



European Communities
Commission
Press Release

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INDUSTRIAL DEMOCRACY AND COMPANY LAW REFORM IN THE
EUROPEAN COMMUNITY

Commission "Green Paper"

A Green Paper just approved by the Commission discusses the movement towards industrial democracy now making headway throughout the European Community. The Commission is in process of producing a revised Fifth Directive on Harmonisation of Company Law, dealing very largely with this subject. The Green Paper gives an outline of Commission thinking in this field. Public reaction throughout the Community will give vital help to the Commission in its work on the Fifth Directive.

The approach towards the introduction of industrial democracy is different in every member country but the cohesion and effectiveness of the Community require some common objectives and guidelines, the Green Paper argues. Too great a divergence in the field of industrial relations would make the harmonisation of company law reform impossible. The Community's economy would be fragmented and the progress of the Common Market disrupted, the Commission argues.

A series of proposed guidelines makes clear that Commission intentions are still flexible. What is important is that the main object is achieved, both through national and Community legislation. That object is that employees should be properly consulted about all decisions affecting their work, their status and their livelihood. Whatever system is finally adopted must ensure that employee representatives should be democratically chosen and fully consulted at all levels before important decisions are made.

The Commission stresses that adequate allowance must be made for the fact that existing company structures differ from one member country to another. Community legislation must recognise this, the Commission accepts.

Common Guidelines

The paper does not make detailed, formal proposals, but a series of suggested common guidelines shows that the Commission, while still stressing the value of a two-tier structure for companies, is willing to consider a number of alternatives. The paper explicitly recognises that collective bargaining has important functions to perform, that it is likely to develop and that it should be encouraged, for example, in relation to international bargaining with multi-nationals. But it is argued that collective bargaining by itself does not provide a suitable general basis for Community legislation on employee participation.