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## INDUSTRY AND SOCIETY in the European Community

The conference on industry and society in the Community (see IRT No. 138) held by the Commission of the European Communities in Venice on 20-22 April was attended by 350 delegates representing employers' federations and labour organizations, the European institutions and the national administrations of the ten countries of the enlarged Community.

After an opening address by Mr Spinelli, the Member of the Commission with special responsibility for industrial affairs, and the summing-up by Mr Toulemon, the Commission's Director-General for Industrial, Technological and Scientific Affairs, of the progress achieved by the Community as regards industrial policy, those attending the Conference split up into three groups during a plenary session attended by Mr Mansholt, the President of the European Commission. The activities of these groups were reported on on 22 April.

There was, of course, no question of the Conference yielding up any conclusions or resolutions, so the chairmen of the groups submitted consensus opinions which did not impose any liability on their respective groups.

1. The group studying the problems of industrial development and the correction of social and regional imbalance was chaired by Mr Coppé, a Member of the Commission of the European Communities.

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*The information and articles published in this Bulletin concern European scientific cooperation and industrial development in Europe. Hence they are not simply confined to reports on the decisions or views of the Commission of the European Communities, but cover the whole field of questions discussed in the different circles concerned.*

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Nine reports (see IRT No. 138) dealing with the following were prepared in this connection:

1. The problems of and future outlook for industrial development in the Community.
2. The role and position of man in industry.
3. The conditions required if capital investments are to be directed more towards the less developed areas in the Community.

The group began by stating that industry has hitherto accomplished with great efficiency a task considered for a long time to be its only one, namely, the provision of an increasing supply of material goods of ever-improving quality. However, rapid quantitative growth goes hand in hand with heavy social costs, the chief of which are the massive movement of labour away from agriculture and certain sectors of industry and the large-scale migration of workers. On the other hand, little progress is to be seen as regards the distribution of the benefits of growth.

The criticisms now levelled in almost all quarters and often very vociferously at the growth economy, or the associated demands for more attention to qualitative objectives, are generally accepted as valid, but no one has gone so far as to reject economic growth in itself. Further growth is necessary, among other reasons, in order to satisfy the needs - still enormous - involved in reducing the disparities between industrialized societies and in eliminating the backwardness of the underprivileged countries. However, the delegates were also unanimous in pointing out that growth at any price was out of the question.

A clear majority emerged in favour of strengthening the pluralist nature of the present organization, as neither private enterprise alone nor the public authorities on their own possess the resources needed to resolve effectively the human and social problems posed by the implementation of an economic policy. Under no circumstances, however, should this lead to a centralized bureaucracy. The position of individuals in industry was surveyed by the group under three headings:

1. Asset formation for workers.
2. Collective bargaining agreements at a European level.
3. Worker participation in industry, particularly in the future European company.

Although the need for a better balance between the regions was unanimously recognized, of course, the opinions as to how the resources should be used vary between direct intervention by the public authorities in the factors of production, improved methods of informing industrialists of the development potential of the various regions and additional measures on the part of the public authorities in order to overcome the handicaps of the underdeveloped regions by means of an overall economic policy involving the reshaping of existing structures in line with the specific problems of both the agricultural and the industrial regions.

Opinions also differ on the part to be played by the Community, it being felt in certain quarters that a comprehensive approach at both Community and national levels will ensure maximum efficiency, while others are more sceptical or even openly critical. Concrete measures have been proposed to the Community such as coordination of national measures, pilot studies on the regions, pooling of information on the positive potential of the regions.

In general terms the emphasis was placed on the need to add a social content to economic and monetary union, without which it would be meaningless.

2. The group examining the problems arising from collective needs and the quality of life was chaired by Mr Barre, a Vice-President of the Commission of the European Communities.

Nine reports dealing with the following were prepared on this subject (see IRT No. 138):

1. The development of collective and individual needs in European society.
2. The effects which attempts to improve the environment have on industrial development and the siting of firms.
3. The increase in the cost of public infrastructures and equipment and the problem of financing them.

Three types of public need emerge in modern societies: traditional needs for administration and security, needs bound up with the economic activity of individuals and companies (transport, energy, telecommunications); social and cultural needs (health, education, culture, leisure).

The quality of life depends upon the human environment in all its forms (and not only the fight against pollution). This is an economic, but also a social and political problem in that (a) the relationships between social groups reflect power relationships and (b) economic development gives rise to a desire for participation which is not only an intensified demand for social services but also a problem involving the structure and distribution of power within society.

Our societies are looking for a new type of economic, social and human development. The concept of growth is not questioned, but it is a means and not an end in itself. Our societies also have a need for both economic and social planning which takes into account the close bonds between these two areas and must be formulated not only at a national but also at a Community level. Finally, the type of development which seems to be desirable admittedly presupposes the rationalization of the economic and social options and management, but it also requires greater democracy of choice and management.

Briefly, a new type of development is required, a new kind of economic and social policy must be formulated and social relationships must be revamped.

As regards the effects which the drive towards a better environment will have on industrial development, all of the participants emphasized that industrialization is necessary. However, it is not industry which must shape society, as was hitherto the case, but rather society which must impose certain rules and a certain discipline upon industry in line with the aims it is pursuing.

It also emerged that damage to the environment is caused not only by industry but by all of us. Environmental policy must thus be a public matter based on a conscious effort on the part of each individual concerned.

This leads to the need for comprehensive and objective information on environmental problems and education of the entire populace, even starting at school.

This information and education will be particularly effective if detailed studies are available, and the role of the Community in this matter received special emphasis. Concrete suggestions were made, namely:

1. An impetus should be given to interdisciplinary research into ecology, town and country planning, and the science and technology of anti-pollution measures.
2. An accurate study of overall costs (direct costs plus indirect and social charges) of the action carried out in the Member States.

Action is required in addition to studies and the implementation of effective measures at a national level has been planned. This could include prohibition by law in all cases where this is required for the protection or planning of the environment. One proposal deals with a system of direct taxation on the emission of pollutants. Others demand that companies should be obliged to fit anti-pollution equipment, especially in new installations.

These instances of intervention at a national level cannot be independent of each other, so national legislation should be adapted and aligned on a Community scale or, if necessary, on a vaster scale, whereby the Community could participate in its own right.

For purposes of analysis two levels relating to the funding of infrastructures can be distinguished:

(a) Technical problems concerning finance:

1. The administrative infrastructures: according to the consensus of opinion these must be financed from taxes.
2. The economic infrastructures: there was no objection to the services provided by these infrastructures being sold to those interested at cost (excluding certain partial exceptions subject to a time limit in the case of certain regional or social objectives).
3. The socio-cultural infrastructures: it emerged that public financing would quickly become unacceptable as these needs increased if a certain latitude of choice and redistribution of the financial burdens were not provided for. It proved necessary in every possible instance to finance the services rendered by making a charge for them.

(b) The economic level, where the question is raised of the ratio between the amount of the available funds drawn on and the level of these funds.

1. Since public needs are increasing, the funds must also increase.
2. A choice must be made between the satisfaction of individual and public needs, not by suppressing individual in favour of public needs, but by means of a slower growth rate for the satisfaction of individual needs as against a faster rate of growth for the fulfilment of public requirements.

The need for clear financial planning also emerged as well as, at the bottom of the picture, the need for non-inflationary economic growth based on a controlled rise in incomes, since European experience has shown that a stop-go economy always results in an inevitable cut in public spending. Growth and stability would thus appear to be the conditions underlying a coherent, durable programme for the growth of the infrastructures needed to satisfy public needs.

3. The group dealing with the issues raised by the Community's place in the world was chaired by Mr Le Portz, Chairman of the European Investment Bank.

Nine reports concerning the following were compiled on this subject (see IRT No. 138):

1. The aims and resources of a European policy on technological development.
2. The rise of the multinational company.
3. The promotion of industrialization in the emerging nations.

(a) Debates on technological development policies generally led to fairly searching questions on the policies pursued by the Community for a number of years. Fairly broad agreement was reached on the fact that a technological policy aimed at a Community antarchy is not viable. The Community should rather pursue a policy which is based on open doors and cooperation and also on a considerable effort on its part as regards technological development, without at the same time rejecting ties with the rest of the world.

The paths to follow in the preparation and implementation of a Community policy on technological development diverge very slightly.

First of all, the basic essential is the practical application of technology, which is only a tool in the hands of economic and social policies. The definition of sector policies thus emerges as a prerequisite for the implementation of Community technology programmes. The chief technological stimulus has led to the development of the Common Market itself. Nevertheless, a Community policy must be mapped out in certain specific fields (the aerospace and data-processing industries, etc.) and backed up by, in particular, a European public procurement policy. Community-level research programmes covering a certain number of intermediate technologies (e.g., materials and corrosion technology) could prove useful. Finally, the Commission's proposal for the creation of Community industrial development contracts offers a certain attraction as a means of supporting the efforts of European industry in the development of new products or processes.

Secondly, technological R&D constitute a specific area within Community policy which is essential if Europe is to overcome the handicaps arising from the special situation of the European countries. The greatest problems exist in defining the aim of such a policy. Two different methods have been suggested:

On the one hand, the only method is the widespread use of systems analysis for the prior definition of options on the basis of mathematical methods;

On the other hand, technological progress has hitherto entailed a pronounced imbalance between the satisfaction of individual and public or social needs. Community policy must therefore take steps to remedy this situation, Community action being directed in particular at such fields as town planning and living conditions, working conditions and organization and, in a broader sense, all matters relating to the quality of life.

All of the speakers emphasized the importance which they attached to all aspects of what might be termed "the primacy of democracy", i.e., they all insisted on the absolute need to put the essential development of the economy to work in the service of politics, this being taken to be the good of the Community as democratically defined through the will of all its citizens, and on the need to prevent our society from being dominated by technology.

The general consensus was that only consultation in a democratic spirit at all levels of the dynamic forces in Europe would ease the tensions besetting the faster rate of change which goes hand in hand with progress, thus enabling our society and industry to be reconciled in the interest of the common good.

- (b) Advances in communications, improvements in management techniques and also the creation of the Common Market itself have recently caused an unprecedented increase in international business activity.

There is a gap between these developments, which transcend national frontiers, and the maintenance of the basic national political and trade union institutions which is bound to generate tensions.

The workers' representatives voiced their fears that such companies might abuse their power, ignore the policies of the host country and prevent organized labour from fulfilling its role. At the very least union structures adapted to the situation should be quickly created.

The heads of large companies regard the internationalization of business as one of the most positive factors of economic progress. They are hoping for an appropriate amendment of the legal, fiscal and union framework surrounding companies in order to bring about the harmony currently lacking between themselves and their environment.

Also, the heads of the multinational companies emphasized the absolute necessity for these companies to integrate to the full within the host country. In order to contribute even more to this integration process, certain captains of industry suggest even greater use of formulas such as those involving the creation of subsidiaries open to investment from the host country in industrialized nations, or joint ventures linking

the State with the banks for overseas development. Within the context of their industrial relations the representatives of these companies have expressed a desire to enter into a dialogue at all levels and hope that their business partners will set up adequate machinery for this.

Both rapporteurs and speakers spelt out the absolute necessity for proceeding at a Community level towards the consolidation of machinery which would provide the multinational companies with a valid representative at European level and also enable the European organizations to negotiate effectively with the governments outside Europe which control the headquarters of the companies operating in Europe.

Finally, two underlying points were emphasized:

1. A company with large-scale operations in several countries can only achieve long-term stability if nationals of these various countries are involved in its central management; the training of such staff is a major task in the Europe of today.
  2. Several speakers insisted on the need to promote the setting-up of a greater number of European-managed and -funded multinational companies in order to provide the necessary counterweight to the multinational companies having their roots outside Europe.
- (c) The industrialization of the Third World is today at the crossroads: the creation of export industries, based essentially on the differences in labour costs, would henceforth seem to have real potential as a follow-on to the industries aimed at meeting imports head on or exploiting the products of the soil and subsoil, both of which have inevitable limits. Industries of this type appear to hold out great promise of growth if the developed countries were to provide them with real aid.

As regards financial aids to industrialization, emphasis was placed on the part played by private capital, for which it would be difficult to find a replacement, and, correspondingly, the importance of guarantees for private investments which would no longer be provided at a national, but at a world or Community level. Also emphasized was the increasing

use of private export credits, which have often played a productive role but which also help the LDCs to slide rapidly into debt and sometimes even lead to the setting-up of industries likely to impoverish the host country.

In the field of management and training aid the group insisted primarily on:

1. The desirability of financial assistance from public aid organizations for studies of preliminary investments in industry.
2. The decisive importance for the industrial development of the Third World of professional training, particularly of senior technicians and management staff in the host country. The range of activities here is wide open to the Community.

The recommendations concerning activities in the commercial field are aimed primarily at the gradual liberalization of the Community's import policy and, hand in hand with this, the gradual emergence of a system of general preferences covering the LDCs as a whole.

Two guiding principles were underlined:

1. The Communities should not encourage the growth of excessively labour-intensive industries within its territory, nor those likely to be competitive on world markets because of their capital-intensive nature, if they could equally be conducted in the LDCs on the basis of a production process relying more on the labour content.
2. In order to avoid its labour force becoming the victim of the inevitable structural reforms, the Community must map out a professional training policy in order to promote the interdisciplinary mobility of labour and at the same time formulate a social policy enabling the public authorities to bear the individual costs of the geographical mobility of labour, should this become inevitable.

