

REPORT
OF THE STUDY GROUP ON THE

New characteristics
of socio-economic development

"A blueprint for Europe"

This Report has been prepared by a group of independent experts set up by the Commission. Nevertheless, the opinions expressed therein are the responsibility of the Group alone and not of the Commission or its staff.

Brussels, December 1977

STUDY-GROUP

NEW CHARACTERISTICS OF SOCIO-ECONOMIC DEVELOPMENT

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Chairman:

Giorgio RUFFOLO President of the società "Finanziaria
Meridionale" Rome

Members:

Michel ALBERT, Commissaire-adjoint, Commissariat
général du Plan, Paris

René BONETY, Expert du service économique, CFDT,
Paris

Ivor BROWNE, Professor, University College, Dublin

Jacques DELORS, Professor, Université Paris-Dauphine,
Paris

Peter HALL, Professor, University of Reading,
Reading

Beate KOHLER, Professor, Technische Hochschule,
Darmstadt

Ole LANDO, Professor, Copenhagen School of Economics
and Business Administration, Copenhagen

Willem MOLLE, Nederlands Economisch Instituut,
Rotterdam

Piero POZZOLI, Vice-Président, Confindustria, Rome

James REID, Shop Convenor, Marathon Shipbuilding Ltd,
Clydebank

Francis RIGAUX, Professor, Université de Louvain,
Bruxelles

Harald SCHERF, Professor, Institut für Statistik und
Oekonometrie, Universität, Hambourg

Secretariat:

Gaetano SPERANZA, Commission, Directorate general for
Economic and Financial Affairs

Henri C.A. TIELEMAN, Commission, Directorate general for
Economic and Financial Affairs

Jurgen SCHUELER
(until 31.10.1976) Commission, Directorate general for
Economic and Financial Affairs

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I N T R O D U C T I O N

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1. The broad terms of reference which the Commission gave to the Group called for a wide-ranging approach to economic problems and related issues. Viewed from a short-term perspective, the far-reaching changes which have taken place or are in the process of taking place in our economy and our society are either not clearly seen or are seen only negatively as factors of instability and disorder.

2. The Group has therefore felt it best to adopt a broader outlook, an overall view of the problems, such as might allow it to discern the major outlines and most salient features of economic and social trends, the problems which these pose and the solutions which might be applied.

3. These objectives imply three broad requirements. There must be a long-term view of the situation; the facts must be appraised not only in quantitative terms but also, and perhaps especially, in qualitative terms, since this is essential if we are to analyse the crucial problem today, i.e. growing social and cultural claims and demands; and, finally, there must be a deliberately normative approach.

All in all, the Group has not tried to map out the general outlook on the future of the countries of Europe in each and every field; thus, for example, basic issues as demographic, defense and energy problems have not been covered. It has tried to analyse basic differences and contradictions and to indicate a number of paths by means of which the countries of Europe could try to overcome these contradictions.

A long-term view

4. The attention of governments and public opinion is at present concentrated anxiously on day-to-day problems. This attitude seems to many people to be the most concrete and realistic one.

Concentrating completely on short term problems is in the long term harmful to the extent that it prevents people from getting at the deep seated causes of such problems. The difficulties with which Europe is struggling have certain of their roots in its economic and social structure. Failure to find a solution to these problems leads to the seizing up of day-to-day government policy, which ends up by having less room for manoeuvre. This produces a general and growing impression of "ungovernability".

However, in the short term, the die is cast. It is only within a sufficiently long term framework that it will be possible to identify, firstly, the tendencies which are determining economic and social structures, and, secondly, the options available for controlling them and guiding them along the desired path.

A qualitative approach

5. The Fourth Medium-term Economic Policy Programme does, it is true, try to find solutions for these problems. However, one can only doubt the effectiveness of an approach based essentially on an extension of previous trends. Certainly a number of recommendations put forward in the Fourth Programme are a step in the right direction. Thus, it is rightly stated that full employment and economic stability require more balanced growth, a broader consensus and strict self-discipline on the part of the two sides of industry, and that a more active labour market policy must be developed to regulate job demand and supply.

However, one might well ask whether these guidelines and recommendations do not in the end miss the basic causes of the crisis which Europe is going through, causes which are to do with the type of growth, the reasons for social unrest, and the very role of work in our society.

In other words, the question which one might ask is whether the root cause of the crisis should not be sought in the prevailing values and institutions or, more precisely, in the fact that neither of these any longer meets the needs and aspirations of society.

If this is so, any attempt to establish a basis for more balanced growth without giving rise to problems of this type runs the risk of overlooking the essentials. Even the most courageous recommendations (which the Fourth Programme quite rightly stresses : the need to fight social injustice, to reduce inequalities and to encourage broader participation) lose some of their weight if one does not ask to what extent these aspirations and recommendations are compatible with the values and institutions which for the past thirty years have formed the fabric and framework of economic growth.

The Group is convinced that a resumption of balanced growth necessarily means a basic reshaping of present trends as part of a blueprint defining explicitly the long-term objectives of economic and social development.

A normative approach

6. This has led the Group to examine the role which could be played in this reshaping process by national and supranational institutions (the nation state, economic and union forces, the European Community) and to look at the role which can be played by the new forms of self-organization which are developing spontaneously today in our society.

7. This threefold approach may be considered rather ambitious; however, the Group has assumed that the subject given to it called for a wide-ranging approach. There has therefore been complete freedom of expression within the Group in its analyses and in putting forward proposals; this has meant that the report contains a number of provocative and critical ideas, particularly as regards the meaning of growth, the search for another type of growth and reforming the institutions.

The report is in three parts:

8. In the first part, there is an examination of the principal characteristics of the steady growth phase which marked the 25 years since the war, the structural changes which took place during this period, the factors behind the crisis which emerged at the end of the sixties and the beginning of the seventies, and the changes which this crisis has produced in economic and social development.

This analysis helps to shed light on the lack of progress towards economic and monetary union and on the divergent trends which member countries' economies seem to be pursuing. If the trends of the past ten years continue, the difficulties at present facing our society will only get worse and this outlook will provide corroboration for those who believe that the model on which post-war growth in Western Europe was based has now reached an impasse.

9. In response to this analysis, the second part presents a scenario for the future, attempting to outline a model of development which will meet the basic aspirations of an advanced and differentiated society while at the same time remaining compatible with the foreseeable technological and ecological constraints of tomorrow.

The Group puts forward a number of proposals in this second part regarding both our model of production and consumption and the social relationships which would be engendered by any economic

re-organization. The Group also examines the conditions in which it believes it would be possible to correct present disequilibria in the field of re-organization of space, the importance of redistributing time and a redistribution of power.

10. Finally, in the third part, the Group has tried to work from the present situation towards this new model of development, starting with the outlining of a strategy for recovery. The Group puts forward proposals for developing policy on institutions so as to correct the most pressing social disequilibria and provide a basis for future progress.

Here, the Group examines what it considers to be the foundations of the system we live in, foundations which must be transformed. The areas covered include not only the search for new equilibria between market, public sector and planning, but also subjects which are less widely discussed today, such as the development of a third system based on relations of self-management in social cooperation. It is within the context of this policy that the Group has analysed the role which it believes should be given to the European institutions, at the same time a pre-condition for and a constraint on a resumption of progress in European integration.

P A R T O N E

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E U R O P E A T T H E C R O S S R O A D S

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11. It is tempting to see the September 1973 oil crisis as one of those events in history which mark the passing of an era, in this case from the golden age of growth to an age of anxiety. Such an interpretation would, however, be over-simplified and over-melodramatic. In fact, the golden age was never all that golden. And there was ample cause for anxiety long before the members of OPEC got together to charge a common, much higher, price for oil.

The easy years

12. Nevertheless it is true that in the first twenty-five years after the war, Europe enjoyed one of the most prosperous periods in its history, characterised by a sharp increase in the standard of living owing to the unprecedented growth of industrial production. In most of the countries education and knowledge also progressed substantially. There was a very heavy increase in the numbers of university students, and education at all levels improved both quantitatively and qualitatively. Social security was considerably improved. The increase in the use of communications media raised the general public's cultural level.

At the same time the values of European democracy have been preserved, strengthened and even extended; the degree of political and individual freedom enjoyed in the nine countries is relatively high, and the quality and variety of their cultures is enhancing the values of European civilization. People living in poverty have little interest in political and individual liberties, pluralism and the quality of culture. However, as the standards of living and the level of education increase, these values become more important for wider groups of the population than in the past.

13. Internationally, this achievement was made easier by relatively stable conditions which were brought about by the United States' incontrovertible hegemony over the Western world, and underpinned by a balance of power, of a kind, between the advanced industrialized countries and the economically underdeveloped countries, at the expense of the latter.

14. Internally, growth was favoured by:

(a) an abundance of manpower

- within certain countries due to the rural exodus (Italy, France, Denmark)
- as a result of immigration (Germany, Belgium, France)

(b) the power of a stock of technological innovations built up during the war

(c) heavy pressure of demand pent up during the war. From the point of view of society, the rapid increase in average prosperity for a generation which had experienced the depression of the Thirties and the hardships of the war meant that many social and economic needs could be met, so that, for a time at least, the problem of inequalities, both old and new, caused less social conflict. However, with the increase in prosperity came also an increase in the inequalities of wealth between countries, regions and social classes.

15. The decision of six European countries to join together in a "common market", as a first step towards economic union and political unity, was another powerful factor favouring growth.

The difficult years

16. This generally bright picture had already begun to darken by the late sixties.

The student revolts which exploded in 1968 were the first significant symptom of new latent social conflict. After 1970, international economic relations were disrupted by the monetary crisis. At the end of 1973, the oil crisis altered the balance of power between advanced industrialized countries and commodity-exporting countries. The oil crisis came on top of the new inflationary strains which had developed in the meantime, and made them worse.

In the same years the spectre of unemployment reappeared in Europe.

It would be wrong to see these developments, and the difficulties arising from them, as merely incidental. It is increasingly clear that they reflect a manifestation of the deeper dislocations in social structures and in institutions. These dislocations are the other side of the growth coin: the result, that is, of the disequilibria caused by growth, both in international relationships and in relationships within societies.

17. The unrest which is a feature of the new phase we are going through originates in three kinds of conflicts: international power conflicts, wealth and income distribution conflicts within societies, and political conflicts for participation in power.

The disorder in the international monetary system and the oil issue are two striking aspects of the international power struggle, in the first case among the industrialized countries themselves and in the second between the developed world and the underdeveloped world. They reveal an increasingly explicit refusal to accept a world order characterized by wide disparities of power and by blatant inequalities in the distribution of wealth.

The bouts of inflation within our countries are also rooted in this same rejection of disparities in the distribution of income and wealth. Inflation is the economic expression of social conflict. In a predominantly acquisitive society, all aspirations to progress and happiness are ultimately expressed in economic demands. Inflation acts as the "economic mollifier" for these social rigidities: a mollifier which prolongs the difficulties and creates new ones.

18. A higher level of material wellbeing and education strengthens the desire of ordinary people for participation in the decisions which concern them. Forces in the opposite direction, however, are the growth and concentration of economic power and the bureaucratization of political power. These conflicts are therefore rooted in a more profound, moral dissatisfaction with the results and the significance of growth, because of its ecological effects, its costs in human terms, and its lack of a purpose over and above growth itself. Hence a loss of bearings, a sense of futility and irrationality, which produce frustration and violence.

19. The problems raised by these conflicts and the economic, social and moral aspects of the crisis which Europe is going through have been dealt with in detailed analyses. The Group did not feel it appropriate to make yet another diagnosis. It preferred, instead, to attempt to identify the more serious deadlocks brought about by the crisis, and to suggest ways of breaking out of them.

Two aspects of the European problem seem particularly crucial:

- the obvious inability to restore a satisfactory coexistent relationship between development, monetary stability and employment;
- the paralysis of the process of European integration.

20. Two important documents have tackled the first problem in a Community context: the report on the problems of inflation¹

¹ Report of the Study group on "Problems of Inflation", Brussels, 3.3.1976

and the report on the problems of employment².

The findings in these two documents agree significantly in drawing attention to:

- (a) the importance of the new structural aspects of employment and inflation and hence the inadequacy of traditional demand management policies for tackling them effectively;
- (b) the close interrelationship between the two problems: the inflation-unemployment mix is the specific form assumed by the social conflict at economic level in a phase of growing rigidity of social structures.

2 As far as inflation, in particular, is concerned, a "deep-rooted malady undermining our democratic society", it is partly due to short-term, "conjunctural" factors - such as the synchronization of economic cycles within the countries of the European Community, the disorder in the international monetary system, rising commodity prices, pressure for higher incomes, and inadequate economic policy coordination - but, as is emphasized by the inflation report, structural factors play also an important role; these are essentially linked to:

- the growing institutional rigidities, particularly those stemming from the growth of the meso-economy, i.e. of large industrial groups;
- the growing wave of quantitative demands by individuals and social groups (generated not only by the inducements offered by the consumer society but also by the increasing intolerance with regard to social inequalities);
- the extension of State protection and subsidies, which force up costs (through "tax push") and spur on demand.

This explains the limited scope and the relative ineffectiveness of cyclical anti-inflation policies which attempt to neutralize these factors only after they have taken effect, concentrating mainly on demand. Such policies result in restrictive measures which aggravate unemployment still further without successfully eliminating the causes of inflation.

22. Also, as far as unemployment is concerned, we cannot confine our attention to its short-term economic implications, since unemployment is not simply the short-term outcome of anti-inflation policies geared to curbing demand. There is, in addition, a structural tendency (which could well become even more marked over the years ahead) for unemployment to increase under the combined impact of several factors, which may be divided into two groups:

² Report "Outlook for Employment in the European Community in 1980" Brussels, July 1976

(a) causes affecting labour demand:

- the end of a major cycle of "autonomous" investment brought about by the large-scale technological innovations of the post-war period;
- the rise in productivity due to labour-saving techniques;
- the tendency towards saturation of certain markets;

(b) causes affecting labour supply:

- the increase in the female activity rate. Until recently, only women belonging to the least favoured sections of the population worked, whereas now women from all social categories may work. Society has adapted very badly to this trend;
- changes in attitudes to work. There is a growing qualitative discrepancy between the kind of jobs offered and the kind of jobs people want. This is particularly true of young people who, because of a higher level of education, look for better quality jobs;
- demographic trends. Until 1990 labour supply will continue to increase whilst population growth rate in Europe will fall gradually between now and 1990 and as this will result in a more limited labour supply by about the year 2000, the structure of the labour market will be considerably changed.

23. The combined impact of these factors is that, at constant output, the demand for labour falls, particularly the demand for certain categories of unskilled workers (young people, women ...), who are replaced by immigrant labour. Furthermore all these categories - young people just as much as women and immigrants - are often less well paid than other workers; this applies particularly to women teachers, textile workers, etc.¹

This generates social tensions which lead to an increase in State transfer payments and subsidies. This in turn gives rise to inflationary pressures and a reduction in public resources available for investment and job-creation. In the case of unemployment, as in the case of inflation, short-term economic policies consisting mainly of providing unemployment benefits and subsidies to firms boost public spending and fuel inflation without attacking the structural causes of unemployment.

Furthermore, demographic trends require a flexible short-term employment policy which would bring about an increase in labour mobility and would prepare the young in particular to meet the social and economic necessities of society.

¹ Legal equality should however progressively be arrived at; see comparisons of the Nine legal systems in the Defrenne case (Court of Justice of the European Communities).

24. Inflation and unemployment are phenomena which hurt most those classes of Community citizen whose position is weakest: those, that is, who do not succeed in indexing their incomes in some way, in defending themselves against the threat of loss of work, or at least in obtaining adequate compensation and benefits. The cost of the conflict is charged mainly to those least able to pay (immigrant workers, youngsters in search of their first job, women, the elderly), creating an "external proletariat" of people on the fringes of society, forming a dangerous area of latent strain, as can be seen from the demonstrations of young people in some countries. Only policies which tackle the causes of these tensions, rooted in the structure of production, the organization of work, the distribution of incomes, and the pattern of consumption, will make it possible to get out of the impasse represented by the vicious circle of inflation and unemployment.

The inability of the European governments to initiate such policies explains not only why the domestic economic tensions are so difficult to control in most of our countries, but also the widening gap between the different national policies themselves, and hence the worsening of the integration crisis which is the second great deadlock in the European problem.

25. The difficulties hampering European integration, naturally, have more distant causes. The deep-seated motives which had inspired the foundation of the Community seem to have lost some, if not all, of their impact today. The variety of real national situations is more important than the common design of integration. Everyday concerns have obscured the historic significance of the project. We must also consider whether the premises of the initial model were not incompatible with the established objective.

For we have seen the fundamental assumption that the unity of markets would bring about a fast integration of the economies and that this would hasten political union, proved wrong.

The once so brilliant success of the customs union has run aground on the shoals of Economic and Monetary Union.

26. The pretence of introducing rigid restraints - in the form of fixed monetary parities - without defining common objectives has foundered on the deep structural disparities in the various Community countries. The reduction of these disparities is not a task to be left to the spontaneous mechanism of market forces, which quite often, in fact, tends to accentuate them further. It should be the objective of a policy planned on a Community-wide scale. Failing such a policy, each country is compelled to concentrate on its own problems alone; this is especially the case when external disturbances (the international monetary crisis, the oil crisis) are the stronger: their impact on the various countries is far from uniform, and each must use its own resources to tackle them.

27. In these circumstances, not only the aim of Economic and Monetary Union but also the more modest aim of coordinating short-term economic policies on a satisfactory basis seem to have been lost sight of. The European integration process cannot remain in its present stalemate position for long. Only a bold and generous advancement of the old Community design, defined on a new basis and based on a long-term programme and on the achievement of common policies, will be able to restrain and reverse today's centrifugal tendencies.

28. These tendencies have already greatly weakened Western Europe's position in the world and will continue to weaken it in the future. The great challenges looming on the world's horizon in this last quarter-century - regarding the environment and economic growth - cannot be met by the individual states acting alone. We have only to think of the immigration problems involved in the demographic expansion of the third world countries; the formidable problem of finding new sources of energy; the pollution problem recently highlighted by the accidents of Seveso in Italy and in the North Sea; the problems of food and commodity supplies; the hazards and dangers involved in scientific progress.

Not even a trace or glimmering of a choice yet exists for any of these problems - no strategy, no European commitment.

29. The fact is that, in the face of the two great deadlocks - growth and integration - which cannot be broken without far-sighted efforts, supported by all, to develop new structures, the policies of the European governments are marked by "short-sighted realism". In order to draw the Commission's attention to the danger of such an attitude for Europe's position in the world and for the wellbeing and progress of its peoples, the Group has outlined, in Parts Two and Three of this Report, the main aspects of an extensive reorientation of economic and social development and an outline of institutional changes which could be envisaged.

P A R T T W O

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A B L U E P R I N T F O R E U R O P E

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30. The prospect of returning to the type of growth we have witnessed during the last two years, even after a fairly strenuous period of adjustment, does not seem very realistic.

The economic, social and political conditions which allowed this type of undifferentiated and unbalanced growth have radically changed.

In the new context, the dangers and strains created by "unorganized" growth are becoming daily more obvious. There must therefore be, as of now, an economic and social change of direction towards balanced development on the basis of a deliberate blueprint.

31. The Group has endeavoured to map out the broad lines of a blueprint for Europe, not on the basis of abstract principles, but by taking account of the internal and external inconsistencies of the previous development model.

It is clear that such an attempt can only be exploratory in nature. The Group would in no way claim that the proposals set out below are in all respect mutually consistent and precisely defined, it merely wishes to put forward a number of ideas which will stimulate forward-looking, imaginative thinking of the kind Europe needs today as never before.

32. In the Group's opinion, the basic features of a blueprint for European society are the following; the first six of these topics are dealt with briefly in Part Two of the report, the last two topics are to be dealt with in Part Three, which covers institutional changes.

Part Two:

- greater economy in the use of resources (chap. I)
- fairer distribution of incomes and wealth (chap. II)
- reorganization of space (chap. III)
- redistribution of time between education, work, leisure activities (chap. IV)
- reform of education (chap. V)
- development of information (chap. VI)

Part Three:

- basic redistribution of social activities between the three systems of the market, administration and community self-management
- the reform of the European institutions.

CHAPTER I - A MORE SOBER ECONOMY

33. The first pre-condition which must be met if society is to regain control of its development is that it must be in a position to regulate the growth of the productive apparatus. The choice is not between expansion and zero-growth, but, as has been said in some quarters¹, between non-differentiated, uncontrolled, "inorganic" growth on the one hand and organic growth, proportioned in its various constituent elements and tailored to its environment, on the other.

34. This means that the productive apparatus and the consumption model must be restructured; in this respect, two requirements may be discerned:

- (a) observance of ecological constraints. It is only recently that man has discovered that his natural resources, including space, air, water, materials and time, are not unlimited and that they are not simply "there for the taking". At the same time he has become more aware of the major harm which uncontrolled and inorganic growth causes to the natural and human environment. Man must therefore try to apply stricter self-discipline in these areas;
- (b) the reorganization of production units and production techniques. The main emphasis in the trend of recent production techniques has been placed on heavy technology and large firms. In future, greater scope will have to be given to light technology and small and medium-sized firms. This does not mean a return to simple and primitive technology, but on the contrary the application of highly sophisticated systems, based particularly on the development of information processing technology.

35. With regard to production techniques, it is becoming increasingly clear that allowing technology to be guided by the criterion of maximizing production is irrational, since it is both harmful to the environment and dehumanizing.

Two basic facts should guide technological progress: firstly, natural resources are not inexhaustible, and secondly, production should serve man and not vice versa.

¹ Mesarovic and Pestel "Mankind at the Turning Point": Hutchinson, London, 1974.

Saving resources, developing intellectual potential and enhancing the level of creativity and self-fulfillment at work, are much more important objectives, in a relatively rich society, than the maximization of production, involving as it does a growing encroachment on our stock of natural resources.

36. The three basic guidelines for reshaping technological development should be:

- (a) energy and raw material saving;
- (b) development of data-processing technology allowing production processes to be broken down and operations to be decentralized;
- (c) development of "intermediate" or "light" technology which does not economize, but on the contrary makes use of labour and human intelligence, thus attaining the objectives of production with a higher level of employment.

37. Regarding the size of firms, there is of course no question of renouncing economies of scale, and in some industries and in order to meet some requirements, this means that there must be large production units; however, the process must be limited to what is strictly necessary, avoiding mergers carried out simply to achieve greater power. There must also be an effort to promote small and medium-sized firms as part of a "community network" (consortia, cooperatives, marketing and information centres, etc.)¹ so as to protect them from the dominance of large firms, to increase their profitability, and to achieve an optimum combination between economies of scale (provided by the networks) and economies of flexibility, which are the characteristics of small production units, and also to find a human optimum in terms of comprehension, communication and participation.

Restructuring production along the lines of light technology and smaller firms will make it possible to humanize the type of work, make it less impersonal and to save raw materials and energy.

38. However, if these goals are to be attained, the present inflationary and wasteful consumption model must be changed.

In this connection, the Group examined with interest the comments and suggestions of the Study Group on the Problems of Inflation, in particular:

¹ See Part Three, Chapter III.

- the need to move the range of requirements to be met towards more qualitative, collective and cultural requirements, while at the same time curbing the most trivial needs and factitious but costly innovations;
- the need to inform and protect consumers;
- the need to combat waste¹.

39. The Group would also like to underline the findings of a group of independent experts on employment prospects² concerning anti-inflationary promotion of employment, and it attaches great importance to the measures mentioned in the report:

- measures affecting the level, the quality and the distribution of labour supply;
- measures to match labour supply and demand (placement and training measures);
- specific measures to create jobs.

¹ See Report of the Study Group on the Problems of Inflation, Brussels, 3 March 1976, pp. 19 ff.

² Report "Outlook for Employment in the European Community to 1980" Brussels, July 1976.

CHAPTER II - REDISTRIBUTION OF INCOMES AND WEALTH

40. The question of whether growth has been accompanied by a fall or an increase of inequalities in the distribution of incomes and wealth is the subject of some controversy. At least as far as incomes are concerned, the spread of inequalities has probably been generally reduced, though income equalization has been greater in some Community countries than in others.

At the same time, however, the degree to which inequalities are tolerated has also decreased. As the standard of living increases and as culture progresses (i.e. as the cultural environment becomes more homogeneous), so egalitarian pressure inherent in the very nature of democracy increases. Inequality as a stimulus of initiative seems to play a minor role as general well-being increases, while at the same time its disruptive effects on the fabric of society become increasingly obvious. In a consumer-orientated society where values are in the long run measured in terms of wealth, "social-envy" can only increase and, with it, the self-interest of individuals and groups. This trend probably explains the increasingly strong demands for greater equality of living conditions and social status voiced in all the member countries.

41. Developing towards a more temperate society entails achieving a fairer distribution of wealth. The degree of intolerance of economic inequalities naturally differs in the various countries of Europe as a result of factors inherent in each country as regards history, social structure and level of economic development. It would nevertheless appear necessary, in any blueprint for Europe, to define three basic points of reference around which a policy of achieving balance in the distribution of incomes and in the distribution of wealth could revolve:

- (a) the principle and determination of a minimum social income guaranteed to each European citizen and measured in real terms (essential goods and services);
- (b) the principle and determination of a maximum spread of inequalities which would reconcile the undeniable need to achieve material advancement and incentive with demands for greater equality;
- (c) the principle of tighter restrictions on hereditary wealth, which has the effect of cumulatively perpetuating inequalities in the structure of private wealth.

42. Policies aimed at restoring balance in the distribution of incomes and wealth must be pursued firmly.

These redistribution policies must form an integral part of a deliberate income distribution policy, which is needed in the short and medium term to ensure coherency in the economic system as a whole. It is obvious that to the extent that the need for coherency and the need for social equity are tackled on a joint front, the two policies will be mutually reinforced. In particular, the sacrifices and restraint which an incomes policy necessarily entail will be all the more easily accepted if they form part of a wider context of measures to reduce inequalities of all kinds.

In the medium term, the policy to reduce inequalities should be based on:

- the setting up of a system of information on incomes and wealth;
- the fight against tax fraud;
- a regional action policy aimed at reducing geographical inequalities.

43. The classic contention that social inequality is a source of injustice but also a source of progress has considerably weakened as a result of economic development and cultural progress.

It is however important to ensure carefully that reducing economic inequalities does not lead to a process of uniformity in social life and to the stifling of individual initiative.

Each reduction of economic inequalities must be offset by new forms of competition and emulation in social, cultural and political fields, and by incentives which fulfil the need for self-affirmation proper to human nature, though in a less crude way than present incentives based on wealth and power.

Thus, society must be given a structure which is not only differentiated in its functions, but also pluralistic and participatory. This further emphasizes the need for community pluralism (dealt with in Part Three of the report).

CHAPTER III - REORGANIZATION OF SPACE

44. In traditional society, the way of life was determined by social groups at town, residential district, parish or family level; there was a relatively rigid social hierarchy which allotted everyone his proper place.

Industrialization and urbanization have virtually destroyed this type of territorial organization. The rural areas have been abandoned by most of their working population and are now marked by their high proportion of women and especially old people. Around the old-established cities, which experienced a massive influx of immigrants, large conurbations have grown up, stifling economic vitality and jeopardizing social equilibrium.

Today we are seeing signs of a reaction against these trends with the beginnings of a process of decentralization. However, if left to itself, this process could become just as "disorganized" as that which led to urban concentration, causing the decay of the cities and further upsetting town and country planning.

45. A town and country planning policy is not simply a technical and administrative problem; it involves first and foremost the problem of democratic participation. Non-participatory decentralization produces a "mini-bureaucracy" or a "mini-technocracy" which is often more short-sighted and more corporatist than large-scale bureaucracies. The design of a town is a question which concerns all its inhabitants. Redevelopment plans must be drawn up in broad outline only and then put to the process of democratic approval.

There must, firstly, be a policy of participation on the part of the local authorities within the context of a reform of education (Part Two, Chapter V) and the third system (Part Three, Chapter III).

Close contact should be established with the populations involved by setting up of area and district committees. Those inhabitants who will make use of the new structures and benefit from urban redevelopment, are best placed to express the needs felt by the various groups of the population.

These area committees could be consulted on the choices to be made between the various possible forms of development (offices or houses, land given over to building or set aside for recreation and parks, etc.) and the financial means to be employed. New relationships between the powers of elected representatives and the powers of associations will need to be defined.

46. A general town and country planning policy must be based on the constraints of the present situation. It cannot resort simply to either a centralized model (megalopolis) or a decentralized model (closed system of small towns), but should be developed along the lines of a systematic, composite model including:

- small urban centres
- small work centres
- large communication networks.

47. Small urban centres: Urban areas should range in size from large villages to medium-sized towns (50.000 to 100.000 inhabitants), which might naturally combine to form larger conurbations of several hundred thousand inhabitants, but with each individual unit area retaining its own identity.

Small towns with well-defined districts would provide the best antidote to the anonymous, impersonal and dull nature of cities. They should be carefully integrated with their surroundings, allowing more people to combine urban and rural modes of life and work.

48. Small work centres: The development of electronic communications, which will certainly be the most spectacular technological feat of the last decades of the twentieth century, will probably allow some kinds of work to be wholly or partially carried out at the home or in decentralized workshops or offices. People living in small towns will tend more and more to work in small basic groups, a particular feature of which will be direct personal contact. This should enable many more people to live close to their work, reducing the need for urban transportation. Naturally, an important part of production activities will be carried out by larger units, which should be located in industrial regions, rationally equipped in relation to the rest of the district and efficiently connected with the urban system.

Clearly, this does not mean a return to working at home as the way to work, but progressively improving technological and social organization, which would require specific and reinforced social protection.

49. Communication networks: The deterioration in public transport services is basically due to traffic problems. Steps must be taken to establish an economic balance between public and private transport by:

- introducing a more effective and more widespread system of parking close to the work centres, so long as these are small and dispersed;

- restricting private cars' access to the central street systems in the larger city centres because of congestion problems and limiting them to pedestrians, non-motorized traffic and public transport;
- developing a network of modern, comfortable and fast public transport services in all but the largest cities; this will best be achieved by a combination of buses on reserved tracks, buses on ordinary streets, and para-transit (minibus, dial-a-bus, and shared taxi);
- staggering daily or holiday journeys.

50. Telecommunications will be rapidly developed and should be the subject of a European effort in cooperative R and D, involving both the National Post Offices and private industry; eventually a supra-national European telecommunications agency may be necessary. The new technologies will include data transmission and display, domestic computer access and electronic letters; these will employ familiar domestic objects such as the television set, the typewriter and the telephone, to create access to information now enjoyed only by large offices or university complexes. The result will be the encouragement of decentralization of activities into small, even domestic units with the result that the work will literally come to the worker.

51. The increased demand for high amenity, the development of free time and the increased reaction against larger cities, all will create a demand for preservation of open space (green belts and parks, etc.). In particular a very strict policy must be applied to protect sites of natural beauty and forests which are being encroached upon by industrialization and uncontrolled urbanization.

The old industrial regions disfigured by the industrial revolution, and abandoned by residents and employers, will find it more and more difficult to attract replacement manufacturing or service industry; this will bring them up against the problem of renovating and re-using sites and converting to new industries.

52. The idea is not to advocate a design for an abstract new town created in a vacuum, but to put forward a set of guidelines for the patient reconstruction of a real and living urban system starting from the actual urban structure.

Thus, in the magma of the large metropolis, a logical system can be remodelled gradually by rebuilding within living sub-systems (urban districts), demolishing those areas where the

urban fabric has irreversibly deteriorated, while at the same time protecting historical centres, modernizing public transport systems and restricting and regulating private traffic; efforts would also have to be made to restrict any exodus from town centres to suburbs, on the one hand, and the rural exodus on the other.

53. The basic instruments for this reorganization of space which must be implemented immediately are, over and above overall economic policy, the following:

- a town-planning and housing policy designed to discourage large urban concentrations and to promote the decentralization of economic, administrative and cultural activities;
- a transport policy which will, through the rational specialization of the public and private transport networks, allow smoother and more rapid traffic flows within and between the separate urban units with a minimum of time-wasting, congestion and pollution. This policy would enable the development of polycentric systems of cities served by a combination of private and public (principally bus and para-transit) transportation. The use of modern transport and communications technology (visible and invisible) should make it possible to link "small" and "large" towns by providing a smoothly functioning and coherent system while guaranteeing autonomy for its constituent parts;
- a policy on "green spaces" in the metropolitan areas and in the small centres;
- a policy of renewal in the old industrial area;
- a financial policy based on legislation in respect of landed property to eliminate the harmful effects of property speculation.

CHAPTER IV - THE REDISTRIBUTION OF TIME

54. So far, the yield from collective efforts has been converted mostly into an additional production of goods and services which has permitted a very significant rise in the standard of living. It is true that during these twenty-five years of strong economic growth, the length of the work year has been reduced, but on a far smaller scale than that by which consumption has increased. In addition, congestion has made the ordinary course of daily life a more complicated affair so that in many cases the same tasks now take a good deal longer than before. All in all, it has been calculated that for many wage-earners living and working in large urban areas, the gain obtained from a reduction in the working day has been cancelled out by losses due to the greater distance of their residence from their place of work and to traffic congestion in the cities. However, we must not forget that increases in distances from home to work are partly voluntary, since many people prefer to live in the country and to work in the towns, where wages and salaries are higher.

The time seems to be ripe for implementing a "time budget" policy, of which the principal objective would be to provide every man and woman with "time for living". In other words, the benefits of economic and social development should be shared out differently between material factors - individual or collective consumption - and immaterial factors - a gain in free time.

55. This policy must have two main features, which are in part complementary:

- a reduction in the number of working hours;
- increased leisure opportunities for everyone by means of a greater range of choice of activities outside work; the time gained must allow greater personal and cultural fulfilment.

Within this framework, in order to get away from the present system, greater equality among individuals must be achieved through the sharing out of arduous and exacting tasks among the various sections of the population on an as large as possible basis and during a limited period of people's lives.

A reduction in the number of working hours

56. In this respect bold proposals must be put forward if we want to change the relationship between quantity and quality and, by redistributing the work available, make some contribution

to the fight against structural under-employment. Redistributing the work available would imply a change in the balance of work carried out by men and women.

It is workers involved in repetitive and arduous jobs who should first and foremost benefit from a reduction in working hours. Ways and means of introducing the 30-hour week for such workers - and its implications - must be studied. The gradual reduction in the working week must be managed in such a way that it does not result in a drop in living standards.

A greater variety of choice for individuals

57. A census should be made of all those facilities, in the law and in social practices, which already help to free working life from certain constraints:

- free choice of working hours
- free choice of retirement age
- the benefit of facilities for permanent vocational training and adult education.

Ways of widening the choice for women between going out to work and looking after the home should also be studied more closely. Equality between the sexes as regards income and access to jobs must be seen as a fundamental aspect to be complied with if we are to evolve a society which respects the capacities of each individual.

58. More systematic solutions have already been studied within some international bodies, under the name of time-budgeting, i.e. the possibility of allocating all citizens a certain "credit" in terms of time, to be used in different ways: for study, vocational training, free time, etc.. Such a system has two conclusive advantages over present practice: greater equality of opportunity between individuals, as each would have the same rights in a time bank available to all; greater flexibility, for this time could be used, at everyone's convenience, either for educational or leisure activities, or for early retirement. It is clear that the implementation of such a policy poses difficult problems in reconciling the conflicting desires of those concerned, in compromising between the requirements of production and the wishes of individuals. In embryo, such systems are already being practiced under some collective agreements within the steel and electronic industries of the USA.

CHAPTER V - THE REFORM OF EDUCATION

59. The education of young people has hitherto been based on the idea that after leaving school, they would spend most of their energy and a large part of their time in working activities. Nowadays we know that they will probably spend less of their lives at work. The general tendency to reduce working hours will continue for a large proportion of the population. The resulting problem (dealt with in Chapter IV) of achieving a different distribution of work, if a section of the population is not to be condemned to unemployment, together with a different distribution in peoples' lives between work and free time, brings us to the problem of reviewing and carrying out a fundamental reform of the aims, criteria and institutions on which our education system is based.

60. The following should be the main criteria:

- the gradual elimination of barriers between study and working life;
- the gradual elimination of barriers between vocational training and general education;
- the transformation of the content of education, which is today, generally speaking, a passive transmission of abstract notions and rules, making it instead an education towards the critical comprehension of our age and its problems;
- the extension of education into a life-long process.

On the basis of these criteria, the Group has focussed its attention on the following four areas relating to the reform of education:

- education for participation;
- education for leisure;
- permanent education;
- vocational training.

Education for participation

61. If the future European citizen is to participate more fully in the decision-making processes of society, he must acquire from early years some knowledge of the basic ideas of the functioning of society, the management of an enterprise - public or private - the administration of a municipality, the government of a country and functioning of international organizations such as the European Communities.

The future European citizen must also be aware of the principal economic and social problems of his time: for example, famine, overpopulation and pollution. He must have adequate economic,

sociological and political knowledge if he is to understand how our society functions. He must know how to make judgements concerning the problems of the present-day world, how to make choices, and to make and implement decisions in society and in his own life. This training for society should not only be theoretical but practical also, in so far as students should be given the opportunity to participate actively in the decision-making process within organizations (school boards, etc.) and to work part time out of school.

Education for leisure

62. The new equilibria which will be established in the future between occupational and social activities and hobby, cultural and leisure activities will require changes in mental attitudes for which preparation must be made.

Such a change may bring the individual to reflect on his proper role in the family and in society and to improve and intensify social relationships (parent-child relationships, relationships between neighbours and at work).

Having thus found his place in a strengthened social fabric, the individual could develop his hobby activities, engage in sport and not only get to know and appreciate the arts (literature, music, painting, the theatre) but take active part in them as well.

Although attempts in education to stimulate artistic capacities are usually well received by children and young people, most adults today do not in fact take part in any artistic activity.

Permanent education

63. It is in this field that the changes, already begun, should be most striking. Education should not remain a privilege reserved solely for a section of the younger generation. If it is considered necessary to inform children and the young about the society in which they live, it should also be considered necessary to inform them of how it has changed ten years later and to develop their minds accordingly. Schools should therefore no longer be reserved for the young alone. Classrooms and sports fields should be used by students of all ages in accordance with timetables and arrangements adapted to suit each particular case. This poses the problem of the physical and social structure of the school in an advanced society. The authorization and closed nature of most of our schools is not in line with the requirements of an active, formative institution. Schools and universities should be transformed into open and multi-purpose cities of culture (courses, apprenticeship, experiments, drama, sport and social living).

These "cities" should be the real, new "forum", the fundamental social institution, of the new society, and should thus, from an urban, architectural and artistic point of view, provide an opportunity for the application and self-expression of individuals' and society's creative potential.

Vocational training

64. Finally, vocational training, which is of vital importance, must aim to:

- produce specialists not trained solely for technical jobs;
- ensure greater equality of opportunity as regards access to the various kinds of specialization;
- extend the possibility of resuming full-time vocational studies after a few years of practical work and combine this with sandwich courses for workers;
- give everyone the chance to extend his knowledge, retrain or even change his trade, occupation or social activity, as the economic and social environment develops;
- give credits to students for practical experiences obtained before or during their studies.

Clearly, an open and continuous system of vocational training affords the best means of matching labour demand and supply. However, this matching can only be carried out through specific structures for orientation labour demand and supply, structures which would perform functions of forecasting, assisting, guiding and retraining as part of an active labour policy.

The financing of education

65. A crucial problem is how to finance an open and continuous system of education such as has been outlined above. If we continue with the traditional system of regulation whereby each person chooses his own type of training, available resources will be underutilized. In view of the increasing costs which society has to bear in providing education, one is justified in asking how society can afford to have more costly and less productive vocational training and more costly general education. Perhaps the solution would be to allocate each person a given amount of money which he would be entitled to use on whatever timetable he wished in financing his education. He could use the sum all at once (especially in the case of higher education) or in stages (sabbatical years).

In short, society must work out how much it can afford to spend on education and then decide how to split this up in the form of credits or vouchers between its citizens and on the various types of training. At the same time, it is necessary to take into account the fact that outlays for an extension of education may be considered as a substitution for unemployment allowances.

CHAPTER VI - DEVELOPMENT OF INFORMATION

66. In the final analysis, the scope for transforming European society into a more equitable and more coherent system hinges on development of education, information and the collective conscience.

In this connection, attention was drawn earlier to the importance of a radical reform of the educational system and, in Part III we will note the importance and desirability of developing communities which themselves manage a whole range of cooperative community activities.

67. We must now turn to the role of the mass media which are a new, formidable source of power and influence. They have great democratic possibilities but also harbour considerable dangers owing to the fact that "descending" information predominates, and hence there is scope for psychological or cultural manipulation. These dangers will be heightened by expected progress in the field of communication techniques, which, like any new sources of technical possibility, may in this way be misused.

Democratic controls and rules governing the use of information must be introduced, without, however, losing sight of the extremely delicate nature of the problem; we must avoid the twin dangers of political "censure" and the monopoly of information entrusted to "professional" groups answerable to no-one. Organizing alternative forms of power and information would certainly constitute progress by reducing the risk of corporatist privileges and the danger of impassiveness on the part of groups managing information.

However, the most effective response lies in adopting a pluralist approach and the proliferation of initiatives based on active and "ascending information" by establishing a wider variety of newspapers and local radio and television stations as part of a more extensive self-management and community movement. There should be greater access to economic information for all (citizens, groups representing commodity interests, etc.), and political information should be stimulated at national, regional and local level.

There should also be a general and higher rule of law on spread of information directed against monopolization of public and private mass communication.

PART THREE

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A STRATEGY FOR CHANGE

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68. A society model of the type outlined in Part Two of this report will certainly not be achieved either through spontaneous social developments or through a sudden "break" with the past.

A society model is useful and necessary to the extent that it contains the criteria and norms of a deliberate strategy for change; such a strategy must enable us to confront existing problems and pursue our actions in the direction of well-defined objectives. These actions must in particular take account of the major tendencies (economic propensities, social or institutional behaviour, etc.) within the framework of which the distribution of flows can vary (disposable income, investments, savings, etc.). Such a policy can only be conceived on a sufficiently long-term time-scale. To pose the development problem of our model means to pose the problem of planning.

69. It is only in this framework that it is possible to sufficiently comprehend the most urgent problems which we face today: inflation, unemployment and financial imbalances. At this stage of analysis there appear the problems linked with the adaptation of institutions to the development of our society: the market, the state, the forms of democracy. These institutions have for a long time been able, due to their flexibility, to come up with solutions to the difficulties which have been posed, to avoid serious crises and to increase social progress. To achieve this they have been progressively adapted and have changed from a model which one could qualify as liberal to a model with more state-intervention.

However, in the course of the last few years it has become clear that the adaptation was insufficient and the negative aspects of the model as a whole have been perceived.

70. Economic concentration and bureaucracy have led to a progressively more rigid and more cumbersome system.

The State has been progressively compelled to intervene in all sectors of economic and social life. It is of course going too far to argue that there is an irreversible trend towards the formation of a new techno-bureaucratic elite. There is no doubt, that new social levels have developed which are sources of tensions and threats for the democracy.

At the economic level, there is a tendency towards the internationalization of power through a concentration process pursued by the "multinationals"; on the other hand, within the different countries there is a tendency towards corporatist fragmentation of powers.

The social groups have a tendency to organize themselves in order to defend their particular interest as well as to return to a system on a more human scale.

71. These developments came about without prior planning and without organization. The resultant maladjustments could lead to the problem of risking an authoritarian solution.

The Group has deemed it useful to concentrate its thoughts and proposals on the following issues:

- decentralization of government;
- control of economic power;
- social self-organization;
- european institutions.

CHAPTER I - DECENTRALIZATION OF GOVERNMENT

72. The nation state is, and will certainly long remain, the basic institution of society in Europe. The increasing interdependence between countries and the growing complexity in social relationships within each country, however, have brought these structures under severe strain. The nature and intensity of this strain naturally differs widely in the various Community countries because of the wide diversity both of political and administrative institutions and of social structures.

Despite these differences, the European countries are all faced with the need to deal with certain problems at an international level and to adjust to a more and more diversified demand by decentralizing their functions and by planning their development.

As far as the first of these two subjects is concerned, we refer the reader to the thoughts developed below (Chapter IV) on the role of the European institutions. We shall confine ourselves here to a few brief suggestions on the general principles of a decentralization policy.

(a) Regional decentralization

73. If central government is to be closer to the citizen it must, first of all, delegate powers on a large scale to regional and local government; but this must take place within a framework guaranteeing the centre the essential functions and the general coordination of the system.

(b) Functional decentralization

74. At each administrative level, central, regional and local, the coordination and planning functions must be distinguished from the operative functions; the former must be assigned to departments and the latter to agencies, having a sufficient degree of independence.

(c) Versatility and adaptability

75. A modern administration must adapt to change. The ideal model should be that of project departments, linked to specific tasks for specific periods, as compared with the conventional permanent department dealing with an entire sector.

This implies that its members will be extremely mobile and versatile, and work as a team in contrast with the relatively rigid and hierarchical status of the traditional government

department. The proposals to create and build up "pools of competence"¹ should be closely scrutinized; there are think-tanks of experts which can be used now for one project and now for another, depending on how circumstances develop.

It is undeniable, however, that the transformation of the hierarchical and pyramidal department into a "flying squad" is not a process which can be applied to the entire administration, nor one which can be completed in a short time. Nevertheless, even today, the principle of the task force, the working party, and the project department is widely applied and the extension of rational decision-making techniques (see following point) will help to make it spread faster.

(d) Rationalization of decision-making

76. On the American model, many countries have already attempted, with varying degrees of success, to replace traditional procedures for preparing budgets and making decisions by decision-making techniques based on systems analysis and cost-benefit analysis: planning, programming and budgetary system, rationalization of budget choices, etc. Even allowing for a healthy degree of scepticism and caution, there is an obvious need for rational decision-making procedures based on the comparison between targets and results, to take the place of, or at least to supplement traditional procedures based on routine and on political and administrative negotiation. This will involve a more precise definition of targets - by the adoption of success and efficiency indicators - and a greater flexibility in administrative procedures.

(e) Responsibility to the public

77. Decentralization in itself is not enough to bridge the gap between government and citizens. Departments, whether central or decentralized, must submit to the investigation, control and criticism of the "administered" who are increasingly reluctant to accept a passive role. And this requires information to be widely disseminated and made available to the public in a clear and accessible form; the constraints of secrecy, which are the excuse for and the foundation of bureaucratic power, must be reduced to an absolute minimum. In order to achieve this, control and information procedures must be provided for: these could be either collective (bodies representing the public) or individual (information services available to citizens).

¹ See inter alia D. Schon, Beyond the Stable State

(f) Delegation of public services and public utilities to organizations midway between the government and the citizen

78. Here too, there is a very wide difference, for example, between the situation in the English-speaking countries - where there has always been a broad area for activity by organizations midway between government and citizen - and the Latin countries, where the distinction between public and private is more clear-cut. The development of intermediate forms of management for public services is linked to strengthening forms of social self-organization, which will be dealt with in the following paragraphs.

CHAPTER II - THE CONTROL OF ECONOMIC POWER

79. The market is an institution typical of Western civilization. It is inconceivable and undesirable for it to be replaced by an administrative and authoritarian form of management.

This does not mean that it is a self-regulating entity. The self-regulating, perfectly competitive market hardly even occurs in practice. The real market of the Western European economies is a battleground for the confrontation of very unequal forces: from the most fragmented, such as non-organized workers, consumers, and small firms, to the most organized, such as unionized workers, farmers, some of the professions and, above all, big companies, especially multinationals. The power relationships between these groups determine market policies and choices and how the market operates.

80. In recent decades, as we have already pointed out in connection with inflation (see Part One) elements of rigidity (the importance of the large firms and of the unions, in particular) have interfered with the market's internal regulatory mechanism, with the result that inflationary pressure has been intensified, and greater demands have been made on the government to intervene and to arbitrate. If we wish the market to exercise its basic functions, the first condition is that the government's arbitration must not be fragmentary, cyclical and unsystematic, and therefore creating even more instability, but disciplined within a coherent planning design which defines objectives and lays down general ground rules ensuring the smooth operation of the whole. Secondly, a better balance must be ensured between the principal groups operating on the market.

1. The firms

81. In the report on the problems of inflation, already referred to on several occasions, this matter is examined in detail. Turning to and supplementing a number of the conclusions reached in that report, we feel we should draw attention to the following:

82. (a) The need for a better equilibrium between firms and consumers. As a result of the discrepancy that exists at present between the concentration of firms and the dispersion of consumers, consumption is dependent on the production strategies adopted by the big companies.

Consequently, consumers need to secure information and to become organized by all means possible (for example, by setting up a body which could provide real support for weak groups).

The on-going trend to improve protection of consumers through measures to control the quality of goods, to impose strict liability of enterprises for damage caused by defective

products, to suppress unfair clauses in contracts between enterprises and consumers, to inform consumers on the quality of marketed goods and to enable ordinary people to bring actions against enterprises in cases of tort and breach of contract should be strengthened. This should be a fundamental concern of economic policy.

83. (b) The need for a more balanced relationship between large firms and small and medium-sized firms.

The growing rigidities in the use of the factors of production and the natural environment substantially reduce achievable economies of scale. Small and medium-sized firms, having a more flexible structure, may be helped by the various forms of access to large stores of information made possible by progress in the field of communication techniques; the development of intermediate techniques with low raw material and energy content and high information content, the development of a more direct relationship between man and the product he is making, which would help to restore the significance of human labour.

The organization of industry must perhaps be directed towards intermediate forms between large firms and small and medium-sized firms: a group of medium-sized firms linked together by a network of jointly shared services (marketing, research, executive training, data processing, etc.). This highlights the role of industrial policy, which will have to concentrate on its function of promotion and active assistance, by setting up industrial promotion agencies, rather than on its passive function of providing financial incentives.

84. (c) The need to develop worker participation within firms, especially large firms, using forms and methods compatible with the traditions of each country: information on decisions taken, transparency of decisions, the setting up of workers' monitoring committees, co-management, etc.

85. (d) Control of the economic power of large firms would mean a revision of the laws governing the articles of firms; these laws should define - more realistically than the present ones, which are based on the fiction of a shareholders' democracy - real powers and responsibilities: the status and rights of workers, and the responsibility of management to workers and to society.

86. For the relationship between firm and government to be clear, the strategies of big firms must be specified in an "enterprise plan" that would provide a frame of reference both for planners at national level and for the workers. A straightforward comparison of the enterprise and the national plans would enable incompatibilities to be pinpointed, the necessary reciprocal contractual arrangements (programme contracts) and democratic control to be exercised by the public.

2. The Unions

87. Although unionization varies greatly from country to country (from over 70% in Belgium to under 25% in France) the influence of the unions has increased in all the countries of Western Europe.

Their role has increased. The collective bargaining first dealing essentially with the increase in salaries has now extended its intervention to new fields, as for example employment, training, working conditions and pension systems.

In the context of the firm, the tendency is growing for workers to take part in the principal management decisions, although the solutions adopted or envisaged in the different countries are fairly dissimilar.

In a wider context than that of the firm, the unions have had little influence on decisions on the main economic and social problems; nevertheless, in certain European countries this role is more important and is encroaching on the traditional preserves of politics, such as education, health, housing or transport.

88. In the course of this development, it has not always been possible to avoid a number of pitfalls:

- Some unions have not taken sufficient account of the position of groups which tend to be left on one side by growth: the aged, certain classes of wage-earners (immigrants, young people, women).

- A tendency towards corporatism has emerged in certain high technology industries which, because of this high technology, enjoy a privileged position of power, despite the existence of general trade union organizations the purpose of which is to uphold the interests of the working classes in general.

- Union activity has for a long time been confined to the national framework, with the international dimension coming out mainly in ideological or conciliatory aspects.

- Some unions have maintained unduly close links with a political party and have been associated indirectly with government operations. This may create a confusion of respective roles, interfere with political actions and affect the autonomy of the unions.

89. The traditional problem of the unions, i.e. choosing between participation and confrontation, varies today from country to country in Europe. The traditions and attitudes of European

trade unions are, as it is well known, highly diversified, ranging from a maximum of participation to a maximum of confrontation. However, in the first place, no trade union organization can integrate itself into the system to the extent of being no more than a cooperative organization without eventually being challenged by the workers pressing their more general demands for emancipation and democratic development. On the other hand, no trade union organization can pursue a line consisting only of political confrontation without losing contact with the immediate concrete interests of the workers. This means that the unions must adopt a course which balances the two sets of requirements: defending workers' interests and rights against the system, and challenging those aspects of the system which offend against workers. There are still important differences between the various countries in where they place the point of balance, but they are becoming narrower as a result of a central problem, the growth of trade union power.

90. The basic problem for the unions is how to use this power. Neither a policy based solely on wage claims and corporatism, nor a policy of revolutionary confrontation, provide an effective response to this problem. On the other hand, self-discipline in the matter of wage claims, respecting the "rules of the system", is of interest to the unions only if these rules do not involve a system of chronic unemployment (as we are seeing increasingly today).

For the unions, the problem of achieving compatibility between the system and their own "responsibilities" cannot be separated from the wider problem of transforming the system itself by means of the radical changes outlined in this report, changes which will make it possible to apply "rules of the game" which are more favorable to the interests of workers.

CHAPTER III - THE DEVELOPMENT OF SOCIAL SELF-ORGANIZATION

91. The decentralization of government and its closer contact with the citizen, the control and greater balance of economic powers, and planning techniques will help to bridge the gap between institutions and the aspirations of society.

However, the political demands of the citizens in our countries are not only for a more balanced distribution of economic resources and a more efficient provision of social services, but also for citizens to be directly involved in the management of economic relationships, social services and cultural activities which interest them.

92. These aspirations are generally expressed in a negative and critical form, with emphasis on the deterioration and intrusiveness of the market economy and the profit motive and on the waste, arbitrary behaviour and inefficiency of large bureaucratic and authoritarian organizations. From the late sixties onwards these criticisms have taken various forms, from the mildest to the most radical and violent. In their most extreme forms of expression (for example the Marcuse ideology of the sixties, and the Illich ideology of the seventies) they go as far as a rejection of the market and institutions and a radical challenging of industrial society, the principle of efficiency and the principle of authority; this challenge quite often reveals a nostalgia for forms of social organization typical of pre-industrial society.

93. Within our Group itself, discussion of this subject of the drive towards social "self-organization" revealed tendencies which varied from the most positive to the most sceptical; thus we cannot draw an unambiguous conclusion from our discussion, but can only draw attention to a problem. It seems, however, that we can draw at least two general conclusions from the Group's discussion on this subject.

94. The first is a definite rejection of any "reactionary nostalgia" (cult of the golden age), as of a return, that is, to preindustrial forms of social organization, and also of any utopia involving total self-management. Obviously, at least as far as the foreseeable future is concerned, no society could dispense with the profit motive, nor with the function performed by the government, of coordinating and expressing the collective will.

95. The second conclusion is that systematic study is needed of the huge range of spontaneous experimentation with new forms of social organization on a cooperative and community basis under way in all countries. Such a survey would make it possible to check a theory - formulated in the Group - that if the social policy of the various countries and the Community

were favourably slanted, from all the experiments in progress - now still fragmentary and heterogeneous - a third system of social organization might emerge, to take its place alongside the market system and the administered system. It is, admittedly, not easy to pick out the "seeds" of a third system organized on a cooperative and community basis. Practical experiments cover a very wide range of areas. The way in which they are organized is very varied and often imprecise, ranging from a large number of what are mainly protest movements and "negative" forms - such as, for example, the mobilization of local inhabitants against an urban renewal project, associations for the protection of natural parkland, the ecological and anti-nuclear movement, etc. - to community forms of rejecting "modernity" - such as certain "patriarchal" agricultural communes - to more traditional and "technocratic" forms of decentralization.

Today, in the United States and Europe, there are already private documentation centres which collect information on experiments in self-organization and self-management¹, and national and international meetings and congresses at which these experiments are discussed are on the increase².

96. But a more extensive systematic and permanent survey, organized on a Community basis, would make it possible to pick out meaningful signals from the "background noise", and to receive messages which are missed by the major information and decision-making channels today.

However, experiments in social self-organization can now usefully be distinguished in terms of:

- the predominant objective of the activity: economic activity, social service activity, cultural relationships;
- within each of these sectors, the predominant types of organization from those in which elements based on the market and administrative division of labour still exists, to those which are outside the market or even outside the conventional framework of the public sector.

¹ See for example, inter alia the "catalogues" quoted by R. Jungk in his book Der Jahrtausendmensch, 1973; the Source Catalogue Communications, Washington The People's Yellow Page, Boston and, in Europe, the BIT Newsletter and the Yearbook "A Book of Vision", published by Binary Information Transfer, London. See too the San Francisco magazine "Modern Utopian" and the French magazine "Faire".

² For example, the Rheims Symposia of 26-27 November 1976, organized by the Association for the development of progressive associations, and the Boulogne-sur-Seine Symposia of 20-21 January 1977, during which a Liaison Committee for cooperative activities, mutual benefit societies and associations was set up (see "Le Monde", 13 June 1975, 21 May 1976, 12 April 1977).

(a) Self-organization in economic activities

97. In the economic sector, the most traditional form of self-organization is the cooperative: for consumption, production and work. In some European countries - the Scandinavian countries for example - the cooperative movement has long been of great importance. In other countries where experience of it was more limited - such as Italy - its expansion in recent decades has been striking. At any rate, the cooperative organization of economic activities, especially in the area of production, was at a distinct disadvantage compared with capitalist undertakings since the latter could rely on a ready market of abundant manpower and on rapidly expanding demand; today however, these conditions have changed, to the advantage of cooperatives. In addition, they are better adapted to the new situation, because of their less centralized structure and, above all, because they provide for a higher degree of participation and mobilization of the community.

98. The rapid growth of a cooperative movement which, in contrast with the movement in the nineteenth century, can rely on a wide spectrum of education, information and techniques tailored to true democratic organization, may constitute an effective response to the new challenges thrown down to the industrial system. Unlike conventional movements, the new cooperative movement will gather increasing momentum as it moves more and more away from the wage-earning system (a feature of which is the demarcation between "workers" and "cooperators") towards genuine self-management.

99. The growth of new forms of cooperation can be energetically encouraged by a reshaping of taxation and above all credit policies, which results today in assisting too often big business. New forms of financial assistance and new institutions to provide encouragement and assistance set up by the cooperatives themselves in association with the public authorities will facilitate and speed up the growth of collective firms.

100. A distinction must be made between, firstly, reforms to reorganize production within the framework of firms (cooperatives developing within capitalist firms with a system of division of labour, monetary trade, relationships between employers and employees, etc.) and, secondly cooperatives involving self-management. Obviously each attempt at social self-management is subject to pressure from the market side of the economy and the administrative sector.

The Group is of the opinion that there is no future for the third system if one takes the spontaneous evolution of society as the sole basis; social self-organization must be encouraged by a collective effort; cooperatives must develop towards becoming multi-dimensional organizations.

101. If production and consumption cooperatives are indeed to become one of the dynamic elements of a third system, it is essential that they should receive preferential attention from national and community authorities so that they can contribute to the implementation of a new concept of the firm, its place in society and the definition of new labour relationships.

The cooperative, even when it abolishes the wage system, is always based on the division of labour in terms of the market and on a money economy. More "radical" forms try, within the factory, to alter the division of labour and authoritarian management, and also aim at extending the domestic economy in relation to the commercial economy, by reducing the role of the market and of money.

102. As far as the first aspect is concerned, a systematic survey should bring to light numerous experiments in the radical reorganization of labour relationships in the factory, from experiments in job enrichment and despecialization of tasks¹ to the more avant-garde ideas of introducing the total rotation of work² or of self-management by the workers. A very wide-ranging movement revising traditional "Taylorist" concepts and discussing new forms of democratic organization of work is in progress in various European countries³.

103. As to the second aspect, it has been observed⁴ that, even in the most recent phases of maximum expansion of the market economy, the domestic economy has always had great importance in the production and distribution of goods and services: a factor not properly understood only because of the methods at present used to calculate the national products.

¹ As tried out by Volvo in Sweden and Olivetti in Italy.

² As in the case of the Swiss refrigerator factory quoted by R. Jungk, in his book: "Der Jahrtausend Mensch", p. 134.

³ See the Carl Bachaus of Ahrensbourg Foundation Congress, Towards a democratic economy, held in March 1972, and the discussion promoted in recent months, in Italy, by young entrepreneurs, on the subject of industrial democracy.

⁴ See H. Stretton, Capitalism, Socialism and Environment, and M. Young and P. Willmott, The Symmetrical Family.

The increase in the cost of market transactions, on the one hand, and the increase in the activity potential available to the family on the other (in terms of time, domestic capital, energy¹, and technical and professional skill) makes a new trend towards the expansion of the domestic economy possible, and indeed favours it in many specific cases.

Families, associated in inter-family groups, could manufacture and make an increasing number of things, with materials and equipment supplied by the commercial sector of the economy, bringing about the revival of craftsmanship in a modern domestic form - a collective do-it-yourself movement and solving the problem of certain personal and domestic services (public transport, maintenance, repairs, etc.) which the commercial sector is less and less able to supply efficiently and at reasonable costs. This certainly does not mean setting the domestic economy against the commercial economy, but finding a new balance between a renewed "non-monetary" domestic economy and the market economy.

(b) Self-organization in the social services

104. In the production of divisible and "appropriable" goods, the organization of the firm and the market will nevertheless retain, in the foreseeable future, an indisputable superiority over "community" forms of production and distribution. In the social services sector, on the other hand, the scope for social self-organization is certainly broader and is indeed already the subject of a great deal of spontaneous activity. In this area too, of course, the range of initiatives is vast: from those promoted from above, as the final ramification of decentralization efforts, to those which spring from a spontaneous mobilization of the public.

105. There are countless examples; it is sufficient here to indicate a few examples of categories and cases, chosen from the mass of events which should be the subject of a systematic survey:

- (i) "precinct" or ward councils, arising out of administrative decentralization (Bologna, Milan) or out of spontaneous mobilization (Florence);

¹ Young and Willmott point out that the British housewife of the seventies has at her disposal an amount of horsepower equal to that available on average to the British workman in 1910.

- (ii) democratic town planning groups. These too may be the result of initiatives by technocrats or of a mobilization of the people. We can quote the cases of "made-to-measure precincts" (Rome, 1975)¹ town planning attempts with the participation of citizens in Munich, Cologne and Boston²; the initiatives of municipal action groups in France³; studies and experiments in government by neighbourhood in the United States⁴;
- (iii) school experimentation and experiments in self-management, an enormous area of spontaneous initiatives and experimentation by public and private agencies, from the decentralization of school areas and of the self-managed schools for workers offering up to 150 hours of further education⁵, to the comprehensive school and democratic and experimental school experiments⁶;
- (iv) self-management experiments in the field of public relief and health. Here, too, self-organization may be promoted and encouraged on a large scale by central and local public agencies, such as, for example, the Intercommunal social and health services consortium of Faenza, in Italy, a democratic organization in which one hundred thousand people participate⁷;

¹ Mario d'Emun, L'habitat et la participation démocratique, Rome, 1975, ANCOL

² P. Hoffmann and N. Patellis, Demokratie als Nebenprodukt, Munich, 1971
H. Hayman, Planning with Citizens, AIP Journal, March 1969, quoted in R. Jungk, p. 259

³ R. de Caumont & M. Tessier, Les Groupes d'action municipale, Paris, ed. Universitaires, 1971, M. Sellier, les Groupes d'action municipale, Sociologie du travail, March 1977, N°1

⁴ See H.W. Hallman, Government by Neighbourhood, Center for Government Studies, Washington, 1973

⁵ an idea being tried by Italian unions

⁶ See, for example, R.W. Norris, The Countesthorpe Comprehensive School, Countesthorpe College; R. Hangen, The Bjørkenlorgen school centre, Oslo. On all these innovatory experiments see Case Studies of Educational Innovation OECD, Paris, 1973, 4 Volumes

⁷ See Administration of Italian and international public relief, AAI: The Health and social services council experiment on the Commune of Faenza, Documentation Service N°30, 1976

(c) Self-organization in cultural activities

106. The specific area in which demands for solidarity and participation may find the freest and most original expression is without any doubt that of disinterested cultural activities, that is to say an area which produces human relationships instead of either individual or collective goods or services.

In recent decades, the vitality of an economically richer and culturally more advanced society has found its most significant expression in the proliferation of spontaneous cultural associations, clubs and groups: research, unofficial and fringe information groups, artistic groups, publishing and television ventures, ecological movements or simply "social" gatherings.

One of the most telling criticisms of the various forms of social self-organization is their relative instability; or their "biodegradability" as it could be called.

Non-institutionalized initiatives by their very nature mean a high rate of change. However, their present instability is such that most of them cannot reach a point beyond which they can provide the framework for the component parts of a new system of social organization.

107. Although it may seem a little paradoxical, the development of self-management needs to be promoted from the centre. And the development of a third system, insofar as it is considered a valid response to the demand for autonomy and participation by the community, will be facilitated by setting up special service institutions and networks (central and regional agencies, offering technical assistance for social self-organization), providing these ventures with a minimum of information, techniques, methodology and financial help which they need to reach a level of effectiveness in line with their objectives.

Institutions of this type could be set up as federative associations of the communities concerned, rather than bureaucratic bodies. They would offer technicians, experts and intellectuals who do not wish to devote all their energies to bureaucratic institutions or commercialized work a great opportunity for social commitment. They would help to disseminate information to raise technical and cultural levels, to introduce relationships of mutual respect and confidence between the experts and the public in general.

108. The theoreticians of the post-industrial society have identified as a specific characteristic of this new phase the development of a new sector (which Daniel Bell calls advanced tertiary, or quaternary)¹ of mono-sophisticated activities with a high information content and a low energy content: activity in the areas of research, education, culture, disinterested assistance, recreation and experimentation. These activities differ in two fundamental aspects from conventional economic activities:

- (i) they are a source of personal satisfaction and thus it is impossible to distinguish between the element of production and the element of consumption;
- (ii) they are not concerned with scarce resource allocation; pursuit of these activities (e.g. teaching) is a source of mutual enrichment for both parties (the teacher and the pupil).

This gives rise to the objective difficulty of determining an economic value for them via the market. On the other hand, the spontaneous and cooperative nature of these activities rules out the need for coercive, administrative intervention.

109. What does the future hold for this type of activity? According to the theoreticians of the post-industrial society, they will assume enormous importance, but only insofar as growth and economic productivity are left untrammelled. The theoreticians are inclined to regard them, in the final analysis, as the "luxury of growth". It is however reasonable to feel that, given the level of productivity achieved, many "professional", or "bureaucratic" activities (in the field of research, education, sport, entertainment, information, mass tourism, etc.) could today be "freed" from the constraints of the market and of administrative organization and managed on cooperative lines by citizens' groups. Thus, the third system would not be an area where futile activities and laziness proliferate, but would constitute the fulfilment of a purposeful task and humane commitment freed from the constraints imposed by the market or by the State.

110. Relationships of a non-monetary and cooperative nature, as at present, found within the family circle, among friends and as part of cultural and political solidarity, can be extended to wider communities and to a greater variety of functions, provided an economically more parsimonious and socially more egalitarian system can offer a basis for the material well-being of all.

In such a system, the incentive to compete and to innovate would shift from the level of material incentives to a more "sophisticated" level of emulation.

In this field of cultural "disinterested" activities too, the third system, would not, therefore, as in the other cases, be the luxury of a super-opulent society, but the valuable asset of a sober society.

¹ D. Bell, The post-industrial society.

111. It is not necessary, at this altogether preliminary stage of discussion, to go into the specific institutional forms that the social participation and self-management movement might produce. Instead, we should devote our attention to the general consequences of the emergence of a third system and to the role that today's institutions can and must play during its emergence.

With regard to its general consequences, we must examine those which concern: the allocation for resources, the conditions and guarantees of equality of opportunity and of democracy.

The Group does not claim to have found the answers to such important questions. Discussion of the problem of social self-organization is still in its early stages. The only recommendation that the Group can confidently make is that these issues should be subject to a thorough and gruelling examination, instead of being regarded simplistically as utopian attempts to escape reality. A number of proposals concerning the three issues mentioned above could be formulated.

112. (a) With regard to the consequences for resources, it is difficult to foresee what impact self-management will have on economic development. The following hypotheses can at least be put forward:

- (i) the conscious organization of needs, rationally defined and discussed by communities, will be a way of reducing the propensity to consume;
- (ii) thanks to the shift away from individual consumption to collective consumption and activities characterized by a smaller energy-information ratio, it will be possible to ease the pressure on material resources;
- (iii) the proliferation of inter-personal and direct relationships within the community will make it possible to discourage "valorised" monetary services and to encourage the provision of non-monetary services between community members.

Taken together, these hypotheses pave the way for a positive assessment of the possible economic impact of the "third system", in the sense that the latter would tend to relieve congestion in the economy, and thus counter inflation.

On the other hand, the "third system" will certainly not exist in isolation, and the plan will have to decide on the level of resources to be assigned to it and how they are to be financed; and, of course, on the results, in terms of social indicators, which the community expects from the services provided by the third system.

113. The subject of how the "third system" should be financed need not be examined in detail here. Tentatively, however, we can identify three different and complementary forms of financing for the share of goods and services which will not be produced within the closed circuit (exchanged that is, within the "communities"), but which will have to be obtained from outside:

- (i) sale of part of the products and services on the market, by means of agreements with firms and consumers' associations;
- (ii) self-financing, by the self-taxation of the participants;
- (iii) support by public finance (in the form of tax relief and subventions). Such support would need to be permanent only when the activity of the "communities" took the place of that of the authorities, in carrying on a public service. Otherwise, it would need to be temporary assistance, for the purpose of launching the new bodies and keeping them on an even keel.

Obviously, all this would mean recognizing the public utility of the "communities", as is already the case in most of the laws relating to associations and foundations which receive financial resources and help from the government.

114. (b) With regard to the consequences for equality of opportunity, there is reason to fear that the proliferation of communities enjoying responsibilities and powers that at present are the prerogative of the State or the main administrative institutions will nurture isolationist tendencies, parochialism and a corporatist selfishness whilst it would not strengthen the acquired cultural superiority; this would in a way affect national unity and the formal guarantees of equality, which, without doubt, feature among the major achievements of Western democracies. This fear is not unjustified, but at least two comments are in order.

115. Firstly, if used in the right way, modern information and communication techniques make it possible for the dimensions and sphere of action of communities to be enlarged, for their range of operational possibilities to be increased and for them to be integrated - via more extensive circuits - into the outside world, thanks to a two-way flow of information.

One of the typical forms of implicit repression by social self-organization is the inadequate attention and resources devoted to research and experimentation in the field of what could be referred to as "democratic technology", that is to

say the equipment opportunities that technological development today offers community groupings and that enhance the latter's work, information and service techniques. In this connection, attention should be drawn to the progress currently being made towards a "techno-democracy" based on planning, experimentation and the dissemination of "community equipment"¹.

The development of modern communication and information systems in the service of communities should make it possible to avert the risk of isolated organization, which is essentially a function of spatial limitations.

116. The second point concerns the rules and criteria that the State and the local authorities will need to impose on communities to ensure that the latter do not give rise to economic, social and cultural inequalities between individuals. These restrictions should be inspired not by a desire for administrative uniformity, which is the obsession of centralized States, but rather by a form of planning that monitors results, lays down general objectives, fixes behaviour norms, and carries out the necessary adjustments.

117. (c) Lastly, with regards to democracy, its real scope has by now been substantially reduced by economic power, the burden of bureaucracy and the proliferation of corporatist interests. The development of new self-managed communities - where democracy is not a purely formal rite but the active and tangible manifestation of participation - is a means of reviving the practice and ethics of democracy.

118. The above remarks would seem to substantiate the view that the development of social self-organization constitutes a positive and progressivist reply to the institutional crisis; an alternative solution to the "totalitarian tendencies" which will make it possible not only to get the economy moving again and relieve pressure on the bureaucracy, but also to encourage development of democracy.

If the hypotheses put forward here are correct, it follows that public activity in each country and at EEC level must be concentrated on:

¹ We need merely to look at the example afforded by the broad-based movement which is at present emerging in the United States and is designed to promote technological experimentation for the purposes of social participation (participatory technology) and practical experimentation in the field of community information utilities. See inter alia: "The information utility and social choice" (edited by H. Sachman and N. Nie); and "Planning Community Information Utilities" (edited by H. Sachman and B.W. Boehm).

- (a) detailed surveys of the experiences, both positive and negative, gained with regard to social organization in the various forms and sectors of social life;
- (b) the examination and adoption of measures to facilitate the development of these activities, both directly (encouragement and also technical and organizational assistance) and indirectly (financial incentives and tax reliefs).

CHAPTER IV - INITIATING AND PURSUING A "EUROPEAN BLUEPRINT":
THE ROLE OF COMMUNITY INSTITUTIONS

119. A radical reorientation of economic growth and institutional structures of the kind outlined in this report must be based not only on a long-term historical perspective, but also on a geopolitical framework which must necessarily rise above the limits of the nation state.

Thus, a "blueprint for Europe" must be a project which involves Europe, in that Europe must be not only the theatre, but also the main political actor.

The type of consistent, differentiated and open society put forward here as the ideal reference model for the evolution of our various countries is cast in the same historical mould as Europe itself: a civilization which is consistent in its basic traditional and cultural values; a structure which is highly differentiated in its national make-up; an open community with flexible frontiers which maintains firm, organic links with the rest of the world, whether to the East, the West or the South.

120. Unfortunately, Europe today is still a long way off from being a political actor. The creation of the European Communities, one of the most propitious and original political initiatives of our time, is a first seed out of which such a political actor might grow. However, the integration process which engendered it seems to have become seriously bogged down over recent years. Indeed, there are worrying signs of a tendency in the opposite direction, towards political particularism and withdrawal into protectionism.

This situation has some influence on the tone and morale of the Community. Of the grand design of political unity which inspired it, all that remains are the broad outlines and the formal procedures. The goal of economic union seems for the moment to have been quietly put on the shelf. Even the most modest and limited reforms aimed at strengthening the powers of the Community come up against the mistrust of the national governments and meet with fierce resistance. Day-to-day routine prevails at the expense of larger political concerns.

121. In the midst of these difficulties, the Community is preparing to face two imminent and challenging tests: the admission of new member countries, and direct elections to the European Parliament. Without wishing to go into the fundamental aspects of these two questions, the Group feels that their relevance and topicality should be taken advantage of to pose the problem of the very essence of the Community: must the Community remain (and if so, for how much longer) a common market, an agricultural policy and a means of consultation and arbitration, or can it and must it become a political institution capable of directing the economic and social development of its member countries towards balanced growth?

122. In order to fulfill its role as principal actor and promotor of a new model of society, the Community should take on new functions, acquire wider powers and develop democratically responsible institutions.

123. The functions. In the first part of the report, it was stated that the idea which originally lay behind the Community (namely, that establishing a common market would promote economic integration, which in turn would pave the way for political union) has proved inadequate. This concept now needs to be radically changed. The complexity of the problems facing the countries of Europe means that if the integration process is to be achieved, we must pursue a carefully thought out design, a European programme formulated at Community level, to be pursued by the governments of all the Member States.

A European programme must above all provide a means of exploring the long-term trends of the economy and of European society, of laying down overall objectives and strategies for the Community's economic and social development and of identifying the policies and programmes to be implemented at Community level. It must not be simply a means of consultation and coordination of national economic policies, but a set of reference guidelines which the various countries will pursue in their economic and social policies.

124. As far as a European programme is concerned, the Community should have adequate resources and powers in certain specific areas. While it does not claim to have covered each area point by point, the Group has concentrated its attention on the following problems in particular:

- international relations between the Community and the other major areas in the world; in particular the need to define, at Community level, the scale and form of Europe's contribution to the development of the poor countries, and relations in general with the developing countries, with a view to establishing a "new international order";
- the development of information and supervision procedures relating to the activities of multinational firms operating in the Community;
- the laying down of general rules and constraints relating to the environment which all the member countries would undertake to observe under Community supervision;
- the assigning of sufficient powers and the release of resources to promote independently and support indirectly, within the Community, the process of development and restructuring which is necessary to reduce the marked economic and social disparities between the regions of the Community;

- the promotion of common programmes for research, innovation and development in key sectors of the European economy. The most striking example of the Community's present impotence in this respect is undoubtedly the total lack of a European programme in the energy field and the fragmentary and contradictory way in which each country reacts in the face of this formidable problem;
- the development of a Community telecommunications and information network on the basis of various initiatives, so as to allow the interconnection of national television networks, the establishment of one or more European networks, and the setting up of Community information centres and data banks available to universities, cultural institutions, research organizations and European private citizens.

125. The Group believes that a particular and specific function which the Community should fulfill relates to the promotion, exploration, backing and assistance which each member country should give to attempts at self-organization, examined in greater detail elsewhere in the report, so as to encourage the establishment of a third system of social relationships (see chapter III). A European initiative in this area is desirable for four kinds of reasons:

- (a) to compare experiments carried out in national and cultural contexts and create an emulative effect;
- (b) to provide attempts at social self-organization with a network of assistance and services on the largest possible scale and at the highest possible technical level;
- (c) to reduce as far as possible the dangers of particularism, parochialism and sectarianism which self-managed associations and communities might give rise to if they are not integrated into an open system;
- (d) to prevent the spread of new forms of social self-organization from having an unequal and imbalanced impact in the various countries.

In this context, the Group believes the Community should immediately undertake a wide-ranging survey of the social self-organization initiatives already being carried out in Europe and elsewhere and of the problems they involve, some of which have just been mentioned.

126. Finally, the exercise of even limited functions and powers means that the Community institutions must be given a more democratic basis.

The Community must break free from its essentially economic role and become a political entity. The election of the new European Parliament may result in nothing more than another "Diet", apathetic and without any real powers or bite, or it may provide the occasion for establishing the Community on new political foundations.

If the latter proves to be the case, it should be up to the European Parliament to approve the European programme as a central point of reference for Community policies, and to approve the European budget as the essential basis for concrete action. A Community executive, responsible to the European Parliament, should be given the task of implementing the programme and managing the Community budget.

C O N C L U S I O N S

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127. During the first twenty-five years after the war, Europe experienced one of the most prosperous periods in its history. Towards the end of the 1960's, this generally bright picture began to fade. The disorders in Europe have their origin in international power conflicts (monetary disorders and the oil crisis) and in social conflicts over shares of national wealth and participation in decision-making processes.

128. Two aspects of the European problem are particularly critical:

- the manifest inability to re-establish satisfactory compatibility in all the countries between growth, monetary stability and employment;
- the paralysis of the process of European integration.

129. Analysis of these two problems points to the need for far-reaching changes in the model of "disorganized" growth, which has reached an impasse, and in the strategy of European integration, within the framework of a "blueprint for Europe".

130. The Group has tried to draft the main outlines of this blueprint, and the basic changes which it will entail for the institutions. As far as the first aspect is concerned, it has concentrated on six themes: a more sober economy, a fairer distribution of wealth and incomes, the reorganization of space, the redistribution of time, the reform of education, the dissemination of information.

As far as the second point is concerned, it has concentrated on the following four themes: decentralization of government, control of economic power, the development of social self-organization, the role of the European institutions.

The report puts forward a number of proposals and guidelines for each of these themes.

A sober economy

131. Respect for the ecology must lead us to place the emphasis on light technology and medium-sized firms; technical progress today makes such a development possible.

This presupposes the introduction of a conscious policy to promote small and medium-sized firms. The new type of demand must be met more than in the past by firms of more modest proportions.

If this new type of demand is not to be inflationary, account should be taken of the need to extend the range of needs to be met towards more qualitative, collective and cultural requirements, by restricting unnecessary consumption in particular, to improve consumer information and protection, and to fight waste effectively.

Fairer distribution of incomes and wealth

132. Such a development model assumes greater equality in the distribution of incomes and wealth; this necessary policy of redistribution should be centred on three principles: determining a guaranteed minimum social income, fixing a maximum spread of inequalities and setting a limitation to the hereditary transmission of wealth.

The concrete policies which should be implemented soon in these areas should involve the establishment of a system of information on incomes and wealth, fighting tax fraud and a policy to re-establish regional equilibrium.

Reorganization of space

133. There should be a radical, long-term restructuring of town and country planning so as to discourage the growth of large conurbations, especially through the decentralization of administrative and cultural activities, and develop transport communications between small and large towns or between groups of small towns.

This restructuring should be based on small living and working centres linked by substantial communication networks.

Measures intended to promote green belts and parks and to renovate the old industrial regions should be strengthened by legislation aimed at minimizing property speculation.

Redistribution of time

134. A new redistribution of the work available could be achieved through practices such as free choice of working hours, free choice of retirement age or the extension of permanent vocational training and adult education. Thought should be given to a time-budgeting policy which would allow everybody greater freedom in organizing their lives.

Reform of education

135. Traditional education should gradually give way to an education which would enable people to assume responsibilities, to participate in community life and to make better use of the increased time for leisure. The basic criteria in reforming education should be: the elimination of barriers between vocational training and general education; changing the content of education, from passive learning of notions and rules to active and critical education which will enable people to understand the age we live in; permanent education.

Dissemination of information

136. All forms of active, upward channelling of information should be encouraged by setting up a whole range of community communications media.

137. In order to guide the structures and the economic mechanisms towards the establishment of such a development model, the Group believes that it would be advisable to begin as of now with a gradual reorientation of the institutions; the Group has endeavoured to propose a certain number of specific measures in four fields.

The decentralization of government

138. It would be advisable to delegate substantial power to regional and local administrations.

At each level of power the coordination and planning functions should be separated from the operative functions: these last functions could be carried out by "agencies".

It would be advisable to move towards "project" departments, instead of the present department "per sector".

Decision-making procedures based on comparing objectives aimed at and results achieved should be generally applied.

The dissemination of information is absolutely necessary. The tradition of keeping things secret constitutes today one of the negative aspects of our society.

The control of economic power

139. The Group agrees with the conclusions of the report on inflation, in particular as regards the control of large firms and improved operation of markets.

The organization of consumers should constitute one of the priorities of the coming years.

A special policy on small and medium-sized firms should aim at reinforcing the fabric in particular by establishing common services.

The participation of workers in firms constitutes one of the bases of the new development model.

Controlling the power of large firms should entail legislative revision of many aspects of their articles of association.

Large firms should elaborate plans which would permit comparison at a higher level.

The development of social self-organization

140. The Group believes that prospectives proposing a return to a pre-industrial society are completely unrealistic.

By contrast, it believes that a systematic study of present experiences in the field of new spontaneous forms of social organization is opportune and necessary.

This analysis should be conducted at European level in order to permit comparison between the self-organization experiments being carried out in all the member countries.

The Group believes that the cooperative movement which could be developed today should be technologically more modern and involve greater social self-management. Some of these self-organization experiments, in particular those concerning the establishment of new cooperatives, should be facilitated by a reshaping of fiscal policy, by a special credit policy and by assistance on the part of institutions responsible for development and aid.

New experiments in the reorganization of labour relations tried out in several European plants should also be the subject of systematic analysis.

Certain services which at the present time are being performed at continuously higher prices could be carried out by organizations of inter-family cooperation, side by side with the market sectors. The Group believes this would be appropriate in the social service sector.

The sector which best lends itself to stimulation of self-organization is that of the cultural activities. This sector could, in the Group's opinion, be developed by the creation of assistance networks offering technical information and financial aid to decentralized initiatives.

141. The Group has thought it inopportune to examine the institutional forms which the "third system" could take. It has limited itself to some proposals concerning financing. The means could be obtained by selling a part of the product and services on the market, by self-taxation of the members, or support by public finance. These financing models imply recognition of the public utility of these organizations.

The development of a third system could be supported by the modern systems now available in the field of communications and information.

Initiating and pursuing a blueprint for Europe and the role of the European Institutions

142. In this area, the proposals formulated by the Group may appear particularly ambitious in view of the difficulties which integration is meeting with today. But the Group is of the opinion that only such an attitude can reverse a trend whose causes must be sought in the development of different economic forces since the signing of the Treaty of Rome.

In the Group's opinion, political integration should no longer be viewed as an outcome of economic integration but the order of factors should be reversed.

This implies that the Community should become a political institution capable of directing the economic and social development of its member countries towards balanced growth.

143. The Group believes, for this reason, that the Community should take on new functions, acquire wider power and develop democratically responsible institutions. It requires specifically the formulation at Community level of a European programme to be pursued by the governments of all the Member States.

The Group has concentrated its attention on the following problems:

- the need to define, at Community level, the scale and form of Europe's contribution to the development of the poor countries;
- the development of information and supervision procedures relating to the activities of multinational forms operating in the Community;
- the laying down of general rules and constraints relating to the environment;
- the promotion of a process of development to reduce the marked economic and social disparities;
- the promotion of common programmes for research, innovation and development;
- the development of a Community telecommunications and information network;
- the promotion of self-organization attempts in order to encourage the establishment of a third system of social relationship;
- the development of a more democratic basis for the Community institutions.

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144. The Group is aware of the criticisms, however contradictory, to which it is exposing itself in drafting this report: some will find the arguments banal and not bold enough, others will find the proposals put forward in it too unrealistic. A more far-reaching objection will be that there is some contradiction between the general approach - one might even say the basic inspiration - and the conclusion. While the Group has advocated a substantial and rapid reduction of inequalities, which implies easier access to culture by all the population, a better sharing of the exercise of economic power and wider participation in political decision-making, the immediate solutions which it proposes to the Commission may appear modest. It is, however, important to bear in mind the need to combine prudence and imagination. The Group is convinced of the need to open up a broad perspective of democratic progress for Europe which will allow it to emerge from the present state of paralysis of the imagination and action. It is also aware of the forces of inertia which will have to be overcome and of the desirability of proceeding gradually with meaningful changes; changes which will have to be carried out over the long term in society and the institutions.

The more democratic and more diversified society outlined in this report, a society characterized in particular by a third system, will not emerge ready-made from the present centres of power. This remains perhaps the most delicate aspect of the blueprint for Europe: the difficulty will be to integrate into overall planning such stimuli as the third system will need to develop and prosper, given the fact that it cannot be created through authoritative channels, since it will draw its strength and vitality from the spontaneity with which the citizens of the Member States take the initiatives it calls for. If, as the Group believes, the inclusion of a third system between the market and general government is in line with the wishes of a sufficient number of citizens and meets a need for society as a whole, the task of the public authorities and, primarily, the Commission, will be to encourage the development of this system and to set up the economic framework within which it can prosper.