

EMBARGO : 18.00 HRS.

MR. RICHARD'S ADDRESS TO THE  
NATIONAL ASSOCIATION OF MANUFACTURERS  
- CHAMBER OF COMMERCE -  
THURSDAY, 23 SEPTEMBER 1982  
WASHINGTON D.C.

MR CHAIRMAN,

I AM VERY PLEASED TO BE HERE TODAY TO  
PARTICIPATE IN YOUR DISCUSSION OF THE SO-CALLED  
VREDELING PROPOSAL.

EVER SINCE I BECAME RESPONSIBLE FOR THIS  
DRAFT DIRECTIVE A YEAR AGO I HAVE BEEN SURPRISED  
AT THE ENORMOUS AMOUNT OF CONTROVERSY IT HAS  
ATTRACTED. I AM PARTICULARLY CONCERNED ABOUT  
THE DEGREE OF HOSTILITY IT HAS GENERATED AMONGST  
THE MULTINATIONAL COMPANIES. IT SEEMS TO BE  
THE VIEW OF SOME MULTINATIONAL COMPANIES,  
PARTICULARLY AMERICAN ONES, THAT THE PRIME  
PURPOSE OF THIS DIRECTIVE IS IF NOT TO DESTROY,  
THEN TO BADLY DAMAGE THEM. NOTHING COULD BE  
FURTHER FROM THE TRUTH.

/...

THE EEC IS NOT IN A WITCH HUNT AGAINST  
MULTINATIONALS. NOR, I HOPE, ARE MULTINATIONALS  
HUNT AGAINST THE EEC. THOSE HOLDING  
OF FUNDAMENTALLY MISREAD THE INTER-  
N THE EEC AND MULTINATIONAL COMPANIES,  
AND THE COMMISSION'S PERCEPTION OF AND POLICY  
TOWARDS MNCs. LET ME EXPLAIN BRIEFLY THE BALANCED  
NATURE OF THAT PERCEPTION.

THE MULTINATIONAL COMPANY IS A FOCAL VEHICLE  
FOR ECONOMIC CHANGE IN OUR WESTERN SOCIETIES,  
AND THE EEC IS NO EXCEPTION TO THIS. THE FACTORS  
INFLUENCING THE NATURE AND THE SPEED OF SUCH  
CHANGE - BE IT SHIFTS IN INTERNATIONAL TRADE,  
IN INVESTMENT OR TECHNOLOGICAL KNOW-HOW - ARE  
NOW ESSENTIALLY INTERNATIONAL IN CHARACTER.  
INDEED, IN EARLY RECOGNITION OF THAT, ONE OF  
THE INITIAL AND LASTING PURPOSES OF THE EEC  
HAS PRECISELY BEEN THE CREATION OF A COMMON  
CROSS-FRONTIER MARKET ENCOURAGING CORPORATIONS  
TO OPERATE TRANSNATIONALLY, AND AMERICAN MNCs  
/ HAVE BEEN ...

BEEN PRIME BENEFICIARIES OF THIS PROCESS.  
MAINTENANCE AND FURTHERANCE OF TRANSNATIONAL  
TRADE AND INVESTMENT REMAINS A KEY EEC PRIORITY,  
REINFORCING THE BELIEF THAT CORPORATIONS SHOULD  
BE ENCOURAGED TO ADOPT AN INTERNATIONAL FRAMEWORK  
TO RESPOND TO INTERNATIONAL CHALLENGES AND  
EXPLOIT INTERNATIONAL OPPORTUNITIES.

BUT AT THE SAME TIME, EXPLOITATION OF NEW  
OPPORTUNITIES - AND FEW IN THE INTERNATIONAL  
BUSINESS COMMUNITY CONTEST THE BENEFITS ACCRUING  
TO MNCs FROM THE CREATION OF THE COMMON MARKET  
MUST BE PARALLELED BY THE ASSUMPTION OF NEW  
POSSIBILITIES, NOTABLY TO LOCAL WORK FORCES  
WHICH, LIKE THE COMPANIES THAT EMPLOY THEM, ARE  
NOT SO CAUGHT UP WILLY-NILLY IN THIS PROCESS OF  
CHANGE. WE ARE NOT SIMPLY A COMMON MARKET OF  
GOODS AND SERVICES, BUT ALSO A COMMUNITY OF  
CITIZENS. STRATEGIC DECISIONS MADE BY LARGE  
ENTERPRISES WHICH DIRECTLY AFFECT THE WELFARE  
OF LARGE NUMBERS OF CITIZENS CANNOT SIMPLY BE

/ANNOUNCED ...

ANNOUNCED AFTER THE EVENT. THIS IS PARTICULARLY  
TRUE IN TIMES OF GREAT STRUCTURAL CHANGES INSTANCED  
BY RAPID TECHNOLOGICAL INNOVATION AND RISING  
UNEMPLOYMENT AND MASSIVE UNEMPLOYMENT. I FEEL THAT WE IN  
THE EEC MUST ENSURE THAT, IN SEEKING TO FOSTER  
AN EFFECTIVE BUSINESS RESPONSE TO SUCH STRUCTURAL  
CHANGE IN WHICH THE MULTINATIONALS HAVE AN  
UNDOUBTED ROLE TO PLAY, WE MUST NOT LOSE SIGHT  
OF THE INVOLVEMENT IN THAT CHANGE, OF EMPLOYEES  
OF SUCH COMPANIES. THIS, I THINK YOU WILL AGREE,  
IS AN EVEN-HANDED APPROACH.

A WORD ABOUT TECHNOLOGICAL INNOVATION IN  
THIS CONTEXT: SO AS TO ASSIST BUSINESS IN MEETING  
THE CHALLENGES IN THIS AREA, WE IN THE COMMISSION  
HAVE PROPOSED A PROGRAMME ON HIGH TECHNOLOGY,  
A CENTRAL COMPONENT OF WHICH, AS I INDICATED  
JUST NOW, IS THE COMMUNITY'S ABILITY TO CREATE  
A SINGLE EUROPEAN MARKET FOR EQUIPMENT AND  
SERVICES. BUT THE STARTLINGLY RAPID CHANGES,  
/BOTH IN ...

BOTH IN PRODUCTION TECHNIQUES AND EMPLOYMENT STRUCTURES, THAT THIS PROCESS ENGENDERS CANNOT SIMPLY BE CONCEIVED, DEVELOPED AND IMPLEMENTED IN A SOCIAL VACUUM. WE BELIEVE THAT WORK FORCES NEED TO BE CONSULTED ON THESE MATTERS, INFORMED OF AND INVOLVED IN THE DECISION-MAKING PROCESS AFFECTING THEIR LIVELIHOOD. THIS IS NOT, I BELIEVE, A RADICAL POSITION, NOR IS IT A POSITION AGAINST THE PURSUIT OF TECHNICAL INNOVATION.

ON THE CONTRARY. WE FIRMLY BELIEVE IN THE PROCESS OF CHANGE, BUT ALSO IN THE NEED TO JUSTIFY IT TO THOSE CONCERNED. OTHERWISE THE WHOLE PROCESS OF INDUSTRIAL TRANSFORMATION RISKS BEING CALLED INTO QUESTION. IF WE ARE TO APPROACH THESE EXTREMELY DIFFICULT PROBLEMS IN A CONSTRUCTIVE MANNER, THEN WE HAVE TO CREATE A SENSE OF COOPERATION AND PARTNERSHIP BETWEEN BOTH SIDES OF INDUSTRY. THE ISSUES INVOLVED ARE TOO IMPORTANT FOR US TO TRY TO SETTLE THEM IN THE TRADITIONAL MANNER OF CONFRONTATION.

/...

I HOPE THAT WE WILL BE ABLE TO FORGE THIS NEW PARTNERSHIP, THOUGH I AM BOUND TO SAY THAT, IF THE CONFLICT BETWEEN THE TWO SIDES OF INDUSTRY WHICH HAS ARISEN OVER THE SO-CALLED VREDELING PROPOSAL IS TO BE DUPLICATED, THEN THERE IS NOT VERY MUCH GROUND FOR OPTIMISM.

I HAVE ON ANOTHER OCCASION LIKENED THE ACTIVITIES OF UNICE AND ETUC TO TRENCH WARFARE ON THIS MATTER. BOTH SIDES HAVE MOVED INTO FIXED POSITIONS WITH LITTLE EXPECTATION OF THEIR COMING CLOSER TOGETHER. IF I MIGHT SAY SO, IT SEEMS TO ME TO BE AN ENORMOUS OVER-REACTION TO WHAT IS, AT THE END OF THE DAY, AN IMPORTANT, YET ESSENTIALLY MODEST, SET OF PROPOSALS. IN TALKING ABOUT THE VREDELING PROPOSAL, IT IS IMPORTANT TO SEE IT IN ITS PROPER PERSPECTIVE. IN A SENSE THE PROCESS THAT LED UP TO THE VREDELING PROPOSAL STARTED WITH THE SOCIAL COUNCIL RESOLUTION OF JANUARY 1974, SETTING UP A SOCIAL ACTION PROGRAMME

/FOR THE COMMUNITY

OR THE COMMUNITY. IN PART THIS RESOLUTION CALLED  
OR "INCREASED INVOLVEMENT OF WORKERS OR THEIR  
EPRESENTATIVES IN THE AFFAIRS OF UNDERTAKINGS  
N THE COMMUNITY, AND THE CONCLUSION OF COLLECTIVE  
GREEMENTS AT EUROPEAN LEVEL IN APPROPRIATE  
IELDS". AS PART OF THIS APPROACH, THE COUNCIL  
AS SINCE ADOPTED TWO DIRECTIVES PROVIDING FOR  
BLIGATORY PROCEDURES ON INFORMATION AND CONSULTATION,  
AMELY THE COUNCIL DIRECTIVE OF FEBRUARY 1975  
ONCERNING "COLLECTIVE REDUNDANCIES" AND THE  
OUNCIL'S DIRECTIVE OF FEBRUARY 1977 RELATING  
O THE "SAFE-GUARDING OF EMPLOYEES' RIGHTS IN  
HE EVENT OF TRANSFERS OF UNDER-TAKINGS, BUSINESS  
ND PARTS OF BUSINESS".

THE SOCIAL COUNCIL RESOLUTION OF JANUARY  
974 WAS ALSO SUPPORTED BY AN OPINION OF THE  
CONOMIC AND SOCIAL COMMITTEE IN SEPTEMBER 1974,  
HICH IN PART STATED THAT "THE PROBLEMS CREATED  
Y MULTINATIONAL FIRMS IN THE SOCIAL FIELD MUST

/BE RESOLVED ...

BE RESOLVED AND WORKERS MUST BECOME INVOLVED IN  
THE ACTIVITIES OF THEIR FIRMS BY MEANS OF A  
SYSTEM OF REPRESENTATION WHICH WILL ALLOW THEM  
TO EXPRESS THEIR VIEW AND TAKE A STAND ON MATTERS  
OF MOST CONCERN TO THEM".

IT IS ALSO, I THINK, RELEVANT TO POINT OUT  
THAT THE EUROPEAN PARLIAMENT PASSED A RESOLUTION  
IN MAY 1977 DEALING WITH THE PRINCIPLES TO  
BE OBSERVED BY ENTERPRISES AND GOVERNMENTS IN  
INTERNATIONAL ECONOMIC ACTIVITY, IN WHICH IT  
SAYS "THER ARE NO INTERNATIONAL LEGAL REGULATIONS  
TO SOLVE THE PROBLEMS OF MULTINATIONAL UNDERTAKINGS  
CAUSED BY THEIR SIZE, MASSIVE LIQUID RESOURCES,  
AND CENTRALISATION OF ECONOMIC POWER". THE  
RESOLUTION GOES ON TO SAY THAT "HAVING REGARD  
TO THE NEED TO ENSURE EQUAL OPPORTUNITIES AND  
PREVENT DISCRIMINATION IN COMPETITION BETWEEN  
NATIONAL AND INTERNATIONAL UNDERTAKINGS, THE  
EUROPEAN PARLIAMENT STRESSES THAT BINDING AND

/LEGALLY ENFORCIBLE...

LEGALLY ENFORCIBLE LAWS MUST BE LAID DOWN FOR MULTINATIONAL UNDERTAKINGS AND CALLS ON THE COMMISSION TO FORWARD THE NECESSARY PROPOSALS AS SOON AS POSSIBLE".

SO IT CAN BE SEEN THAT THE CONCERN OF THE COMMUNITY ABOUT THE ACTIVITIES OF MULTINATIONAL UNDERTAKINGS HAS BEEN LONG-STANDING AND HAS BEEN EXPRESSED NOT ONLY IN THE COMMISSION BUT ALSO IN THE COUNCIL OF MINISTERS AND IN THE EUROPEAN PARLIAMENT. IT IS AGAINST THIS BACKGROUND THAT THE COMMISSION APPROVED THE DRAFT DIRECTIVE.

I SHOULD LIKE TO EXPLAIN MY ATTITUDE TO THIS PROPOSAL. IN SUMMARY, THIS DIRECTIVE AIMS TO GIVE WORKERS IN COMPANIES WITH SUBSIDIARIES THE RIGHTS TO INFORMATION ON COMPANY POLICY WHICH IS LIKELY TO AFFECT THE WORKERS' LIVELIHOOD OR WELL-BEING. THAT SEEMS TO ME TO BE A QUITE ADMIRABLE OBJECTIVE. NO ONE WOULD DENY THAT

/WORKERS HAVE ...

AT LEAST THE RIGHT TO BE INFORMED ABOUT MATTERS WHICH ARE OFTEN LITERALLY A MATTER OF ECONOMIC LIFE OR DEATH TO THEM. THIS IS PARTICULARLY TRUE IN A PERIOD OF RECESSION, WITH MASS REDUNDANCIES, PLANT CLOSURES AND AN INCREASING ANXIETY ON THE PART OF WORKERS OVER THEIR FUTURE EMPLOYMENT. IT IS SIMPLY NOT GOOD ENOUGH TO SAY THAT THERE IS NO PROBLEM.

THAT IS NOT TO SAY THAT I NECESSARILY BELIEVE THAT THE PROVISIONS OF THE DIRECTIVE AS IT STANDS AT PRESENT ARE THE BEST WAY OF DEALING WITH THIS MATTER. I APPRECIATE THE ANXIETY OF THE EMPLOYERS OVER THE POSSIBILITY THAT THEY MIGHT HAVE TO DISCLOSE CONFIDENTIAL INFORMATION TO THEIR COMMERCIAL DETRIMENT. I ALSO UNDERSTAND THEIR WORRY OVER THE COST OF IMPLEMENTING THESE PROPOSALS. MY OWN VIEW IS THAT THERE IS NEED FOR A DIRECTIVE ON THIS MATTER, BUT THAT WE NEED TO REDUCE, OR AT LEAST SIMPLIFY, THE

/PROCEDURES PROPOSED, ...

PROCEDURES PROPOSED, AND THAT WE OUGHT IF POSSIBLE  
TO LIGHTEN THE BURDEN IN ADMINISTRATIVE AND  
FINANCIAL TERMS WHICH IT PLACES ON EMPLOYERS.  
I AM, HOWEVER, CONVINCED THAT, IF THE DIRECTIVE,  
WHATEVER ITS FINAL SHAPE MIGHT BE, IS TO BE  
EFFECTIVE, IT MUST BE STATUTORY AND OPEN TO  
JUDICIAL ENFORCEMENT. BOTH, ON THE BASIS OF  
MY EXPERIENCE AS A POLITICIAN AND AS A LAWYER,  
SEEM TO ME TO BE ESSENTIAL FEATURES.

AS YOU PROBABLY KNOW WE HAD A DEBATE ON  
THE ~~VREDELING~~ PROPOSAL IN THE EUROPEAN PARLIAMENT  
LAST WEEK AND THE PARLIAMENT WILL BE VOTING  
ON THE REPORT OF THE RAPPORTEUR OF THE SOCIAL  
AFFAIRS COMMITTEE OF THE PARLIAMENT AND THE  
AMENDMENT THAT REPORT HAS ATTRACTED AT THE NEXT  
GENERAL ASSEMBLY SESSION IN OCTOBER. I WILL NOT HIDE  
FROM YOU THAT THE DRAFT DIRECTIVE AND THE  
SPENCER REPORT HAVE CREATED CONSIDERABLE  
/CONTROVERSY ...

CONTROVERSY WITHIN THE PARLIAMENT, INDEED, THE  
FACT THAT THE SPENCER REPORT ATTRACTED SOME  
284 AMENDMENTS IS EVIDENCE OF THIS. NEVERTHELESS,  
THERE WAS ALMOST UNANIMOUS SUPPORT FOR THE VIEW  
THAT THERE WAS THE NEED FOR A DIRECTIVE. THERE  
IS ALSO, I BELIEVE, A CONSIDERABLE MAJORITY  
IN THE PARLIAMENT WHO WILL VOTE IN FAVOUR OF  
THE DIRECTIVE BEING STATUTORY, OPEN TO JUDICIAL  
ENFORCEMENT. SO I CONFIDENTLY EXPECT THAT ON  
THESE MATTERS OF FUNDAMENTAL PRINCIPLE THE  
POSITION OF THE PARLIAMENT AND OF THE COMMISSION  
ARE LIKELY TO BE THE SAME.

THE DEBATE DEMONSTRATED THAT THERE ARE  
A NUMBER OF IMPORTANT AREAS WHICH BOTH PREOCCUPY  
AND DIVIDE MEMBERS OF PARLIAMENT. THESE INCLUDE  
THE METHOD BY WHICH WORKERS' REPRESENTATIVES  
SHOULD BE ELECTED, WHICH BASICALLY BOILS DOWN  
TO A CHOICE BETWEEN SECRET BALLOTS OF THE INDIVIDUAL  
WORK FORCE TO ELECT ITS REPRESENTATIVES, OR  
/ FOR THE ...

FOR THE TRADE UNION MOVEMENT TO ASSUME THIS RESPONSIBILITY. THE FREQUENCY AND CONTENT OF INFORMATION TO BE PROVIDED TO THE WORK FORCE IS ALSO THE SUBJECT OF DIFFERING VIEWS AS IS THE NATURE OF CONSULTATIONS TO BE HELD. SUCH MATTERS AS THE BY-PASS OPTION; SIZE OF SUBSIDIARY AND GROUP; PENALTIES, AND THE WHOLE AREA OF CONFIDENTIALITY HAVE ALSO ATTRACTED COMPETING OR CONFLICTING AMENDMENTS. AS I HAVE SAID, ALL OF THESE AMENDMENTS WILL BE VOTED ON IN THE NEXT SESSION OF PARLIAMENT, AS WILL THE REPORT, AND I SHOULD THEN RECEIVE A COHERENT OPINION FROM THE PARLIAMENT.

IT WILL BE IN THE LIGHT OF THE OPINION OF PARLIAMENT THAT I WILL START IN THE NEAR FUTURE A SERIES OF CONSULTATIONS WITH THE SOCIAL PARTNERS THAT IS THE TRADE UNIONS AND EMPLOYERS' ORGANISATIONS WITHIN THE COMMUNITY AND ALSO WITH INTERESTED PARTIES OVERSEAS. WHEN I HAVE COMPLETED /THESE CONSULTATIONS ..

THESE CONSULTATIONS I WILL, WITH MY COLLEAGUES ON THE COMMISSION, PRODUCE A FINAL VALUATION OF THE DIRECTIVE WHICH WILL THEN GO TO THE COUNCIL OF MINISTERS FOR THEIR DECISION. I ANTICIPATE THAT I SHOULD BE IN A POSITION TO SEND THE DRAFT DIRECTIVE TO THE COUNCIL OF MINISTERS SOMETIME IN THE EARLY PART OF 1983.

IN MY DEALINGS IN RECENT MONTHS WITH THE EUROPEAN PARLIAMENT, THE SOCIAL PARTNERS AND INDEED WITH AMERICAN MULTINATIONAL CORPORATIONS, I HAVE BEEN ENDEAVOURING TO OBTAIN THE MAXIMUM UNDERSTANDING ON WHAT WE ARE PROPOSING AND THE MAXIMUM AGREEMENT ON THE DETAILS OF THE DIRECTIVE. I WOULD BE LESS THAN FRANK IF I DID NOT SAY THAT I HAVE BEEN DISAPPOINTED BY THE EXTREME REACTION OF MANY EMPLOYERS' ORGANISATIONS IN EUROPE AND BY MANY MULTINATIONAL CORPORATIONS IN THE UNITED STATES. I HAVE ALWAYS REGARDED THIS DIRECTIVE AS BEING A VERY MODEST SET OF /PROPOSALS.

PROPOSALS. BECAUSE OF THE GREAT OVER-REACTION  
OF EMPLOYERS' ORGANISATIONS IN EUROPE, THE  
CONTROVERSY HAS, IF ANYTHING, WORSENERD LABOUR  
RELATIONS RATHER THAN IMPROVED THEM. INDEED,  
IT IS ONLY IN RECENT MONTHS THAT WE HAVE MANAGED  
TO GET THE EUROPEAN TRADE UNION FEDERATION  
AND UNICE THE EUROPEAN EMPLOYERS' ORGANISATION  
TO TALK TO ONE ANOTHER ABOUT THIS MATTER.  
BUT WHILST I REGARD THE PROPOSAL AS MODEST I  
WILL ALSO CONSIDER IT TO BE VERY POSITIVE IN THE  
CONTRIBUTION IT WILL MAKE TO LABOUR RELATIONS  
AND THEREFORE SOMETHING WELL WORTH HAVING.  
AS IN EUROPE, LIKE YOU IN THE UNITED STATES,  
WE ARE GOING THROUGH A PERIOD OF INTENSE ECONOMIC  
DIFFICULTY AND I AM AFRAID I HAVE TO SAY THERE  
IS THE VERY REAL PROSPECT OF MAJOR ECONOMIC  
CATASTROPHY. IF WE ARE NOT EXTREMELY CAREFUL  
THE PRESENT WORLD RECESSION WILL CREATE A VERY  
HIGH LEVEL OF MASS UNEMPLOYMENT WHICH WILL BECOME  
A PERMANENT FEATURE IN OUR SOCIETIES. WITH

/THE PRESENT ...

THE PRESENT FIGURE OF REAL UNEMPLOYMENT IN EUROPE  
BEING SOME 12 MILLION AND WITH THE NEAR CERTAINTY  
THAT THIS WILL GROW TO 15 MILLION PLUS BY 1985  
THERE IS A REAL DANGER THAT WE WILL COME TO  
ACCEPT THAT THE UNEMPLOYED " LIKE THE POOR  
ARE ALWAYS WITH US". THE ADOPTION OF SUCH AN  
ATTITUDE WOULD IN MY VIEW BE A RECIPE FOR DISASTER.  
RATHER THAN REORGANISING OUR SOCIETIES SO AS  
TO ACCOMMODATE PERMANENT HIGH LEVELS OF UNEMPLOYMENT,  
WE OUGHT TO BE SETTING OURSELVES THE TASK OF  
RENEWING THE CONDITIONS OF FULL EMPLOYMENT.  
BUT IF WE ARE TO GET UNEMPLOYMENT DOWN THEN  
IT CAN ONLY BE DONE ON THE BASIS OF COOPERATION  
BETWEEN THE MANAGEMENT AND LABOUR AND THAT  
COOPERATION WILL NOT COME ABOUT IN A CLIMATE  
OF HOSTILITY AND FEAR WHICH EXISTS IN SO MANY  
OF OUR INDUSTRIAL UNDERTAKINGS AT THE PRESENT  
TIME. SO AS PART OF THE BATTLE OF REDUCING  
UNEMPLOYMENT AND BRINGING ABOUT THE REGENERATION  
OF OUR ECONOMIES, IMPROVED LABOUR RELATIONS

/ARE AN ESSENTIAL ...



ARE AN ESSENTIAL ELEMENT AND I BELIEVE THAT THIS  
DIRECTIVE CAN MAKE A POSITIVE AND MAJOR CONTRIBU-  
TION TO IMPROVED LABOUR RELATIONS. IT IS FOR THIS  
REASON THAT I AM DETERMINED TO DO ALL I CAN  
TO SEE THAT THIS DIRECTIVE BECOMES COMMUNITY  
LAW.

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