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EXTRACTS FROM THE SPEECH GIVEN BY VICE-PRESIDENT HENK VREDELING
TO THE INTER-REGIONAL TRADES UNION COUNCIL FOR THE WESER-EMS REGION

Oldenburg, 22 September 1979

Closer regional cooperation will shed light on the extent to which differences in social legislation and tax arrangements can block inter-regional development. This will automatically lead to pressure being brought to bear with a view to eliminating these differences. Such regional interaction can only have beneficial effects. On the one hand, European integration is fostering regional cooperation and, on the other hand, regional cooperation will stimulate European integration.

So from this point of view I consider it to be of the utmost importance for inter-regional cooperation bodies to work together to draw attention to differences in national legislation with a view to eliminating them. I should like to stress in this connection that the voice and active participation of the trade union movement are indispensable in achieving this end.

This is particularly true given the fact that we have had to contend with an economic recession and unemployment for some time now and since we are dealing here in the Inter-regional Trades Union Council for the Weser, Ems and North Holland area with regions whose economic position is comparatively weak.

Of course, governments have been trying to influence the economy for some considerable time, firstly via taxation but also through industrial support measures which all Western European governments have been forced to take in recent years in the face of recession and unemployment. The support I am referring to goes mainly to firms that would have had to cut their workforce or even close down without it. Please do not misunderstand me: I fully understand the need for this kind of emergency aid and I do consider it to be very important. But rushing to the aid of firms in need is not a very constructive policy. We are putting out fires, but not preventing them from breaking out in the first place.

I should very much like governments to take preventive action and active steps to ensure that a healthy and lasting state of full employment can be created. In the long run, the unemployment problem will not be solved by maintaining unstable jobs. We have to create new jobs. Dying firms and industries cannot be propped up indefinitely with subsidies. Sound economic development can only be achieved if we phase out antiquated production methods and at the same time create new opportunities. Governments must fulfil their responsibilities in this respect.

A policy of this kind must seek to generate balanced investment that will create sufficient jobs and tackle regional problems more efficiently. This will only be achieved once the EEC Member States draw up definite plans. Whether we call this "indicative planning" or give it some other name is not all that important.

What is important, however, is that the Member States endeavour to harmonize their policies in this field.

Employers have always made greater progress than unions in setting up cross-frontier organizations. Multinational companies were the first to take advantage of the opportunities that the move towards European unity has always afforded. It is clear that the unions will never be able to have much influence inside the multinationals if they continue to operate at national level only.

The Commission of the European Communities, for its part, wishes to help the trades union movement by creating a legal framework under which the managements of multinational companies are obliged to keep their employees informed and to consult them on management decisions the effects of which are felt across frontiers. You know full well that such legislation is indispensable if these international companies are to be prevented from doing whatever they want. Work on this legislation is making slow progress. The trades union movement has put considerable pressure on my department to speed up this work and bring it to a successful conclusion.

One suggestion that has come from various quarters is that the rise in the cost of energy which makes itself felt in price rises within countries should not be balanced by wage rises whether these are automatic or not. This is because the higher prices that must be paid for imports entails a drop in prosperity which society must accept. If this situation were not accepted and wages were raised accordingly the result would be a higher rate of inflation. I would like to warn against coming to premature conclusions on this matter as it is a complicated issue and of great significance in the context of our future prosperity and the distribution of income.

To begin with, discussions are already taking place as to what proportion of price rises can be attributed to the rise in energy costs. What is our reaction to be if energy costs next year turn out to be lower? Do we then permit higher wage rises? Doubts may also arise as to whether all the price rises on energy products are in fact based on rising costs. If this is not the case, then price rises determined by trends on the world market will lead to increased profits. I am not looking at this from the theoretical point of view but rather from the practical angle. It is a well-known fact that the large oil companies have generally published good trading figures for the first half of 1979. The position of the NAM (Dutch natural gas company) seems clear to me in this respect: the cost of Dutch natural gas has not risen but profits will increase significantly because they are tied to the price of oil. Why shouldn't there be compensation in the form of wages for this price rise? On the other hand, it is of course important that where one per cent more is being spent on energy at the national level this one per cent has to be saved elsewhere. Wage-earners must also play their part here, but whether this is to be achieved by a lower level of wage indexing or by other means would seem to me to be a question that the two sides of industry and governments have to work out together.