

TRADE UNION NEWS

from the European Community

No 13 Autumn/Winter 1973

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EDITORIAL NOTE

This is the first issue of Trade Union News to appear since last summer. We apologise for the delay which was caused by unavoidable staff recruitment problems. The next issue will appear on schedule at the beginning of April.

In addition to Trade Union News the London Office of the Communities will be distributing each fortnight an information sheet giving news coverage of trade unions activities in the Community. This will enable Trade Union News to concentrate on the in-depth coverage of Community policies which have relevance to the trade union interests in the United Kingdom.

It is also proposed to carry in each subsequent issue an article on a particular industry. This will provide some idea of the organisation of the chosen industry or industrial sector in the nine Member countries, and of their relative importance.

Beginning with the Spring 1974 issue, Trade Union News will also contain a brief statistical section giving key economic, industrial, and collective bargaining indicators.

Finally, please note the new address of the Community Office. The person for trade unionists requiring information to contact at the office is Mr. Michael LLOYD, Trade Union Liaison and Information Officer.

COMMISSION'S NEW SOCIAL ACTION PROGRAMME

IN RESPONSE TO THE REQUEST OF THE HEADS OF GOVERNMENT OF THE NINE MEMBER COUNTRIES MEETING AT THE PARIS SUMMIT IN OCTOBER 1972, THE EUROPEAN COMMISSION HAS BROUGHT FORWARD PROPOSALS FOR A NEW SOCIAL ACTION PROGRAMME. WHILE MUCH HAS ALREADY BEEN DONE IN THE SOCIAL ACTION FIELD WITHIN THE COMMUNITY SINCE 1958, THESE PROPOSALS REPRESENT THE MOST SIGNIFICANT STEP TAKEN ON THE WAY TO THE CREATION OF A EUROPEAN SOCIAL COMMUNITY.

● The programme consists of a wide range of action to be carried out over a period of years. During 1974-76 three areas have been selected for particular attention:

- (a) Full and better employment
- (b) Improvement in living and working conditions
- (c) Participation by trade unions and employers in the economic and social decisions of the Community

In bringing forward their 40 proposals the Commission has no wish to create a single Social Policy tackling all social problems in a uniform manner. Neither does the Commission want to transfer to the EEC responsibilities or functions carried out more appropriately and better at national level. The intention is to create equal social rights and obligations for workers and their families in all the Member countries, and to create a social framework for the Community within which all workers can enjoy the benefits of increasing prosperity.

● The Commission has selected a number of actions which it feels should be implemented as quickly as possible and the Council was asked to take positive action on them before April 1, 1974:

1. Assistance from Article 4 of the European Social Fund for migrant workers and handicapped workers;
2. An action programme for handicapped workers.

A special responsibility of the Community exists towards these two groups of workers. Migrant workers now exceed 6 million and their dependents probably 10 million. The existing instruments of Community social policy are inadequate to deal with the immense issue of migration. Industrial, regional and external investment policies must be used to deal with the fundamental causes of the imbalance between rich and poor countries and regions. But immediate social problems encountered by migrant workers and their families must be tackled as an urgent Community issue. As a first step the Commission is making the immediate proposals to the Council for the opening up of Article 4 of the Social Fund to alleviate the problems of migrant workers. A programme of action on the social and living conditions of the migrant population is a major priority, as is the coordination by the Member States of their policies towards the movement of migrant workers from third countries to and from the Community. This programme must gradually be integrated into an overall Community strategy, embodying clearly defined objectives to co-ordinate action at all levels, in Member States and in relation to third countries. Equal treatment, equal rights and equal opportunities for migrant workers must not merely be seen as objectives but must be realised as a practical reality in a Community of social progress.

The Commission is proposing that Article 4 of the Social Fund be utilised for specific joint action to help the workers concerned.

The Fund will thus be able to help in the financing of "integrated programmes" designed to facilitate the employment and geographical mobility of persons moving from one Community country to another. Such a programme should include measures linking the successive stages of migration and extending from preparation for emigration to return to country of origin.

The Fund would also be empowered to help "integration measures" which although not part of an integrated programme, are intended to facilitate the reception and integration into the social and working environment of migrant workers and their children.

The aids permitted by the Fund will also be extended to include extra expenditure on special classes for the children of migrant workers (estimated at two million), and expenditure for services provided during a six month period by hostels for migrant workers and their families.

The handicapped constitute a group which deserve immediate consideration by the Community as a whole. In addition to those handicapped from birth, there is a growing proportion of the working population who because of acquired disabilities are unable to lead an independent existence and earn their own living. Their physical or mental disabilities make them vulnerable not only to severe psychological pressures of adjustment but also to a serious reduction in earning capacity and job opportunities. As a first step, the Commission is making immediate proposals to the Council for an action programme for handicapped workers in the open labour market which will be closely linked to the opening up of Article 4 of the Social Fund for handicapped workers. In the longer term, there will also be a wide programme of specific actions to improve the chances of social intergration of all handicapped people.

Within the framework of the Community programme for handicapped persons, the Commission is asking the Council to take a Decision based on Article 4 of the Social Fund which will enable the Fund to assist the social and vocational integration of handicapped persons.

Aid from the Fund would be available for the readaptation and retraining of both handicapped workers in paid employment and those who are self-employed. The aim of the Funds intervention would be to raise, by means of specific joint action, the level of the readaptation schemes for handicapped persons in each Member State to that proposed in the Community's action programme.

The aim of the Commission's action programme between 1974 and 1980 is to encourage the extensive development of a form of vocational training directed towards the employment of handicapped persons. A second-stage programme would deal with the integration of those handicapped who need special working conditions.

The method to be used in this first programme should not involve costly innovations, but tend towards the optimum use of the facilities already available to Member States so as to improve them and give them a European dimension.

It is estimated that the cost of rehabilitation would for the most part be recovered in savings on social security payments and the contribution that the employed handicapped persons could make to the gross national product.

The best vocational rehabilitation centres in the member countries will be invited to form a European network to pilot centres. The Commission will promote cooperation between these centres to encourage new teaching methods and their widespread use.

These methods will then be applied to rehabilitation programmes. Campaigns will be organized at local and regional level supported by funds from Article 4 of the Social Fund. The efficient carrying-out of the programme would be helped by a proposed European committee for the rehabilitation of the handicapped.

3. A Directive to implement the principle of equal pay for equal work between men and women.

Although the principle that men and women should receive equal pay for equal work is contained in Article 119 of the EEC Treaty, the Commission pointed out in its report on the situation in the Member States at the end of 1972 that there were still wide gaps and inadequacies. Information since collected shows that there are similar gaps in the situation in the new Member States.

The Commission considers that a new Directive is necessary to give full effect to Article 119 by ensuring a uniform method of application in all Member States. The Directive will:

- ensure that legal proceedings can be instituted so that the right to equal pay is respected;
- eliminate existing discrimination in certain laws affecting wages;
- render ineffective all those provisions of agreements on contracts contrary to the principle of equal pay;
- prevent dismissals which might take place as a result of lawsuits;
- provide for supervision and for penalties for those employers who do not respect the principle of equal pay.

Laws amended according to this Directive are to enter into force at the latest by 31 December 1975.

4. The fixing as an immediate aim of the overall application of the principle of the 40-hour week between now and 1975 and the 4 weeks annual paid holiday between now and 1976.

In the field of wages and working conditions, the Commission believes that there are certain guidelines which, in the interests both of social progress and the realization of competitive conditions, should be recognized as basic objectives throughout the Community, to be achieved as quickly as possible. As a first step the Commission is asking the Council to fix as immediate targets the 40-hour week and four week'annual holiday. (The establishment of basic wages minima should also in the Commission's view be recognized as an objective to be reached as quickly as possible in the Community as a whole.)

The legal situation concerning working hours and annual paid holidays in the Community shows wide disparities between the Member States. The legal working hours vary between 40 and 48 hours a week and annual paid holidays between 12 and 24 working days a year.

In certain Member States working hours and annual paid holidays are not governed by legislation at all but by collective agreements and in other cases the collective agreements usually set out more generous conditions than the national legislation.

5. A directive on the harmonising of the Member States' laws on mass dismissals. (1)

The Commission considers that the directive on collective dismissals should be adopted by the Council as a matter of urgency in order to reduce job insecurity which is today a powerful and obvious cause of industrial unrest and suspicion.

(1) This important directive is described in detail on pages to

6. The setting up of a European general safety committee for industry and the extension of the powers of the Mines Safety and Health Commission.

The Commission is making immediate proposals to the Council for the establishment of a general committee for industrial safety and the extension of the competence of the Mines Safety and Health Commission to cover open-cast mining and other mines.

7. The creation of a European Foundation for the Improvement of the Environment and Living and Working conditions.

The purpose of setting up this Foundation is to analyse possible solutions to environmental problems, both in the work place environment and in the general environment outside work. The view of the Commission is that research has a vital role to play in looking into the fundamental longer-term problems of creating environment in which people will be happy to live and work.

● While only seven measures have been selected for immediate action this does not imply lack of urgency. These actions (described above in more details than the remainder) are merely the first steps in a continuous programme reaching to the end of 1976 and beyond.

● The Commission has listed a number of actions which it intends to submit to the Council before April 1, 1974, for rapid implementation. These are:

- A migrant worker action programme;
- The setting up of a European Centre for Vocational Training;
- A directive to protect workers' interests, especially their acquired rights, in cases of mergers.

● The first stage of the Social Action Programme will cover the period 1974-76 and the Commission will, during this time, submit proposals to the Council on which the latter will be asked to take action within nine months of receiving them. These actions include:

Full and Better Employment

1. Contributing to the development of a comprehensive system of retraining, and income guarantee during retraining, in each member state with the possible support of Community funds;
2. Promoting a better functioning and cooperation between the national employment services as a contribution to full and better employment at all levels;
3. Tackling women's employment problems by promoting a situation in which women can compete on equal terms with men in the labour market. An ad hoc group is being set up to assist the Commission in identifying lines of action and the Commission intends to make proposals for a documentation centre on women's problems and an information centre to help change attitudes concerning women at work.
4. Using the Social Fund as far as possible to help solve the problems faced by unemployed school-leavers, elderly workers and women re-entering employment;
5. Improving the means of analysing and forecasting the labour market at Community level.

Improving Living and Working Conditions

1. Gradual extension of social protection to those persons not covered or inadequately provided for under existing schemes;
2. Gradual adaptation of social security benefits to income growth;
3. Promoting with the member states specific measures to combat poverty by the preparation of pilot schemes;
4. Studies and experimental projects to help solve the housing problems of low-income or under-privileged groups such as migrant workers or handicapped people.
5. Improvement of the situation of those people earning particularly low wages by a Commission study followed by a report to the Council after consulting the social partners.

The aim would be to raise in specific cases low wages, to prepare the ground for the possible introduction of a minimum guaranteed wage at European level.

6. To change those patterns of work organisation which tend to dehumanise the worker and make for unacceptable working and living conditions. Various aspects of repetitive work will be examined and appropriate proposals will be made to the Council before 1976.
7. Extension of the Community programme for radiation protection.
8. A study of asset formation schemes in the member states now being completed will form the basis for proposals by the Commission in collaboration with governmental experts and the social Partners.

Participation of the Social Partners

1. More extensive use of the Standing Committee on Employment to discuss all questions with a fundamental impact on employment.
2. The Commission will assist in setting up a European Trade Union Institute to help the unions establish training services on European affairs.
3. The Commission recalls that it has already presented two proposals to the Council for increased worker participation in industry. The draft statute for the European Company in June 1970 and the draft Fifth Directive on the harmonisation of company law in November 1972. The Council is being requested to act on these proposals as soon as possible.
4. Extension of the Joint Committees to promote further dialogue and agreement between the Social Partners at European level on ways to deal with problems in specific industrial sectors. The Commission hopes in the next few years to set up new Joint Committees in such sectors as sea transport, textiles, construction, ship building, the food industry, ports and docks, air transport and commercial travellers. They already exist in the coal and steel sectors, agriculture, road transport, inland waterways, sea fishing and railways.

● THE COUNCIL OF MINISTERS APPROVES THE SOCIAL ACTION PROGRAMME

At meetings on December 11th and January 21st, the Council of Ministers approved the Social Action Programme almost in its entirety.

There were reservations about only two of the Commission's proposals. The objections were not to the proposals as such, but whether they should be included in the social action programme. The two proposals concerned were that to provide financial assistance to workers undergoing retraining, and the proposed directive to protect workers hired through employment agencies. The Commission noted the Council's reservations but stated that it would submit these two proposals to the Council of Ministers separately at some stage in the future.

The Council undertook to act, at the latest, five months after the Commission has passed to it proposals which have already been considered (and amended if necessary) by the European Parliament and the Economic and Social Committee. (The proposed directive on mass dismissals would fall into this category). Where consultations with the Parliament and the ESC have not taken place then the Council agreed to act within nine months of the date of the transmission of proposals to it by the Commission.

● SOCIAL POLICY AND THE SOCIAL PARTNERS

In a statement to the Council accompanying the proposals for the new Social Action Programme (S.A.P.), the Commission emphasizes that no Community policy should or could be prepared and implemented without the maximum participation of trade unions and employers (i.e. the "Social Partners"), and refers to the wishes expressed in this matter at the Paris Summit Conference in October 1972.

The Commission further states that it will consult the social partners before the end of 1973 to discuss how their participation in the drawing up and implementing of the various Community policies can be improved. The Commission goes on to argue that the social objectives agreed on at the Paris Summit Conference in October 1972 cannot be reached by means of social policy alone but must become a central aim of all the Community's policies. This is a direct and positive response to Community trade unions' previous criticism of the lack of clear social aims in Community's various policies.

● SOCIAL ASPECTS OF OTHER COMMUNITY POLICIES

An additional social policy document, presented to the Council in November by the Commission, draws attention to the social policy aspects of the various Community programmes and Commis-

sion proposals in other fields - these include economic and monetary policy; industrial and regional policy; environmental and technological policy, and scientific and technological policy - in order to demonstrate their contribution to the implementation of an overall Community social policy. The document also recalls existing proposals which aim at increasing worker participation in the management of industry, i.e. the draft Fifth Directive on the structure of Limited Companies and the draft European Company Statute. Action in all these fields have a social impact and form part of an overall coherent programme encompassing the whole of Community activity.

Economic and Monetary Policy

Nowhere is this more apparent than in relation to progress towards economic and monetary union, where the parallel development of social policies, in co-operation with both sides of industry, is an integral part of the proposal programme. The Commission communication on the second stage of economic and monetary union due to begin on January 1, 1974, states clearly that "despite the efforts which have been made, the two sides of industry have been insufficiently involved in Community decisions". Furthermore, the Commission proposed that "whenever Community decisions on both general regulatory policies and structural policies are taken the two sides of industry must be consulted more frequently, and especially at the preparatory stage".

Among guidelines for action in moving towards economic and monetary union two basic objectives are selected as particularly important for the immediate future:

- (a) the fight against inflation
- (b) the pursuit of economic growth policies which provide an incentive to create a "Europe with a human face".

As far as concrete proposals are concerned three which have important social policy content are:

- (a) Guaranteed incomes for persons undergoing retraining. This should be linked with schemes for creating jobs in the regions involving a direct connection between regional and social policies. Community help will be needed as some countries do not have sufficient resources to do this themselves.
- (b) A Community unemployment fund should be considered. This could be independent and not part of the Community budget, to ease transfers between areas of high and low structural unemployment.
- (c) The Community budgets' new functions which will be concerned mainly with regional and employment policy.

Technological and Industrial Policy

The Commission's memorandum of industrial policy (May 3rd, 1973) states that "the development of industry must henceforth form part of an overall policy for society, striving to improve the quality of life, working conditions and the environment this will require the harmonious development of the Community's backward regions and the decongestion of regions which are over-industrialised. The Community will then be in a position to aim for full employment and a more rational use of labour....."

Regarding employment, the aims of the industrial, social and regional policies should be identical and should be to create enough jobs for the Community's present and future population, particularly in the depressed regions and to increase occupational mobility to encourage the modernization of industry.

The social aspects of industrial change must be closely monitored. This could be aided by more systematic forecasting of labour trends in the regions and sectors. On such an improved statistical basis occupational training and retraining under the Social Fund would be made easier to plan in relation to demand.

The Commission will shortly send precise plans for this to the Permanent Committee of Employment. It will also press the Council for action on the draft directive on mass dismissals.

Social and regional policy measures will be taken if the opening of public supply contracts has any detrimental effects on employment or income.

Finally, the development of world trade and progress in science and technology dictate rapid industrial change; this must be undertaken with the co-operation of the unions, particularly through workers' participation, as proposed in the draft Fifth Directive on Company Law.

Regional Policy

The Paris Summit produced the following reasons for a Community Regional Policy:

- reducing disparities between the regions
- ensuring a balance and continuous improvement in living conditions
- establishing equality of competitiveness in the Community.

The Commission's proposal for a Regional Development Fund established the following criteria:

1. Community regional policy is not a substitute but a complement to national policies.
2. The aim should be to reduce congestion in central areas, as well as aiding regions.
3. Co-ordination of national policies will be an essential basis of country action. This should be done through a Regional Development Committee.

The Commission proposed a Fund of 500 million units of account in 1974, rising to 1,000 million in 1976 and a list of regions (covering some 52% of the Community) which could benefit from these aids. The Fund will contribute to investments in industry, services and infrastructure; generally speaking the Community grants will amount only to 15% of the total expenditure. The Commission has also proposed a Committee for Regional Policy which will contribute to co-ordinating the regional policies of the Member States and to examining the problems of regional development.

The link between the regional and social policies of the Community is obvious. Expenditure on both will need to rise in harmony, and both are aimed at sharing more equally among the peoples of the Community the fruits of economic development.

Environment

The Community's programme of environmental action (agreed by Council in July 1973) must be a complement to the Social Policy. Its overall aim is to "improve the setting, surroundings and conditions of life of the Community population".

The programme consists of three types of action:

- preventing pollution and nuisance
- improving the environment and the quantity of life
- joint action with international organisation dealing with environmental questions.

The programme in particular concentrates on improving the working environment, especially through improved accident prevention, industrial hygiene and job safety and on drawing up a two year action plan. The latter would involve:

1. Collecting and processing information on environmental factors and pollution and assessing their effect on people, on firms and on society as a whole.
2. Proposals and Development
 - practical strategy to combat industrial hazards
 - safety specifications for machinery, products, etc.
 - development of industrial hygiene equipment
 - promoting ergonomic designs for new plants
 - better work organisations, increasing job satisfaction, encouraging effective participation.

In co-operation with national authorities and industrial circles the Commission intends to carry out methodological research, promote practical measures and train the necessary personnel, set up information networks and organise an information campaign and establish criteria and reference values for checking specific risks.

The European Foundation to improve living and working conditions was proposed by the Commission in December to conduct long term research on:-

1. Improving working conditions
 - changes in industry to eliminate boring or laborious work
 - industrial incentives (pay-scales, relativities, promotion and career prospects, further education, retraining)
 - working hours (flexible worktime, holidays, retirement)
2. Improving Living Conditions
 - living space in towns and town planning
 - development of transport
 - development of communications, data processing, the "push-button society" and its implications
 - social integration of migrants

The Paris Summit requested action on consumer protection by January 1, 1974. A Consumer Advisory Committee has now been established, which includes representation from trade unions in the Community. A consumer protection programme has been submitted by the Commission, and a specific Division for "Environment and Consumer Protection" has now been established within the Commission.

Scientific and Technological Policy

The main social programme in the Commission's proposal for a scientific and technological policy (June 25, 1973) is in the medical research sector.

Increasing amounts are being devoted to financing sickness benefits and the Commission therefore believes it is important to study how optimum use can be made of public health funds. The following is proposed:

- special courses for research workers, students and clinicians in new medical techniques;
- special grants for training in the "monitoring of seriously ill patients".
- research into:
 - . psychological and toxic factors in road accidents;
 - . deafness and the harmful effects of noise;
 - . congenital and infectious diseases;
 - . ageing and psychosomatic illness.

Scientific and technological research will also be an important complement to a Community environment policy.

● HARMONISATION OF COMPANY LAW

The Paris Summit Communique stressed that workers should be closely involved in the progress of firms. The Social Action Programme presented by the Commission recapitulated the proposals for a European Company (June 1970) and the Fifth Directive on the harmonisation of Company Law.

Participation on the European Company would take three forms:

- the European company works council
- the supervisory board, with at least one third worker representation
- European collective agreements.

The Fifth Directive stipulates that there must be worker participation on the supervisory board of all companies employing 500 or more.

SOCIAL FUND GRANTS FOR THE U.K.

The Commission has approved a series of requests for grants from the European Social Fund for retraining workers.

The total value of grants authorized for 1973 is 186 million units of account (about £77 million). In addition for 1974 and 1975 the Commission has authorized commitments of 74 million units of account (about £30 million), in the form of residual, retrospective payments made under Article 125 of the Rome Treaty from the Old Social Fund, which was reformed in May 1972.

The United Kingdom will receive in 1973 some 57 million units of account (about £24 million) from the European Social Fund towards estimated government expenditure on training and re-settlement of workers. Some £4 million of the total UK receipts would be for expenditure in Northern Ireland.

The grants, which meet up to half the costs of schemes, will be towards expenditure on retraining and resettlement in the following categories:

(a)	Agriculture	: £ 180,000)	
(b)	Textiles	: £ 600,000)	under Article 4
(c)	Development Region	: £19,600,000)	
(d)	Technical Progress	: £ ----)	under Article 5
(e)	Handicapped	: <u>£ 3,500,000</u>)	

Total : £23,850,000 (approx.)

The United Kingdom applied for around £31 million from the Social Fund and the Commission is aware that resources available in 1973 were much less than the total amount of requests for assistance. The Commission has thus laid down guidelines to be used in assessing applications made in 1974. The intention of the Commission is to concentrate the relatively restricted resources of the Social Fund on well-defined and exemplary operations; hence using Social Fund grants to improve the quality of training and employment policy in the member countries.

Basically the new guidelines aim at encouraging projects which will anticipate and prevent possible unemployment, and which complement programmes already being implemented without aid from the Social Fund.

Under Article 4 the Social Fund can intervene when the Community policies affect or threaten to affect the level of employment. The Council has up to the present designated two areas for such intervention, namely, the retraining of workers who leave agriculture or textiles or who need to acquire a new skill in textiles. The Commission in its Social Action Programme has proposed as a priority the opening of Article 4 of the Social Fund to migrant workers and handicapped workers. The Commission has also proposed the opening of Article 4 to workers in the shipbuilding industry.

Under Article 5, the intervention of the Social Fund aims at correcting unsatisfactory employment situations, especially in backward or declining regions and in industries affected by technical progress. Special categories such as handicapped workers, elderly workers and young workers are also eligible for aid under Article 5.

PROTECTION AGAINST DISMISSALS

New and uniform safeguards against unfair dismissal will become law throughout the European Community when a new Commission proposal is approved by the Council representing the member States.

On November 26 the Commission presented to the Council of Ministers an amended version of a previously submitted draft Directive on harmonizing the legislation of member states relating to mass (collective) dismissals. Included in the Commission's new draft of the Directive are amendments proposed by the European Parliament and the Economic and Social Committee. The Commission has accepted all the amendments suggested by these two bodies, except in three cases where legal problems inhibited their acceptance. The new draft Directive was agreed in outline by the Council of Ministers at their meeting on December 11.

For Priority Action

The directive on mass dismissals was one of the seven priority actions listed in the Commission's Social Action Programme announced in October and itself agreed by the Council of Ministers on December 11. The Commission wishes to see the proposed Directive agreed in detail by the Council of Ministers in the first half of 1974.

Objectives

The purpose of the directive is to remove the wide differences in the protection afforded to redundant workers in the nine member states; differences which have widened in recent years. The Commission are concerned that all workers, in whichever member country they may live, should be put on an equal footing. Furthermore, the existence of divergences in the protection of workers in cases of mass dismissals influences decisions taken by firms, and particularly multinational firms, so as to prejudice balanced overall and regional development within the Community. Unless there is improved and similar protection for workers faced with redundancy then the developing economic integration of the Community, the increasing competition in world markets, technological progress, the rapid development of multinational companies, and the current imbalance of economic and social development in the Community will all have effects on the security of employment for workers. It is imperative, say the Commission, that the process of economic integration should not give rise to large pockets of unemployment or under-employment.

The Directive

The draft directive contains five substantive articles and three articles which relate to the time-scale for implementation of the directive by member states, and the monitoring of its operation thereafter.

The first of the substantive articles defines the nature of the dismissals covered; the numbers of workers involved; and the provisions for notifying the outcome of consultations with the workers representative.

Article 1 Where an employer intends to dismiss workers for reasons not relating to individual behaviour, the employer must notify the appropriate public authority of the member state (i.e. in the U.K., the Department of Employment) where over one month the proposed number of dismissals is (a) at least 5 in firms (the local units of employment) normally employing more than 20 and less than 50 workers; (b) at least 10% of the usual number of workers in firms employing 50 or more and less than 250 workers; (c) at least 25 in firms normally employing 250 or more workers.

The notification must contain all the relevant information such as the reasons for the redundancies, the exact number of workers to be made redundant, and the period over which the redundancies are to occur.

The outcome of consultation with the workers' representative must either be included with the notification or, if not known at the time, a statement of the opening and progress of the consultation procedure must be included and the outcome of the consultation notified within a further three weeks.

The second substantive article concerns the time which must elapse before dismissals can take place after notification.

Article 2. Normally, properly notified dismissals shall not take effect until at least one month after notification, without prejudicing thereby any individual rights regarding length of notice. This month shall be used by the public authorities to seek solutions to the problems raised by the proposed redundancies. In the event of no success by the public authorities, the period of one month may, exceptionally, be extended to two months. The employer must be informed of this and of the supporting reasons, not later than three weeks after his original notification.

The third substantive article deals with the rights of the public authorities to prohibit and delay dismissals.

Article 3. The competent public authority may prohibit the notified dismissals if the reasons which are advanced by the employer are found to be without foundation. If a request has been made for arbitration by either the employers and/or the workers' representatives, the competent public authority may suspend the dismissals and extend the notice period from one month to not more than two months.

The fourth substantive article defines broadly the form and content of the consultation that must take place between the employers and the workers' representatives.

Article 4. Before notifying the public authority of dismissal the employer must arrange consultation of workers' representatives in the undertaking concerned, with a view to reaching an agreement. The representatives consulted shall be those stipulated in the relevant national provisions. The consultation should cover, in particular:

- the possibilities of avoiding or reducing the proposed dismissals;
- what criteria to apply when deciding which workers to dismiss;
- the possibility of giving other jobs in the same enterprise to workers threatened with dismissal, whether by retraining, by transfer to another part of the enterprise or by amending their conditions of employment;
- possibly, compensation for reductions in salary and other benefits;
- measures to be taken in favour of workers to be dismissed, in particular with regard to the possibility of severance grants and priority for re-employment;
- procedural details, in particular the staggering of dismissals.

The employer must supply the workers' representatives with all necessary information, in writing, and including the reasons for the redundancies, to enable the workers' representatives to put forward constructive proposals.

If agreement is not reached between employers and workers' representatives then, either by agreement or unilaterally, a non-binding arbitration procedure may be initiated in which the public authority may be requested to act as the mediator.

The fifth substantive article merely excludes from the provisions of the directive dismissals which take place as a consequence of contracts of employment for limited periods of time or for pre-determined tasks.

The final three articles, relating to the time-scale of implementation of the directives, stipulate that the legislation of all the member states shall be amended within six months of the date of notification by the Council of Ministers of the directive, and applied at the latest one year thereafter. Within two years of the amended legislation first being applied each member state must furnish all necessary information to the Commission for a report to be made to the Council of Ministers on the application of the directive. Furthermore, from the date of notification of the directive all member states must submit for the Commission's observations any draft law, regulation, and administrative provision which they may adopt governing mass dismissals.

Amendments

The amendments suggested by the European Parliament and the Economic and Social Committee and accepted in the main by the Commission, were primarily of a textual, not technical, nature, and in no way questioned the three fundamental principles underlying the proposed directives, namely:

- the obligation incumbent upon the employer to notify the competent authorities of large scale redundancies;
- the possibility of intervention by the competent national authorities;
- the principles of consultation between employers and representatives of the workers of the enterprise concerned.

MULTINATIONAL FIRMS AND THE EUROPEAN COMMUNITY

About 15% of new investment in the nine countries of the European Community is of 'foreign' origin, and two-thirds of this figure, i.e. 10% of all new investment, comes from outside the Community. Between 40% and 50% of 'foreign' investment in the Community countries is still from the United States. On average, there is four times as much United States investment in the Community as Community investment in the United States. The only Community which has a positive direct-investment balance with the United States is the Netherlands.

The total value of industrial assets under foreign control throughout the world in 1972, according to one estimate, was \$240,000 million, two-thirds of which were in industrialised countries, with a corresponding turnover of \$320,000 million. This was equal in size to world trade in the same year.

Some Facts and Figures

The phrase "multinational company" cannot be strictly defined, but a simple definition is an undertaking with production facilities in at least two countries. This would make multinational undertakings practically synonymous with investment abroad.

For most people "multinationals" mean very large 'foreign' companies well entrenched as semi-monopolies in strategically important markets.

About 15% of total investments in the Community countries are of foreign origin; approximately 9% in Great-Britain (1), 10% in France (1), 14% in Italy (2), 15% in the Netherlands (1), 18% in the Federal Republic of Germany (2), 33% in Belgium (1).

On average, two-thirds of the investment are from countries outside the Community.

'Foreign' interests occupy an important, sometimes predominant, place in several major sectors of Community industry, such as computers, hydrocarbons, the food industry, plastics, electrical engineering and the car industry.

Footnote: (1) As a percentage of the turnover or sales of the manufacturing industry.

(2) As a percentage of companies' share capital.

Among the countries which invest abroad on a large scale, the most prominent are the U.S.A., the United Kingdom, Switzerland, Sweden and the Netherlands.

Importance of the United States

The relative predominance of the USA is declining but the absolute value of its foreign investments is still increasing. It still accounts for 60% of the world's total foreign investments, and between 40% and 50% of foreign investments in the Community countries.

The balance of direct investments as between the USA and the EEC is approximately 4/1, the Netherlands being the only member country with a positive balance.

The ratio of new installations to takeovers of existing firms is approximately 7/3 in Belgium and Great Britain, and 9/2 in the Federal Republic of Germany.

In Belgium, the percentage of takeovers by firms in other European countries is much higher. They are particularly frequent in the food (50%), wood and paper (38%) and non-metallic minerals (38%) sectors.

The level of foreign participation in subsidiaries is about 80% in Belgium, the United Kingdom (90% in the case of US subsidiaries) and the Federal Republic of Germany.

Why multinationals ?

The reasons for the growth of multinational enterprises are various:

- (a) lower labour costs:
this is not a very significant factor today except in less developed countries.
- (b) trade barriers:
these are in most sectors now also significant only in the case of developing countries.
- (c) transport costs:
these are only important for heavy products, in which the multinationals are not much interested.
- (d) winning a foothold in an attractive market:
this seems to be the chief motivation for multinational enterprise. Normally the initiative comes from a country or undertaking having a lead in technology or competitiveness.

Effects on the Balance of Payments

Recent studies by the Bank Jordaan, the International Chamber of Commerce and the United States Department of Commerce seem to show that, in the medium term, direct investment abroad benefits the balance of payment of the investing countries. Failing a large and continuous increase in foreign investment, or financing carried out chiefly by capital import, this investment will therefore generally have a neutral or adverse effect on the balance of payments of the host country. Capital inflows and outflows for foreign investment do not in general exceed 3% to 4% of the total inward and outward flow in the balance of payments.

External Trade

Foreign undertakings' share of the external trade of countries in which they have set up operations is now very substantial, and often exceeds their share of output.

Undertakings under foreign control provide 30% of Belgium's and 24% of the United Kingdom's exports of manufactured goods.

Subsidiaries of foreign firms in Belgium export 63% of their output and in the Netherlands 55% (compared with 38% for Dutch undertakings).

Transactions between companies in the same group also account for a substantial proportion of external trade. Exports by subsidiaries of foreign firms to undertakings belonging to the same group, as a proportion of total exports of manufactured goods, stand at 33% in Canada and 10% in Belgium and the United Kingdom. Added to this, in the case of countries which are big investors, are exports by parent establishments to their subsidiaries, accounting for over 20% of US and 12% of British exports.

Subsidiaries of foreign undertakings generally have restrictions on their freedom to export. In the great majority of cases, the "home" market (in their country of location) is reserved to them and they are barred from the parent company's market. The export-marketing area of foreign subsidiaries is, however, larger than is generally thought; in Belgium, for example, exports by subsidiaries of foreign, and especially American, firms are directed more towards non-Community countries than are those of Belgium undertakings.

Finance

According to a Belgian survey, foreign subsidiaries are capitalised 43% from inside and 57% from outside Belgium. Cases where the subsidiaries concerned go to the capital market

in its parents' country, or to the international market, are exceptional. In 1969, the financial resources of American-owned subsidiaries are believed to have originated as follows:

- 15% from the United States;
- 26% from non-US capital markets;
- 56% from the subsidiaries' cash flows.

Employment

The proportion of industrial employment provided by foreign undertakings is 4% in France, 7% in the United Kingdom and 18% in Belgium. Between 1964 and 1968 foreign investment in Belgium created 70% of the jobs produced by new investment. 98% of the net number of industrial jobs created by foreign undertakings in the period 1963-1968 (including those created by undertakings set up or taken over earlier) were due to undertakings set up by new investment, against 2% attributable to acquisitions.

Gross hourly and monthly wages and salaries paid by foreign undertakings seem to be on average slightly higher than those paid by indigenous ones. Foreign undertakings would appear to have a greater tendency to link wages agreements with productivity.

Only in countries in which trade-union representation in the undertaking is not yet taken for granted have foreign firms a tendency not to recognize the unions. In the United Kingdom it has been shown that foreign firms have fewer strikes than indigenous ones.

The "hire and fire" policies, abrupt plant closures or mass redundancies, which foreign undertakings were often accused up to a few years ago of wishing to import into Europe, have certainly become rarer, or less sudden, in recent years.

Research and Technology

Here, foreign investment can take two forms:

- the subsidiary's own, even independent, research activities;
- technology brought in from outside and assimilated by the subsidiary.

A British ad hoc survey failed to produce a conclusive answer to the question whether foreign investment have a favourable or unfavourable effect on the level of technology.

At all events, since the subsidiary is generally set up on the basis of the technological attainments of the parent, research activity is, on average, on a small scale and the technology balance is almost always in deficit.

In Japan, research expenditure by undertakings in which there is a foreign holding is less than half the Japanese average.

In Belgium, a quarter of the foreign subsidiaries undertake their own research operation, with a certain degree of independence in half of these cases. The takeover of an undertaking does not seem to exert a preponderant influence on the level of research.

Half of the Belgian undertakings under foreign control pay know-how or licence fees to their parent company.

The Kienbaum Institut survey showed that there are some foreign subsidiaries with a surplus on the balance of such fees. This is not at all typical, however. In 1969, in West Germany, out of all undertakings with a substantial movement of fees and royalties, the balance was in surplus in the ratio 300:200 in the case of German firms, and in deficit in the ratio 1:100 where the undertakings were under foreign control.

Management

In Belgium about half of the managerial staff (chairman of the board of directors, managing director, general manager, departmental managers) in multinationals is of non-Belgian nationality.

This proportion varies (in descending order of importance) with:

- the length of time that the subsidiary has been established;
- geographical remoteness from the parent firm;
- the local stake in the subsidiary's capital;
- the job (90% of personnel and research managers are nationals, compared with only 60% of general managers or controllers, and 40% of managing directors).

Freedom in decision-making varies from the very slight, as regards capital spending, to the very great in personnel and remuneration matters.

Avoidance of Tax

This is one of the more emotive subjects concerning multinationals. The nature of the subject is such that

concrete information is difficult to obtain. But certainly where a business is being carried on in several different countries each with a different tax structure, there must be widespread opportunities for tax avoidance. The prices charged in group inter-company transactions, and fees for industrial property or management, can obviously be manipulated to produce minimum tax assessments, while profits can be moved to countries where they will attract the smallest tax. Rightly or wrongly, domestic undertakings tend to see in this a serious threat to fair competition and one of the chief reasons for the rapid expansion of the multinationals.

Size

At least three-quarters of foreign subsidiaries are branches of very large undertakings. In Belgium, foreign subsidiaries account for 1.6% of the total number of firms, but they make up 28.6% of those in the "thousand workers or more" category. In Italy, companies under foreign control are on average four times as large as purely Italian companies. Although foreign holdings make up 20% of the capital of German companies, they account for 47% of those of 100 million DM or more.

Monetary Mobility

Critics often attribute a major impact on monetary speculation to the multinationals. This may well be right, but it is impossible to determine its extent. Studies carried out in the UK did not detect abnormal currency movements on the part of multinationals in years of monetary upheaval as compared "normal" years.

But it is normal practice for multinationals to seek to avoid foreign exchange losses by moving their liquid assets about, or by means of leads and lags in payments between subsidiaries. This process has accentuated the speculative monetary movements of recent years.

Regional Development

On the plus side, in Europe foreign multinationals display greater flexibility than indigenous firms in their response to government incentives for the development of backward regions. This flexibility results from their size and experience and the fact that they have no traditionally predominant location. Multinationals are more willing than indigenous undertakings to invest in recently industrialised regions, provided of course that there are no serious disadvantages. A supply of labour of sufficient size and quality is generally the most important factor, financial incentives being only a second consideration.

In the Belgian province of Limburg, where industrialisation began only recently, 58% of the jobs result from foreign investment.

Greater flexibility in choice of location has another side to it however. Multinationals are equally flexible in disinvestment, either in the cessation or relocation of production.

National Policies towards Multinationals

All non-Communist countries except Japan encourage foreign investments which create employment, at least at the regional or local, if not national level.

A large number of member countries of the OECD place restrictions on foreign investments, using various methods:

- the banning or limiting of foreign interests in certain sectors: Canada, Finland, United States, Japan, Sweden, Australia, Norway, Spain;
- the prohibition of any investment from certain countries: United States;
- Government authorisation or control of foreign investment: France, United Kingdom, Japan, Norway, Finland, Sweden, Spain, Australia;
- special regulations governing undertakings under foreign control; Portugal, Switzerland, United Kingdom, United States;
- the exclusion of foreign-controlled undertakings from certain benefits or certain markets: Canada, United States.

It should also be noted that certain regulations which are in principle non-discriminatory, such as regulations on mergers or takeover bids, may be used to stop foreign investments. In the same way, political decisions can be effective even where they have no legal basis.

Within the Community, France has regulations requiring authorisation for extra-Community investments.

Belgium has made it necessary for foreign takeover bids to be authorized and for the acquisition of major holdings to be notified. The United Kingdom exercises control over foreign investments by means of foreign exchange control and by laws on competition.

In certain cases, Member Governments have imposed a veto or laid down conditions on purely political grounds.

The United States Market

A European undertaking which wants to set up on the United States market faces numerous difficulties. Some of these take the form of discriminatory treatment:

- Foreign investments are prohibited in certain sectors: mining concessions, radiocommunications, shipping under the United States flag. Licences for the atomic energy sector may be granted only to United States firms and citizens;
- It can be very difficult to obtain work permits for non-United States personnel;
- The "Buy American" Act penalizes imported goods, thus making it hard for an overseas firm to gain the necessary market experience before deciding where to site a new production plant. In certain States, the Act also effects goods produced by foreign subsidiaries in the USA, and this also applies to defence procurement.
- United States banks proposing to finance foreign groups have to obey very strict rules;
- Foreign undertakings are not authorized to make share issues of less than \$300,000;
- Share issues, acquisitions of holdings, takeover bids and share exchanges are made subject by the Securities and Exchange Commission to very onerous formalities. This is true even in the case of the transfer of a holding in a US undertaking from one foreign undertaking to another outside the United States;
- the biggest obstacle in this sphere is the Interest Equalization Tax which consists of a tax on any United States purchase of bonds or shares issued by a foreign firm and which therefore handicaps foreign undertakings wanting to be financed on the United States capital market.

Nevertheless, in practice by far the biggest obstacle to foreign-based firms in the United States is the high competitive level of the US economy. Foreign undertakings often find it best to establish themselves on the United States market through a takeover or a joint subsidiary. This, however, involves the danger of anti-trust proceedings, especially in the case of large undertakings, and it is a threat which may materialize years after the new firm has been set up.

American Attitudes

Since the majority of multinational companies are controlled by the United States, the American viewpoints are particularly significant. Trade Unions in the United States have recently been campaigning strongly against the setting up of subsidiaries abroad. The chief motive of the multinationals, it is said, is the desire to evade US social conditions and standards, while their chief effect is the substitution of imports or exports. Investing abroad is said to amount to the exporting of jobs.

An opposing view is that if jobs are created abroad it is only because United States exports are no longer competitive. The loss of jobs, it is said, would have happened in any case. In addition, investment abroad has the advantage of generating orders for capital goods and semi-finished products.

The Commission's Approach

Multinational undertakings have reached a size and a geographical spread which is beginning to dwarf the national trade unions and even the public authorities themselves. The Commission believes that it will be impossible to allay anxiety about multinationals unless suitable counterweights are introduced at Community and international level.

There are a number of important problems surrounding multinationals and their relationship with national authorities. In particular, trade unions and governments often find themselves grappling with multinational undertakings of a size out of proportion to their own, with decision-making centres outside their own area of activity, and with whose capacity and structures they are unfamiliar. Industry has built a lead in internationalisation which trade unions and governments seem unlikely to shorten at all quickly, despite all their efforts to cooperate.

Because of the importance of the multinational companies, the Commission believes that the European Community must develop a coherent policy towards them. At present, national policies vary very widely. As a first step, the Commission submitted to the Council of Ministers on November 7, 1973, a draft resolution, which focuses chiefly on four main points:

- the protection of employees in the case of takeovers or mergers
- common rules for stock exchange operations and investment
- better common information on various aspects of multinational companies
- common rules on groups of companies.

The draft resolution aims simply to establish an outline approval in principle for the Commission's general approach to multinationals, as the first step towards evolving a concrete common policy. Some of the specific proposals of the draft resolution are:

- (a) The Commission intends to follow up its work on tax avoidance, as soon as possible, in order to improve international cooperation on information, supervision and recovery, with special attention to transfer prices and licence fees.

The suggestions made by the Commission in June 1973 on taxing holding companies also apply to multinational undertakings.

- (b) The most important initial step is to obtain more information about the financial flows associated with companies' transnational operations.
- (c) Multinationals play an important part in regional development.
However, to the extent that member states outbid each other in relation to state aid, multinationals have been able to benefit unfairly.
The Commission is continuing its efforts to bring about the coordination of national and regional aids.
- (d) The Commission is about to submit to the Council a proposed "law on groups of companies". These proposals will provide a framework for the uniform management of a group of companies. Advertising would have to make clear the group's structure and there would be provision for the protection of shareholders and creditors.
- (e) Various suggestions are put forward by the Commission for increasing the protection of workers. More collective agreements should be made at Community level as an essential counterweight to the centralised management of the larger multinationals. Existing Commission proposals on mass dismissals, company mergers, and a European company statute are also essential if the rights of workers in multinational companies are to be protected.
- (f) The size and power of multinational undertakings make it especially important that the existing Community rules on competition and the abuse of dominant positions should be respected.

The Commission has already submitted to the Council a draft regulation requiring advanced notice of mergers involving undertakings with a total turnover exceeding \$400 million. The problem of the multinationals adds point to this draft regulation.

- (g) Actions on multinational companies can only be really effective if they are generally adopted at international level throughout the industrialised world, i.e. as far as possible in the member countries of the OECD. It is also necessary to make sure that the operations of multinational companies of Community origin shall correspond with the economic and social welfare of the developing countries in which they operate.

It is also important that outside countries should be equally liberal in the conditions which they impose on foreign companies as are the member states of the Community. At present outside countries seem to be rather more restrictive towards multinationals than EEC countries. The restrictions in question affect the right of establishment, opportunities for financing, the right of foreigners to hold capital or company directorships, the repatriation of profits and the application of national anti-trust laws.

The Community's aim in this field as in others is not to discriminate against outside countries but to promote more liberalisation all round.

- (h) Many of the misunderstandings at present surrounding multinationals could be removed simply by better information about large national and multinational undertakings. In particular member states and other states willing to cooperate, as well as the multinationals themselves, should provide information on the following:
- (i) transfer of funds from one country to another
 - (ii) origin and composition of capital
 - (iii) numbers of jobs created and abolished
 - (iv) declared profits and taxes paid, as percentages of turnover
 - (v) research expenditure and income from licences

THE COMMUNITY BUDGET 1973

The United Kingdom's net contribution to the Community's 1973 operating budget works out at about £74 000 000, or less than 4 per cent of EEC spending. The figure is based on a British payment of 431 million units of account (£180 million) to the total budget, less payments for social policy, agricultural support and a 10 per cent rebate for collection of duties and levies:

	<u>million ua</u>	<u>£ million(1)</u>
Total Community requirement	4 909	2 050
<u>UK 1973 contribution</u> (8.78 per cent)	431	180
<u>UK 1973 receipts:</u>		
Collection costs	£18m	
Social policy	£24m	
Farm support	£64m	
	—————	
	£106m	<u>£106</u>
<u>Estimated UK net contribution 1973</u>		£ 74

(1) For budget purposes, an exchange rate of 2.4 ua : £ is used.

Who contributes the cash?

It is known that Denmark, France and the Netherlands will have received substantial net receipts from Community funds in 1973. Germany will be the main net contributor to the budget, with Belgium, Italy and the United Kingdom also net contributors. Funding of the 1973 budget is shared as follows:

	<u>Per cent</u>
Belgium	7.31
Denmark	1.12
Germany	29.07
France	24.53
Ireland	0.28
Italy	19.29
Luxembourg	0.17
Netherlands	9.44
United Kingdom	8.78

How the money is spent

About 80 per cent of the Community's budget for 1973 was spent on agricultural support, at about £ 1 600 million. More than a third of this had to be used for milk and dairy products. Cereals also demanded substantial support costs. Britain drew particular benefit from the transitional and monetary compensatory amounts, an important element in the total budget. The transitional compensatory amounts subsidise exports from the original members of the Community into Britain, whereas the monetary amounts compensate for any decline in the value of the pound below a reference rate.

Appropriation for social policy amounted to about 5½ per cent of the total budget. It had to be increased during the year to meet demands from member states which were higher than had been expected. The money was used to assist with retraining and resettlement of workers and to provide help for handicapped workers.

The main appropriations for the 1973 budget were:

	<u>million ua</u>
European social fund	283
Agricultural fund - price guarantees	3 807
- guidance	350
Food aid	111
Administrative, operational and miscellaneous	311
Personnel expenditure	115

● European Investment Banks Loans for the United Kingdom

In 1973, the European Investment Bank (1) made three loans to borrowers in the United Kingdom.

- a) The first loan of £3.5 million went to the Industrial and Commercial Finance Corporation (ICFC) in July. This was an indirect loan operation. ICFC will receive a global sum which it will then appropriate, with the EIB's approval, to finance small and medium-scale ventures in the development areas of the United Kingdom.
- b) The second loan was of 14.7 million pounds sterling (30 million units of account) to the British Steel Corporation for the Corporation's investment programme on Teesside. Under the terms of an agreement signed in London, the Bank granted this loan for a period of 17.5 years at a rate of interest of 8.5% p.a.

The Corporation's ten-year development strategy includes the construction of a modern complex capable of producing more than 12 million tonnes of steel a year on the south bank of the Tees. The first part of the development was the commissioning this summer of the Corporation's new ore terminal at Redcar. Work is now starting on the second phase of the development which will provide for an increase in the output of liquid steel from the three vessel basic oxygen steelmaking shop at Lackenby. EIB's loan will meet part of the cost of installing the new burden preparation facilities.

The project to be financed at Teesside will stabilize employment and provide jobs in a development area where unemployment remains above the national average. It will also create additional temporary local employment during the construction period.

- c) A third loan of £ 14.7 million (30 million units of account) was made for the British Steel Corporation's development programme. Under the terms of an agreement signed in Luxembourg on Thursday, December 6, the loan is being made available for a period of 18 years at an interest rate of 8.5 per cent as a contribution to the financing of new plant in BSC's Strip Mills Division at Llanwern, South Wales.

(1) See Notes on EEC Institutions.

IN BRIEF

The project for which the second loan is intended includes the construction of a third blast furnace and other supporting plant at the Llanwern works to enable output of hot rolled coil at the existing strip mill there to be increased. The new installations are due to be commissioned during 1974/75 and should become operational in 1975/76.

The capital investment at Llanwern in a locality near to development and special development areas in South Wales will create employment in the industry and help to alleviate redundancies resulting from the closure of BSC plants in other parts of South Wales.

Taking the three loans together, the EIB's total lending for projects in the United Kingdom reached £ 32.9 million in the first year of the United Kingdom's membership of the EEC.

● ECSC Consultative Committee meets in London

The Consultative Committee of the European Coal and Steel Community came to London last October for its 158th session. The meeting was presided over by the current chairman of the committee, Sir David DAVIES, who is the General Secretary of the Iron and Steel Trades Confederation and one of the six British Trade Unions representative on the committee. It was the first meeting of the committee to be held in London.

The Committee which has 82 members, consists of representatives of employers, unions, and consumers from the coal and steel sectors. The European Commission must consult the Committee in the formation of policy and it is free to raise matters with the Commission on its own initiative.

Sir DAVID said before the meeting that the British coal and steel unions had always maintained close links with the ECSC and were obliged to play an active part on the Consultative Committee once Britain joined the Community on January 1, 1973. They could not accept a situation where employers and dealers were represented and "the voice of workers was allowed to go by default".

The main subjects on the agenda at the meeting were the Community's energy policy; the problems of pollution in the coal and steel industries, for which about £ 4 million has been allocated, and social problems.

Negotiations between the British Government and the Commission on Social Fund Assistance for the coal and steel modernisation programme were nearing completion, said Sir DAVID. Aid would

be available from the Fund to help ease the impact of the British Steel Corporation reorganisation, as well as helping to fund social measures in the British coal industry, under the 1973 Coal Industry Act.

● The Paul Finet Foundation - Community Aid for Education and Training in the Coal and Steel Industries

The purpose of the Paul Finet Foundation is to grant financial aid to the orphans of workers in the coal mines, iron ore mines and the steel industry of the European Coal and Steel Community who have died as a consequence of an industrial accident or industrial disease.

The Foundation was established in 1965 by the High Authority of the E.C.S.C. Aid will shortly be available in the United Kingdom to orphans of coal and steel workers who died as a consequence of industrial accident or disease after 1st January, 1973.

The Foundation grants aids to orphans engaged in general secondary studies, advanced studies at a university, an establishment of university standard, or vocational training courses.

The aptitude, the previous study and work record, and the needs of applicants are used to decide on the suitability for aid. Applications may be made by orphans of both sexes between 14 and 21 years of age. (However, the age limit can be raised or lowered to enable, for example, applicants over the age of 21 to continue their studies or a vocational training course on which they have already embarked.) Priority is given to the most gifted and diligent applicants whose economic situation would otherwise make studies or vocational training difficult or even impossible because of otherwise inadequate financial resources.

The level of financial aid will be determined by individual need, taking into consideration the financial circumstances of the dependent and the income of the person(s) responsible for his or her maintenance.

The value of the awards fluctuate according to age, type of course, individual need, etc., between approximately £50 per year to £400 per year.

The amount of aid will be fixed in each instance by the Executive Committee of the Foundation and will be determined by (i) the funds available to the Foundation; (ii) the number of applications; (iii) the economic situation of the applicant; (iv) the cost of the chosen studies or training. It can be paid as a lump sum or by instalments, and can take the form of a "non-repayable" grant", or "an interest free loan". In the latter instance the E.C. can waive repayment, should it be a burden on the individual concerned.

The "loan" method of payment is of particular importance for prospective beneficiaries in the U.K. If the Foundation's award were to be deemed by a grant awarding body (for example a Local Education Authority) to be 'deductable' from the original grant - as many similar awards are - it can still be paid in the form of a non-repayable loan.

● "Trade Union Charter" for Migrant Workers

The working party on migration, set up by the International Confederation of Free Trade Unions and International Professional Secretariats which met on 18 and 19 October in Brussels has worked out the principles for a Trade Union Charter for Migrant Workers. The main aspects discussed will be put before the forthcoming session of the Executive Committee of ICFTU on November 21, 22 and 23. These will concern equal employment rights for migrant workers and national workers; the social rights for migrant workers, and their rights to participation in the activities of the Community in which they live. Other points which the Charter is intended to cover are the residence of migrant workers; the regrouping of families; education of their children, and health and safety at work.

● The Commission consults Employers and Trade Unions

On Tuesday, 23rd October 1973, Mr. HAFERKAMP, the vice-president of the European Commission held consultations with the Employers' Representative body in the EEC (UNICE); the largest trade union federation, the ETUC, and the Christian trade unions (WCL) concerning the transition to the second stage of economic and monetary union. The economic situation was also discussed. UNICE confirmed that it was in favour of proceeding to the second stage on the date planned, and agreed to the Commission guidelines giving priority to the fight against inflation - on the condition that the restrictive measures do not excessively curtail economic activity. The union delegations (amongst which neither the British nor the Danish trade unions were represented) also shared the Commission's views on the transition to the second stage and the fight against inflation, provided that wages are not frozen unless other incomes are also subject to controls.

● The Court of Justice issues new decree concerning social security for migrant workers

The Court of Justice of the European Communities has issued a new decree on social security of migrant workers.

The decree resulted from the case of a German national who had worked in Germany, France and Algeria consecutively.

In 1951 in Algeria he contracted polio, but when in 1962 Algeria became independent, he was warned that he would no longer be allowed to draw an invalid pension if he went back home. This was because there was no longer a reciprocal agreement with EEC countries.

The worker decided to avail himself of a Community regulation allowing migrant workers to transfer their pension rights back to the social security organisation of the EEC country to which they were last affiliated - in this case the French Regional Sickness Insurance Fund of Strasbourg.

The latter rejected his request, as did the Court of Appeal in Paris; the reason being that a transfer of pension rights was not possible as Community regulations do not apply to Algeria. However, the Supreme Court of Appeal took up the case with the European Court of Justice. The latter court has decreed that the migrant worker may indeed ask for the transfer of his rights to the French Sickness Insurance Fund to which he was last affiliated, even though his request was handed in after the date on which the Community regulation ceased to be applicable to Algeria.

● The European Trade Union Organisations are to examine the Energy situation

The European Confederation of Trade Unions (ECTU) and the European Organisation of the World Confederation of Labour (EO-WCL) held a colloquium on the energy situation in the Community, and in particular on the present and future development of the oil market. Mr. SIMONET, Vice-President of the European Commission and Mr. F. SPAAK, Director-General for Energy, were present at some of the debates. The colloquium took place at the Hague on 19, 20 and 21 November.

Announcing this move, the trade unions point out that it had been decided upon "in the face of the gravity and urgency of the problems currently posed by oil supplies to Europe" and that this meeting "will enable delegates from European trade union movements to have a detailed and constructive dialogue with the Commission on the political aspects of the problems and on the measures that are being envisaged in the framework of a common energy policy".

● Social Action Programme discussed with both sides of industry

On Tuesday 16 October, the Commission held a consultation meeting with representatives of the two sides of industry on its social action programme. Representing the trade unions were the ECTU, the EO/WCL and the CGT/CGIL. On the employers' side were UNICE, CCOEEC, ECPE and COPA.

Some standpoints were already known as regards their broad outline. Worker discontent is due above all to:

- (a) rising prices and the drop in purchasing power of wages;
- (b) employment problems;
- (c) the need to improve working conditions.

The CGT/CGIL stated that unfortunately none of the Commission proposals dealt with means of stabilising prices and increasing the purchasing power of the workers.

The ECTU considered that the Commission draft reflected a certain understanding of social problems and hoped that the proposals contained in the social action programme would be retained. The ECTU proposed a list of ten priority actions within the framework of social action.

- 1/ Full employment and improvement of working conditions
- 2/ Measures to stimulate regional employment
- 3/ Security of income during structural changes;
- 4/ Safety at work
- 5/ Stability of prices
- 6/ Equal rights for men and women
- 7/ Vocational education and retraining
- 8/ Aid for migrant workers
- 9/ Regulations concerning collective agreements
- 10/ Worker participation.

In the context of the Social Action Programme, the Commission has suggested the establishment of a European Trade Union Institute to be set up in 1974. Its aim would be to assist trade union organisations in creating information and training services on European affairs, and it would be independently run by the trade unions. This initiative will probably meet with strong objections from employers. Industry has already made known its reservations and European commerce has protested to President ORTOLI and Commissioner HILLERY. The employers argued that as both trade union and employers' organisations are private it would be unfair to give one group advantages over the other.

● Economic and Social Committee

Social goals should be community's prime aims, the Economic and Social Committee declared at its 115th session held in Strasbourg on November 29.

A thorough democratization of the European Communities' Institutions and a greater say for the people in economic, social

and political decisions were considered essential by the Economic and Social Committee for introducing a common social policy in the nine member countries. Such a policy called for effective instruments requiring extensive transfers to the Community of powers of decision in this sphere.

Community social policy should not only be interlocked with policies in other sectors, especially regional policy, but its goals should be considered as compulsory guidelines for all community decisions. Full and guaranteed employment and improved working conditions should be the prime objectives of Community policies. Job security was threatened not only by cyclical fluctuations, but also by industrial, technical and organisational change. The Committee therefore insisted that workers had to be protected against the social ill-effects of mergers, rationalisation measures and closures. It also demanded protection in the case of mass dismissals and called in particular for uniform regulations concerning the obligation of employers to give advance notice.

Effective employment policy implied co-ordinating the activities of the European social Fund and the European Regional Development Fund. Regional imbalances clearly threaten full employment. A Community employment policy must therefore aim at removing these structural imbalances between supply and demand in the regional labour markets in order to eliminate as far as possible the need to emigrate.

Migrant workers, however, should have greater protection, enjoy equality of rights under all labour legislation and better social service. Above all, they should have decent housing at reasonable rents.

The Committee's opinion also proposed the improvement and harmonisation of vocational training, of social security and better protection against disease and accidents at work. It deals with trade union rights, wages, environmental problems and family protection.

● The Commission meets European Trade Unions Leaders

On Friday, December 7th, the European Commission had a lengthy exchange of views with all the leaders of trade union organisations represented at European level. The discussion covered all current major issues, as well as specific trade union problems. The European Confederation of Trade Unions (ECTU) voiced its disappointment over the absence of any democratic progress on a European scale. It expressed concern over the present economic difficulties which were creating very serious problems for business activity, employment and workers' living standards. It urged the "holding, as soon as possible,

of a special conference bringing together the governments, the Commission and employers' and workers' representatives in order to take an overall look at the energy problem, prices policy, and social and regional problems". The ECTU "will not hesitate to suspend its collaboration with the Community institutions in the event of no favourable outcome emerging from the present claim".

● Work Safety in Coal and Steel Industries

Safety and health conditions in the Community's coal mines and steel works were on the agenda of the European Coal and Steel Community's Consultative Committee meeting on Friday, December 7th. The Committee has been particularly concerned at the increased frequency of accidents causing a work stoppage in the steel sector. It proposed that studies should be carried out into the causes for the apparent disparity between mining areas in the pattern of mining accidents and into the influence upon the frequency of accidents caused by the high degree of mechanisation, the rhythm of work, human factors, ageing of employees and job training.

The Committee also proposed that accident statistics should be improved and publicised more widely.

● British Steel Workers join the EMF: Criticism of the Commission

The British Steel Workers are to join the European Metalworkers' Federation, which comprises 5 million workers in the EEC. The executive committee of the EMF unanimously announced that it was opposed to the attempts of some management organisations to use the energy crisis to delay negotiations in the metal-working industries.

On the subject of the European industrial policy, the Committee expressed concern over the way the Commission was handling the draft proposals. In particular, it was concerned over the promotion of European aerospace industry shipbuilding and data-processing which in effect promotes the interests of capitalists rather than workers. Social protection of workers is minimalised, the trade union influence limited and the indispensable public control excluded. The EMF announced that if the need arose, it would boycott the Commission's industrial policy unilaterally.

● Railway Workers demand Transport Policy Reform

The leaders of the railway workers' organisations represented on the EEC Joint Committee for social problems in the railways noted at the end of a meeting on 30 November, that the

Community is still a long way from an effective common transport policy. In their opinion the determining factor of the policy is the search for "capitalist profit and not the improvement of living and working conditions". There is in all EEC countries an enormous waste of public money, which could better be invested in public transport to help combat traffic congestion, accidents, pollution and the over-exploitation of natural energy reserves.

The railway organisations intend to hold an important trade union meeting at the beginning of 1974 with a view to intensifying pressure on public opinion to ensure new guidelines in the transport field.

● Farm Workers call for 40-hour Week

The agricultural workers' trade unions (EFA, EURO-FEDAG and CGT/CGIL) are hoping to draw up an agreement demanding a fully-paid 40-hour week and 4-weeks' paid holiday a year with an additional holiday bonus. They are also demanding equal pay for men and women.

These claims should form the basis of the work programme of the Joint Committee for farm workers' job problems, which is already operating on a European basis. The farm workers are also asking for comparative criteria to be set to achieve parity with industrial wages; specific programmes for agricultural workers reaching retirement age and stopping work; and more support from the regional policy for the creation of permanent jobs for workers leaving the field.

● European and African Workers call for a more open Common Market

The European Organisation of the World Confederation of Labour (WCL) and the Panafrican Union of Christian Workers, have adopted a common stand on EEC/AASM association, and demand

- the opening up of the Common Market to products from the associated countries, including agricultural products in competition with European agriculture,
- a Euro-African organisation for commodities, involving fixing remunerative prices,
- the abolition of excise applied in EEC countries to products from associated countries,
- a substantial increase in the resources of the European Development Fund (EFD).

The European and African organisations both called for control

of multinational companies and the supervision of investments. They suggested the establishment of a new body within the EEC/AASM framework on which employers, workers and farmers are represented.

● East-West Trade Union Meeting

The Committee of the European Organisation of the World Confederation of Labour (EO-WCL) had a far-reaching debate on 8-9 November in Brussels on the problem of relations between trade union organisations in West and East Europe. Backing the idea of a meeting (which originated in Poland in 1970) the WCL thought it should bring together as many trade unions as possible except the official Greek, Spanish, Portugese movements.

NOTES ON COMMUNITY INSTITUTIONS

● The European Investment Bank

The EIB was set up as an independent body by the Treaty of Rome. It is the banking institution of the European Community and its object is to contribute to the financing of projects of interest to the Community. To this end it grants long-term loans and guarantees to private and public undertakings, local or regional authorities with financial autonomy, to finance projects which aim

- (a) to improve the situation in re-development areas;
- (b) to modernise or convert industries in decline, or
- (c) to realise ventures of common interest to several Member States.

Provided they fall within these categories, the projects financed by the EIB may be extremely varied. The Bank finances plant or tooling for industry, mines, and agriculture, as well as infrastructure in the field of energy supply, transport, telecommunications, irrigation or water supply networks, the equipment of new industrial areas, etc.

Under the Association agreements which the Community has with various countries, the EIB's activities have gradually widened to include Greece, Turkey, the 17 Associated African States, Madagascar, Mauritius and the Associated Overseas Countries and Territories.

The majority of the Bank's loans range from £ 1 to 8 million. Normally they are not lower than £ 500,000 and not higher than £ 15 million. The Bank contributes to the financing of small and medium-scale ventures by means of global loans like the one concluded with the ICFC in July.

For industrial projects the duration is generally between 7 and 12 years and may be as much as 20 years in the case of investment in infrastructure.

The loans are disbursed in several currencies which the Bank selects according to its actual availabilities while endeavouring to meet the borrower's requirements. Loans must be repaid in the same currencies and in the same proportion as they were disbursed.

EIB operates on a non-profit-making basis. As the Bank raises the funds required for its lending by borrowing on the capital markets, its interest rates are close to the terms on which it can raise money. At present its interest rate is 8.125% for loans not exceeding 9 years and 8.5% for loans above 9 years. The same interest rate is applied irrespective

of the type or the location of the project financed or of the status of the borrower or the currency disbursed.

The European Investment Bank has a capital of 2,025 million units of account (about £1,000 million) of which one fifth, i.e. 405 million units of account, constitutes the paid up capital. The participation of the United Kingdom in the subscribed capital amounts to 450 million units of account (about £225 million) and in the paid up capital to 90 million units of account (about £45 million), the same as for France and Germany.

