

EUROPEAN BACKGROUND INFORMATION COMMUNITY

EUROPEAN COMMUNITY INFORMATION SERVICE

2100 M Street NW, Washington DC 20037 Telephone (202) 872-8350

New York Office: 277 Park Avenue, New York NY 10017 Telephone (212) 371-3804

BACKGROUND NOTE

No. 4/1974

March 4, 1974

COMMUNITY'S "ECOSOC" COMMITTEE REVIEWS WORK IN 1973

The European Community's Economic and Social Committee (ECOSOC) has just reported on its first year of activity since it was given the right to initiate studies. The report said the Committee was contributing to the building of Europe in an era of "runaway prices, the energy crisis, the threat of layoff, the pursuit of sectional interests."

Said Committee Chairman Alfons Lappas: "Caught up in this complex situation, people at large often feel lost, controlled like puppets, and condemned to a passive role. As a result they feel the need to assert themselves and sometimes, as a last hope of gaining a hearing, they resort to violence..."

"This danger must be met by a democratization of Community institutions." Among these, the "ECOSOC" Committee should be "a key instrument of the first importance."

During 1973, the ECOSOC Committee compiled three studies and delivered 75 opinions. In previous years, the Committee could only deliver opinions when consulted by the Commission. At the 1972 European Summit in Paris, however, the Committee was granted the right of initiative, which it has begun to use. During the year, Chairman Lappas met several times with the President of the Council of Ministers to discuss closer liason between ECOSOC and the Council.

A statistical analysis of Committee opinions in 1971-1972 shows that of sixty European Community Commission proposals on which ECOSOC opinion was sought, 35 were the subject of a Council decision. The Committee had proposed amendments to 14 of these and in only two cases were the amendments rejected.

ECOSOC now seeks to establish close relations with the European Parliament and the "closest possible contact" with economic and social policymaking bodies in the Member States. In 1973, Chairman Lappas, Vice-Chairman Alberto Masprone and Vice-Chairman Henri Canonge visited the three new Members -- Britain, Denmark, and Ireland. Lappas also visited Zaire and Kenya for talks on European contributions to industrial development in Africa.

Later, he visited the United States for talks with Commerce Secretary Fredrick B. Dent, Chairman Herbert Stein of the President's Council of Economic Advisers, President George C. Meany of the AFL-CIO, and leading officials of the State and Labor Departments.

In its decisions, the 1972 European Summit in Paris specifically asked ECOSOC for reaction on economic and monetary union, environment, energy, external relations, and social, industrial, and regional policy. The 144-member body (136 seats are currently filled) held nine plenary sessions.

Necessity the Key to Regional Policy

The Committee concluded that economic union would be hastened if priority was given to monetary union. This would require convergence of Member State's economic policies, budgetary and monetary harmonization, creation of a true European capital market, and the elimination of technical obstacles to trade.

The Committee set up a special section to study regional policy. It concluded by rejecting the notion of a "fair return" from regional aid, accepting that necessity should be the basic criterion for investment. "Trade circles" should be represented on the aid-granting bodies.

In social affairs, it was decided that "a Community policy must enable people to have secure jobs, to have reasonable incomes both during and after their working lives, to have protection against the vicissitudes of life, to live in a healthy environment."

The European Social Fund and the European Regional Development Fund should coordinate their activities to remove regional imbalances and ensure greater freedom of choice as regards residence and occupation, ECOSOC said. Eradicating structural imbalances of labor supply and demand could eliminate migration, with all its economic, social, and human problems. The Committee added: "In concrete terms this means that living conditions must be virtually identical in all the regions of the Community."

On industrial policy, ECOSOC envisaged a better European Company Statute, embodying employee participation and calculated to encourage "technological progress and innovation."

ECOSOC Criticizes Commission's Energy Policy

ECOSOC also made recommendations on environment policy, based on the premise that "economic growth must, to an increasing extent, be compatible with social and human objectives; priority should be given to correcting regional, social, and sectoral imbalances."

The Committee criticized the EC Commission study of energy problems for the period 1975-85; ECOSOC emphasized the need for greater European reliance on local coal deposits and for long-term development of nuclear energy. A more positive approach to a common policy was necessary. The Committee also published an opinion on the multilateral negotiations within the General Agreements on Tariffs and Trade (GATT), emphasizing the agricultural aspects.

In agricultural policy, ECOSOC stressed :

- the need to review the present relationships between the prices of farm products

- the need for a study to be made as soon as possible of the differences between the prices paid to farmers and consumer prices
- the consequences of the increasing imbalance between milk and meat production in relation to outlets for these products
- the effect of inflation on agriculture and the pressing need to implement a co-ordinated stabilization policy
- the consequences of the disparities in incomes in the agricultural sphere as between countries, regions, individual holdings, production sectors, and persons employed in agriculture
- the need to speed up the modernization of agriculture, especially by increasing use of capital
- the need to speed up integration with other common policies.

In the transport sector, the Committee called for air transport to be included in a common policy.

ECOSOC proposed the removal of technical barriers to the free movement of goods, which it said meant "in practical terms... a harmonization of the standards permitted in the production of goods exported from one Member State to another."

Flexible Information Mandate

In the summary of its report, ECOSOC said it was the least known EC institution, but was slowly correcting this situation. The Paris Summit had decided that all the Committee's opinions be published in the Official Journal. ECOSOC had since created directorates for Information and for External Relations. The Information office had been given a flexible mandate: the ECOSOC report noted that "any differences or even clashes of opinions, which are after all quite normal in a body like the Economic and Social Committee, should not be covered up." Releases would publish "not only the compromises, but also the different points of view which led to them."

ECOSOC is for practical purposes divided into three working groups -- employers, labor, and "various interests" (essentially a consumer group, but including agriculture, artisans, small business, and professional bodies). The British labor movement has boycotted Community institutions, including the labor group in ECOSOC. Each group holds a regular monthly meeting, as well as special meetings.