

APRIL 20, 1972

CONFERENCE
INDUSTRY AND SOCIETY
IN THE
EUROPEAN COMMUNITY

Introductory speech by Mr. A. SPINELLI,
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Your Excellencies, Ladies and Gentlemen,

First of all the Commission would like to thank you for answering its call and coming here to debate the theme "Industry and society in the European Community". This Conference has been called by the Commission to formulate and then carry out, with your help, the industrial objectives of the enlarged Community in the light of the new social needs.

The method we have chosen for the preparation of this Conference has been to ask outstanding individuals from the trade unions, and from industrial employers, together with independent experts to report on the major issues that face European society in the field of industrial policy. In this way we hope to obtain a picture of the major social forces and needs at work in Europe. The rapporteurs have provided us with a rich stock of raw material for our debates. I hope that the discussions will both throw up new ideas and show a considerable degree of consensus on them in such a way as to throw light on and reinforce the action that the the Community will have to undertake in the next crucial stage of its development in order to establish a genuine policy to serve society's needs, that is to say an overall policy that gives sense and coherence to all its individual policies.

If the European humanist tradition - the hidden powerful mainspring of the whole Community machine - means anything, it means for us today that economic and industrial development must serve human and social needs and not the other way round. Before speaking about the main themes to be dealt with here, it is necessary, in order to avoid misunderstanding and misinterpretations, to dwell a little on this point. Faced with the real and major dangers which are created by our very development and threaten mankind's future, we are very often told that a halt must be called before it is too late, that it is not right to push development forward at all costs as an end in itself, that we must reorganize our society, in order to impose on it and individuals what is styled in the latest terminology a prudent zero rate of development, a stable and permanent balance between all its internal and external factors, and all its component parts.

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There is a measure of paradox in this heartfelt appeal. Each of the criticisms which it levels against a society based on growth is in general correct, since each individual item of growth, if extrapolated and taken to its logical conclusion, leads to a disastrous negation of itself and of the reasons which motivated it. However, the global solution offered cannot be achieved by man. It does not merely involve consuming only so much and in such a way as to permit a stable and harmonious relationship between consumption and natural resources, between the various sections, structures and classes of society. Nor does it involve simply re-establishing ancient traditions, implanting new ones and making sure that everybody observes them. Above all it means suppressing any further desire for knowledge of what is still unknown, for changing things which may appear inexact or unjust, for the spirit of adventure, be it practical or intellectual, which demands that every time a limit is reached we ask how we can go beyond it. This aim might be achieved by some individual, an epicurean, a monk or a hippy, but not by Mankind.

It may be possible for a people subjected to the totalitarian control of an oppressive élite which has forced it to turn in on itself, to obey inflexible conservative laws and look no further. But it is not possible for mankind as a whole, and European civilization in particular, which came into being and is growing because it has always chosen Ulysses rather than Hesiod, the learning of Galileo and not that of Aristotle, industrial rather than corporate society, freedom rather than complete order, betterment rather than resignation. The alternative has been proposed not only now but countless times in the past and each time it has been rejected by practical rather than doctrinal reality.

Our Community can only be based on the hypothesis of a growing, developing society. It could not be otherwise because the Community itself is an innovatory scheme and innovation is only possible in a growing society.

Basing one's own actions on the hypothesis of growth does not however mean acquiescing lazily and optimistically in it in the illusion that all growth is inherently beneficent. The truth is rather the contrary: even the most beneficent growth tends to become pernicious and destructive in the long run.

All growth, initially surging forth spontaneously and barely under control, must produce at some time or other a feed-back effect for its own control in order to favour its positive results and eliminate its negative points or at least reduce them to manageable proportions.

It is this rather than checking growth that is the challenge facing the Community, and any advanced industrial country for that matter. It is true that industrial society is growing to a point where it threatens the environment in which we live both as a whole and in its various parts and regions, and even civilized society itself. This menace takes the form of such serious deterioration that the spontaneous efforts of nature and society are becoming more and more incapable of reconstituting what is destroyed. We could reach a point where we no longer possess either the wealth of water, air and earth which we need to survive or towns where we can live and feel like human beings.

The Community must work out for itself a conscious and effective policy towards society to control and channel the interactions of its many parts and the relationships between society and nature, not in order to reach an impossible static equilibrium between society and the environment but to steer the evolution of both so that further progress in the human adventure may be achieved.

This is not a challenge which can be met in the next few years, but in that time we shall have to tackle a number of priority themes which, if they are on the right path towards a solution, will smooth the way for the future development of policy for our society which is becoming ever more complex, and will equip us to cooperate better in the formulation of a developing policy for world society.

What are these major themes, as regards industrial policy in particular ?

When the notion of industrial policy first became current in the Community it was conceived as a means of raising productivity and increasing wealth - and with good reason, for the efficient generation of wealth by industry, remains the basis for the improvement of society and for Europe's influence in the world.

The Rome Treaty did not mention industrial policy; it was concerned above all with the removal of barriers to the growth of a common market or, to be more precise, a customs union. The need for an industrial policy emerged where it became apparent that the purely negative action of removing barriers was not enough and that, if only for economic reasons, more positive common action was needed in the Community to render possible the full integration of European industry and the full exploitation of the new continental dimension. The formation of European companies, the opening of public contracts and effective participation in them, the pooling of technological efforts: all these economic tasks remain an essential part of industrial policy and are crucial if the potential of the enlarged Community is to be achieved.

This Conference must, however, throw light on the wider and deeper tasks and on the responsibilities of the Community and of industrial policy - and also on the new responsibilities of technological policy and on the limits of the restraints which facts and foresight impose on economic growth.

It is universally accepted that ecological needs, for example, impose a first, severe constraint. Patient nature - or the biosphere as the scientists call it - cannot absorb an infinite amount of waste and contamination. So how can the skills of European science and technology be applied in a joint effort to develop new non-contaminating technologies? How can Europe lead in tackling ecological problems that have reached a critical point - like oil pollution of the oceans. The Commission has already made a start with some immediate proposals. But we want you to look much further ahead, to help to clarify ecological policy issues and give them a political impetus. Venice, after all, stands as a symbol of the desperate need for action now if the most precious things in European civilization are to be preserved from the worst side-effects of industrialization. And its plight reminds us that action needs to be supported by financial resources, administrative competence and political power.

Equally, no discussion of future growth and technology can ignore the need to assess, explore and conserve Europe's potential resources, and to develop new materials and recycling technologies. How can industry continue to develop without destroying the basis of its future growth?

For to sow we must needs have saved the seed. If growth and its limits remain essential themes, we also need wisdom, guidance and grassroots knowledge on the priorities for spending the wealth the Community produces. Where and how can we find the funds to spend on educational, housing and health needs, on new public transport systems, on further protection of the environment? Concern for a higher quality of life involves the problem of new priorities between public and private consumption, between industrial and public investment.

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The "quality of life" is not merely a matter of preserving the stones of V nice, of preventing the Rhine from becoming a poisoned sewer, of saving or replanting forests and making something rational of urban public transport once again, and so on, but of improving the quality of life of the citizens of Europe at their daily workplace and elsewhere. The occasional noise of a supersonic airliner is little compared to the din of a heavy metal cutting tool. Throughout most of Western Europe industrial accidents are responsible for more working days lost than strikes. The frustration of the commuter stuck in his daily traffic jam as he makes his way into London, Paris or Milan is modest beside the imprisoning frustration of work on some assembly lines. In the coming year a major task of industrial policy must therefore be to improve the environment of the workplace and that improvement inevitably involves reorganization of production systems to enrich work and, despite all the difficulties and differences, a growing element of industrial democracy.

Participation, workers' control Mitbestimmung, shared decisionmaking - whatever the differences of words and interests involved, these ideas correspond to a basic human need - both for more shopfloor democracy - for it is at that level that workers of all kinds have most to contribute, and for some democratic participation in the strategic decisions which are taken at the top of our great industrial concerns. Moreover, as industry becomes international and European, neither the need for better conditions nor what I have called the question of "industrial democracy" can be settled at a national level alone. We shall have to explore how both employees' and the public's interest can be better represented in the great multinational enterprises which Europe also needs if it is to continue to achieve its economic and political goals.

A Community advancing towards economic union will likewise have to face new questions about the distribution of wealth between different geographical groups in our society, between privileged and under-privileged regions. That is one of the many reasons why the Community cannot remain an apolitical animal.

I have no hesitation in saying that the wealthier the Community becomes and the more successful our advance towards economic union, the bolder we shall have to be in transferring Community resources to less-favoured regions. We shall not be able to avoid that issue in a Community that will soon include most of the peripheral regions of Western Europe and where - round a central area of regions so overdeveloped that they have already become too congested and in which the quality of life is deteriorating faster than goods grow in abundance - there are others, unduly slighted by nature, where antiquated agricultural methods have not yet given way to a balance between modern industry and agriculture, and regions stricken by industrial changes that do away with old undertakings which are no longer profitable and not bring forth any new ones of promise for the future.

The moral as well as social question of the just redistribution of wealth and the means of producing it is also posed when we discuss Europe and the developing world. Far greater transfers of wealth to developing countries than hitherto, in the form of aid, investments, technological assistance, will be necessary if we are to avoid tragically deepening the gap between us and them. But if this policy is to be successful, and indeed to the extent that it is successful, it will have to be expressed in an increase in the industrial capacity of those countries; we must therefore open our frontiers to their products. The Community has already started on this road, with the unilateral adoption of generalized preferences. But in this way our industrial policy faces a new challenge: since the future division of labour in the world will necessarily be different from the present one, it will be necessary to help the structural changes in various industries so that our own society - and that means particularly working people in certain branches in the textile and electronics industries and in the shipyards and probably yet others in future - do not suffer; the Community has a responsibility to help them either to continue to work in their own, modernized and regenerated industry, or to adapt to

new rewarding jobs. 7

I hope this Conference will not merely define tasks and aims, but will also indicate the instruments for coping with them. May I suggest a few for your consideration.

An effective regional policy needs large Community resources at its disposal through a Regional Fund and a strengthened European Investment Bank and these funds need to be able to be used in active partnership with national and regional bodies for the development of infrastructures but also to be associated with industries - both private and public - for the purpose of promoting the flow of productive investments to the regions that need them most.

The Community needs resources going beyond those of the present Social Fund to carry out what I have called structural industrial policy, above all the adaptation of traditional industries. May I draw your attention in this respect to the provisions of the Treaty establishing the European Coal and Steel Community. There the Community has the right to be informed of investment decisions and common funds are available to help carry out necessary conversion measures. The reason why the vast process of conversion in the coal industry, which was not in fact foreseen at the time when the ECSC was born, was carried out successfully and without too serious, social, industrial or political upheavals, was that the Community had the means to help in conversion and to smooth the path for those concerned. Could we not, indeed should we not, apply the same principles to industries in difficulties, in need of structural help and change?

The new industries too, above all those with advanced technology, need Community resources in a variety of forms. One form is that of development contracts, on which the Commission is already preparing proposals. There is also a need for more risk capital in Europe to feed forward-looking enterprises of high growth potential, capable of cross-frontier development. There are already various private foundations in these fields, but they need judicious backing with common public funds.

In all these areas the European Investment Bank can be a major focus of growth. It will have to work closely with the national bodies operating in the same fields. As concerns risk capital, I would ask you to consider the idea that the Bank and the parallel national bodies should set up a joint European subsidiary specifically to provide risk capital to enterprises of good growth potential.

The matters you are to consider and the technical equipment you will bring to them presuppose that the Community has the capacity to prepare, adopt and carry out this vast array of measures which is only the beginning of a full-scale policy for society. Since Europe is and wishes to remain a pluralistic society, the realization of this policy, and all the other common policies, depends on cooperation between the Member States, at both central and local administration level. But cooperation alone is not enough; there is a need for common decision making centres which are both efficient and representative. We must ask ourselves whether the present Community institutions are capable of tackling this policy. The answer can only be no.

The Community, as it stands today, was a first step towards the unification of our peoples - a step so important that not one of the countries that joined it have ever turned back or even tried to, in fact others have come in along with them; a step so decisive, that what has been done past is now seen as a basis for what remains to be done in the future; a step so binding, that all future growth must be thought of and brought about as a further extension of this initial Community, not as something which can be achieved alongside it and ignoring its existence. However, the Community has always been no more than the first step.

Industrial policy, the mainstay of economic and monetary union and at the service of the ideal of a policy towards society, requires the Community institutions to have quite different decision-making and implementing powers. The Member States must give the Community

a mandate to execute the regional, industrial, technological and ecological policies. They must acknowledge that its financial resources, based increasingly, and in a few years exclusively, on citizens' tax contributions, can be raised and developed differently. They must accept that it is the Commission that should clearly be given the initiative in these new fields too and the responsibility for executing the common policies being gradually formed. They must accept that the legislative and financial decisions without which nothing would be possible, must be taken not only by the representatives of the individual governments, i.e. by the Council, but by the European Parliament too, with full powers of co-decision as the sole guarantee of popular consensus and hence European democratic legitimation of any action taken. Finally, they must realize that this is why the time has come to have a Parliament directly elected by the people of Europe.

For many years, the Community has remained unchanged in the form it took on coming into being. There is no doubt that it has completed most of the programme set in the Treaties establishing it but has gone no further. And it has missed not a few opportunities and wasted not a little time. Because of this constitutional inflexibility it has failed in a number of fields; the nuclear policy has been an almost complete failure for lack of a global policy for research and for scientific and technological development; public contracts have not been opened because of the absence of a common industrial policy; the lack of an overall economic policy has caused the agricultural policy to develop abnormally; the customs union and the European organization of agricultural markets have been in danger of destruction because of the lack of a common monetary policy.

However, the long winter is now drawing to a close and the awareness is growing that we must move forward. The Accession Treaties

have been signed and will be ratified in the next few months. In October the Heads of State or Government will meet to undertake a political commitment, on behalf of their countries, to further economic and monetary union and to reshape the system of Community institutions. In the coming months the Commission will formally submit a proposal for institutional reform designed to give the Parliament true legislative, financial and political control. Last August the Community, after some initial confusion, answered the monetary crisis by re-establishing a minimum of monetary solidarity and preparing to strengthen it substantially. At the beginning of next year a new Commission will have to submit to a new Council and a new Parliament the action programme of the new Community.

This is the background against which your Conference is being held and which makes it so important, and everything suggests that our thinking and our proposals can provide the guidelines for real actions.

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CONFERENCE
ON
"Industry and Society
in the European Community"

SUMMARY OF THE
OPENING SPEECH

by
Dr. SPINELLI,
Member of the Commission

COMMISSION OF THE EUROPEAN COMMUNITIES
VENICE 1972

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SUMMARY OF THE OPENING SPEECH BY
P. SPIRELLI,
MEMBER OF THE COMMISSION,
AT THE VENICE CONFERENCE

Thursday, 20 April 1972

Economic growth must serve the growth of social needs, and not vice versa. Nowadays we often hear it said that society needs to be organized in such a way that a permanent and stable equilibrium is attained between all the factors operating in it, or, as in the fashionable phrase, a zero rate of growth.

This solution is paradoxical and impracticable, because it implies the suppression of any impulse towards discovery, innovation and the spirit of adventure. Our Community cannot be based on anything but the assumption of a growing society, although, of course, this does not mean that we delude ourselves that any form of growth is of itself beneficial. Any growth, at a given time, must produce an immediate feedback from which to monitor it.

This, and not the cessation of growth, is the challenge facing the Community. It is not a challenge that can be beaten in the next few years, but over that period the chief points must be tackled. There thus arises the problem of new priorities between industrial and public investment, and public and private consumption, which flows from the search for better quality of life.

The quality of Europeans' lives also extends to their everyday place of work. The improvement of the working environment must be one of the main objectives of industrial policy. The improvement of the working environment also implies, as we cannot deny, more democracy in factory and firm, forms of involvement of the workers in decision-making.

The Community must also tackle the problem of the distribution of wealth in Europe, as between its privileged and disadvantaged regions, and between Europe and the developing countries. If we do not wish to cause a tragic widening of the gulf between us and the "third world", we must open our frontiers to its products. This is the second challenge facing Europe.

I hope that this conference will not confine itself to defining the objectives, but will also point to the means of attaining them. An effective regional policy must be able to draw on considerable Community resources, in the form of a regional fund, or a strengthened European Investment Bank. But not only more resources are needed; it must also be said that the Community's present institutions are not in a position to take on the new tasks. The Member States must give the Community powers to conduct regional, industrial, technological and ecological policy, they must agree to its financial resources being increased, and agree to the Commission's having the power to initiate measures, they must agree to legislative and financial decisions being taken not only by the Council but also by the European Parliament, a guarantee of democratic legitimacy. Lastly, they must recognize that, for all these reasons, the time has now come for the direct election of the European Parliament by the people of Europe.

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