI and Mr ROMEI - received approximately 60% of the votes, whilst the second motion - supported by Mr MARINI, Mr FANTONI, Mr SARTORI and Mr MERLI-BRANDINI - received the remaining votes.

The split between the two factions in the CISL was mainly centred on the major questions connected with the development of the political situation and attitudes to the "historic compromise", the problems of trade union unity, and the policy to be adopted as regards trade union demands in the present economic situation.

We summarize below some passages from the final resolution passed by the majority of the delegates and also give details of the composition of the new National Bureau of the CISL.

International policy

The main objective of the international activity of the CISL is to participate actively in the creation of a new system of international relations capable of meeting the demands of the developing countries and of bringing about genuine cooperation between these countries and the industrialized nations.

To this end, the CISL "intends in particular to strengthen its links with trade unions in the Mediterranean region and the Third World. More specifically, it is the intention of the CISL to engage in trade union action aimed at the multinational companies, both in the field of collective bargaining and in the field of legislation, to reduce existing differences as regards working conditions and trade union rights and freedoms". As regards Italian multinational companies, the CISL "supports the demand for trade union rights to be extended to workers in foreign branches of these companies in countries with authoritarian regimes".

In relation to the EEC, the CISL considers that Italy's commitment to Europe is irreversible and regards it as essential that European policy be given fresh impetus.

From this point of view, it sees direct elections to the European Parliament as potentially a decisive step forward.

As far as European trade union action is concerned, the CISL's document reaffirms that the role of the European Trade Union Confederation (ETUC) must be strengthened and trade union activities coordinated more closely so as to attack the problem of unemployment as a matter of priority.

On the subject of strengthening the ETUC, the General Secretary of the CISL stressed, in his introductory address, the need to set up trade union committees for each sector of industry. He also stated that he could now see no justification for continued opposition to the idea that sectoral unions belonging to confederations affiliated to the ETUC should be allowed to participate in these committees.

Finally, as regards the current debate in Europe on the problem of worker participation in the life of undertakings, the CISL declares itself ready to examine, with an open mind, the experiments currently under way and the various proposals put forward. However, as matters stand, it feels that the power of the unions and their ability to mobilize constitute the best guarantee of worker's rights in relation to the undertaking.

The political and economic situation - Trade union unity

There was a wide-ranging debate at the Congress on the current political situation, centred on the problem of what the trade union movement's attitude should be towards a government supported directly or indirectly by the Italian Communist Party.

In relation to this question, the CISL forcibly proclaimed its independence of any political party.

The final resolution states that:

"The CISL considers that the Government's programme provides an opportunity to compare the various positions and to fight for its particular aims, and it therefore rejects any idea of subordination or advance commitment to a fixed political formula".

As far as economic policy was concerned, the Congress of the CISL confirmed that absolute priority must be accorded to the objectives of attaining full employment, increasing investment and developing the Mezzogiorno.

"Within a strategy for the reform of the economic and social fabric of the country, the following must be the priorities: the fight to attain full employment and broader production structures; the reform of the State, the extension of experiments in direct and decentralized democracy, the redistribution of income by means of action in the fields of taxation, rents, prices and the redistribution of wealth".

In relation to the question of trade union unity, the final resolution of the CISL "confirms its commitment to trade union unity, which it considers vital if the workers' struggles are to be successful. Whilst it would draw attention to the limits of the process of unity and the causes of current

problems, the Congress considers it to be the duty of the CISL to overcome this situation by rejecting any tendency towards a rebirth of sectarianism and refusing to enter into public political commitments.

The new National Bureau of the CISL

On 6 July 1977 the General Council of the CISL elected at the Eighth Congress chose the new National Bureau.

Mr Luigi MACARIO was re-elected as General Secretary and Mr CARNITI was elected Deputy General Secretary.

The other members of the Bureau are Mr CREA, Mr MARCONE, Mr ROMEI, Mr CIANCAGLINI and Mr SPANDONARO.

The minority faction within the CISL is not at present represented in the new National Bureau.

9. ETUC SEMINAR IN OVERIJSE, 16 AND 17 JUNE 1977

" Participation in the growth of assets and the investment wage "

These were the subjects discussed at the fourth information meeting organized by the Service entreprise (undertakings department) of the Confédération des Syndicats de Belgique (CSC) in collaboration with the Trade Unions Division of the Commission of the European Communities on 15, 16 and 17 June 1977 at the "Ter Nood" Study Centre in Overijse.

The seminar began with a report by Mr Jean BOUDARD, an official in the Directorate-General for Social Affairs of the Commission of the European Communities, on the work of the Commission in this field: documents, studies, the situation in the individual Member States, proposals, etc.

After this, those taking part considered the provisional views expressed on this subject by the European Trade Union Confederation (ETUC), existing proposals in the Netherlands, Denmark and France, and the attitudes of the trade union movements in these three countries.

10. SEVENTH NATIONAL CONGRESS OF THE UIL (UNIONE ITALIANE DEL LAVORO - ITALIAN UNION OF LABOUR)

The seventh National Congress of the UIL, which closely followed the congresses of the other two major trade union confederations in Italy (the CGIL and the CISL), took place in Bologna from 29 June to 3 July 1977.

The meeting was attended by 950 delegates, representing 1 036 000 members - in other words, 300 000 more than at the preceding congress in 1973.

There were numerous foreign delegations present and the European Trade Union Confederation (ETUC) was represented by two of its Secretaries, Mr MARIOLI and Mr STAEDLIN.

After the opening address by the General Secretary of the UIL, Mr Giorgio BENVENUTO, there was a lively and wide-ranging debate and the Congress concluded with a vote on two conflicting motions. The first, tabled by, amongst others, Mr BENVENUTO, Mr RAVENNA and Mr RAVECCA, received approximately 75% of the votes, whilst the second (Mr VANNI, Mr ROSSI and Mr LUCIANI) obtained the remainder of the votes.

We summarize below some passages from Mr BENVENUTO's opening address and from the final resolution adopted by the majority of the delegates, and in addition we indicate the composition of the new National Bureau of this trade union confederation.

International policy - the problem of participation

The problems of international policy were in particular tackled by Mr BENVENUTO in his opening speech. The General Secretary of the UIL especially stressed the need for active and militant trade union solidarity with all movements for the liberation of peoples oppressed by fascist and authoritarian regimes. Mr BENVENUTO felt that initiatives such as the boycotting of Chilean copper should be developed and generalized, and that action in relation to multinational companies also represented an area where the trade union movement could make its presence effectively felt on the international scene.

Mr BENVENUTO also reminded the Congress that "we must show greater awareness and concern in relation to the problems of dissidence and the fight for civil and human rights in Eastern Bloc countries".

As regards Europe, Mr BENVENUTO confirmed the UIL's fundamental commitment to the European idea and also stressed the need to maintain relations on a structured and regular basis with unions in the other Mediterranean countries so that joint initiatives could be taken in the political and economic fields.

Finally, in relation to the problem of worker participation in economic and social life both within the undertaking and at a national level, the UIL's position would appear to be unfavourable to institutionalized forms of participation: "our conception of democracy and of the relationship between the different forces in society leads us to see participation as a dialectical element fundamental to the current process of renewal in Italian society. We therefore reject abstract, institutionalized models which would ultimately stifle, or even destroy, the rich variety of contributions to be found within society".

The political and economic situation - Trade union unity

Right at the centre of the debate at this Seventh Congress were major questions relating to the current political situation.

The UIL Congress expressed the view that the "disappearance of all forms of discrimination and prejudice against the Italian Communist Party represents an important step forward in the development of the democratic system in our country". However, it was made very clear both in Mr BENVENUTO's speech and in the final statement that the UIL feared the consequences of a political compromise which would accentuate the polarization of the system and thus impoverish the social and political dialogue in the country and limit the role and independence of the unions.

There was especially severe criticism of the economic policy programme worked out at the recent negotiations in which the Italian Communist Party had taken part. Particular objections expressed to this programme were the absence of a counter-inflation policy based on factors other than the reduction of labour costs, and the fact that its economic policy line was "traditional" and therefore incapable of developing the country's production structures and increasing employment.

The UIL considers "that, if the country is to escape from the present political and economic crisis, then the trade union movement must take the initiative and put forward a genuine recovery and development plan with the attainment of full employment and the fight against inflation as its basic objectives. The central point of this programme must be a policy of austerity covering all social strata equitably, within which it will be up to the trade union movement itself to work out the balance between the objectives of new investment, new jobs and the fight against inflation".

The central goal of the union's strategy remains the broadening and adaptation of the country's production structure.

The aims must, according to the UIL, be to create new jobs, reduce economic and technological dependence on foreign countries, increase the supply of goods for public consumption and acquire a new place for Italy in the international division of labour.

As regards the problem of a new wages structure, the UIL, like the other two confederations, discussed the various aspects of this question at some length and declared itself ready to present a common front with them.

As far as trade union unity is concerned, the UIL regards its commitment to this concept as "definitive and irreversible" and, with this in mind, it proposed that the movement be given fresh impetus by making the setting up of works councils (which bring together all unionists) a matter of general practice and by exploiting to the full existing unitary structures constituted on a geographical basis.

The new National Bureau

The Congress elected the new National Bureau, made up of eleven members. Mr Giorgio BENVENUTO was re-elected as General Secretary.

The other members of the majority faction are Mr RAVENNA, Mr MANFRON, Mr TORDA, Mr BUGLI, Mr RAVECCA, Mr BUTTINELLI and Mr ZONI.

The minority faction is represented by Mr VANNI, Mr ROSSI and Mr LUCIANI.

Mr BUGLI, Mr BUTTINELLI and Mr ZONI were elected for the first time, replacing Mr PECCI, Mr PAGANI and Mr MUCI.