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CONTENTS

1. Quarterly report on the economic situation in the Community
2. Conference on improving working conditions
3. Discussion between the Commission and Italian trade union leaders
4. Brussels meeting of trade union leaders from developing countries
5. ETUC approves European company statute in principle

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1. QUARTERLY REPORT ON THE ECONOMIC SITUATION IN THE COMMUNITY

The Commission of the European Communities has just drawn up its report on the current economic situation within the Community and the outlook for the second half of 1974.

Economic developments within the Community, states the Commission, have been strongly influenced over recent months by the effects of the energy crisis. However, although industrial production had been slipping slightly around the turn of the year, employment and production remained high at the beginning of Spring. As a result of the increase in the cost of crude oil, the upsurge in prices - already very rapid - gathered considerable momentum and the balance of payments of some Member countries deteriorated sharply. At the same time the higher oil prices had a considerable unsettling influence on the foreign exchange markets.

The economic outlook for the remainder of 1974 is generally more favourable than had been expected when the energy crisis broke. Measured in terms of the value of expenditure, demand should in general continue to expand sharply. Exports will probably go on increasing, although appreciably less rapidly than in 1973. Investment prospects look brighter in several Member countries, with efforts to rationalise production processes being the prime factor. Private consumers' expenditure should also show signs of expanding. Nevertheless production trends will probably differ considerably from one industry to another. Production in the motor industry in particular could be held back by the after-effects of the energy crisis. In addition, output in construction will probably be relatively depressed in several Member countries. After allowing further for the production losses in Britain in the first quarter, the Community's real gross national product will probably grow only by some 2½% in 1974.

Prices will in general continue to climb very rapidly in the Community, showing rates of increase that will no doubt be appreciably higher for the year on average than in 1973. Considerable deficits are likely in the current balance of payments, with Germany and the Benelux countries being in surplus or more or less in balance while the other Member countries will record large deficits.

The Commission, in its report, recalls that it has stressed many times the grave threat that accelerating inflation and severe current balance of payments disequilibria place on the cohesiveness of the Community and consequently on the maintenance of a high level of employment and a standard of life which the process of integration has made possible.

2. CONFERENCE ON IMPROVING WORKING CONDITIONS

The Commission is organising a conference entitled "Work organisation, technical development and motivation of the individual" to be held in Brussels from 5 to 7 November 1974.

Experts from governments, employers' and workers' organisations, research institutes and universities will take part. They will study the adaptation

problems which exist or which could arise in the near future between workers, industrial enterprises and society as a whole. The experts will discuss all the social, political, technological, economic and training aspects of organising work in such a way as to make it more satisfying and meaningful for the individual by making use of all technical resources.

When the Summit Conference in Paris in October 1972 invited the Community institutions to draw up a social action programme it specified that the aims of the programme should be :

- 1) the achievement of full and better employment
- 2) the improvement of living, and working conditions and
- 3) increased participation of management and labour in the economic and social decisions of the Community and increased involvement of workers in the decision-making process of undertakings.

The Council resolution of 21 January 1974 approving the social action programme also listed the third aim mentioned above as an area where the Commission was to submit priority proposals before the end of 1974. It is in this context that the conference is being organised and its findings will help the Commission in finalising its proposals in the fields of improvement of living and working conditions and greater participation.

The conference will be preceded by four specialised one-day seminars to be held in Brussels during September of this year and covering:

- 1) Automation, Robots, Artificial intelligence
- 2) Automobile industry
- 3) Service industry (banks, insurance, administration)
- 4) Light and heavy industries.

The results and conclusions of these specialised seminars will be presented to the working groups of the conference.

Vice-President Hillery, who is responsible for social affairs, and Mr. Spinelli, who is responsible for industrial affairs in the Commission, will take part in the conference.

3. DISCUSSION BETWEEN THE COMMISSION AND ITALIAN TRADE UNION LEADERS

At the invitation of Vice-President Wilhelm Haferkamp, a four-hour discussion took place in Brussels on 10 July between representatives of the Italian trade union federations and the Commission.

In addition to Mr. Haferkamp, other Members of the Commission taking part were Mr. Carlo Scarascia Mugnozza and Mr. Altiero Spinelli. The Italian trade unions were represented by Mrs. Baduel Glorioso (CISL), Mr. Aldo Bonaccini (CGIL), Mr. Mario Dido (CGIL), Mr. Idolo Marccone (CISL) and Mr. Marioli (UIL).

The discussion, which was very constructive and frank, dealt with the economic measures introduced by the Italian Government and the need to back up this immediate programme with a medium-term policy designed to improve the economic and social situation in Italy.

Both sides agreed that, as far as the immediate future is concerned, efforts by the Italians themselves to overcome the present economic difficulties must be the prerequisite for any joint Community assistance. The discussion ended with complete agreement on the need to maintain the common market, on the grounds that it was in both Italy's and the Community's interest to ensure that Italy continued to play a constructive role as a member of the Community.

It was also agreed that further discussions should be held in the autumn.

The Commission intends to hold similar discussions with representatives of the Italian employers' organisations.

4. BRUSSELS MEETING OF TRADE UNION LEADERS FROM DEVELOPING COUNTRIES

24 trade union leaders from 19 countries attended a seminar in Brussels on 28 and 29 June 1974 organised by the Brussels information office of the Friedrich Ebert Foundation (a German foundation working with the Social Democratic Party and the trade unions on assistance to the developing countries). The main themes of the seminar were relations of the European Community with the developing countries and the role of the trade unions in their development. Other subjects were social problems, training and the future European Development Fund.

The usefulness of this type of session was stressed and the participants expressed the desire to see this first discussion followed up.

5. ETUC APPROVES EUROPEAN COMPANY STATUTE IN PRINCIPLE

At its meeting on 9 July 1974 in Brussels, the Executive Committee of the European Trade Union Confederation decided on its attitude to the proposals of the European Commission for a European Limited Company.

The ETUC broadly approved the principles contained in the proposals of the Commission.

The ETUC statement pointed out that apart from questions of representation of workers on the supervisory board of the European Limited Company, the rights and duties of the European works council should be defined as precisely as possible. In particular its competence in relation to the competence of the works councils in the national establishments should be set out clearly.

The establishment of a European Limited Company by merger and of a European Limited Holding Company should be hedged around with procedures designed to protect the position of the workers.

The management of the Company should be subject to control by the supervisory board.

The ETUC stated that the supervisory board should be composed one-third by workers' representatives, one-third by shareholders and one-third by persons coopted by workers' representatives and shareholders.

Finally, a single system should be adopted for profit and loss accounts of the Company.

The ETUC position refers exclusively to the original proposals presented by the Commission. Should it modify the proposals on the basis of discussions now taking place, the ETUC will redefine its position.