

EUROPEAN COMMUNITY NEWS

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COMMISSION OF THE EUROPEAN COMMUNITIES

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WORKER PARTICIPATION IN MANAGEMENT MAKES HEADWAY

A new concept is gaining ground throughout Western Europe, in Common Market countries and elsewhere: workers should have more say in the management of firms which employ them as well as a financial interest.

Strictly speaking, "co-determination," as the idea is known, is not new. In many European countries, workers' councils have existed in one form or another for some decades. Their job usually has been to consult or cooperate with management in day-to-day tasks. For some 20 years worker and union representatives have sat on the boards of directors of German coal and steel corporations, and France and the Netherlands have devised similar plans.

Such efforts, however, have now taken on a broader dimension throughout Europe, and have become the topic of widespread and intensive debate. The projects are, of course, far from final, and much controversy still surrounds them.

On the Community level, there is a Commission proposal to create a "European company statute," effective throughout the Community. Its provision for worker representation on boards of directors has provoked more discussion than any other aspect of the proposed draft law.

That such ideas should receive active consideration in the Scandinavian countries, where the unions hold a very strong position, was to be expected. Often the question there has been whether workers wish to be represented on company boards: some observers have feared a conflict of interests.

It is perhaps more surprising that the discussion now has extended to a country like Switzerland, where trade unions have opted decisively for co-determination. Employer objections are strong still, and, by way of a compromise, it has been suggested that workers hold stocks in their firms, or otherwise participate in profits. The unions, on the other hand, dislike that approach. Co-determination, they argue, produces a drastic shift in the employer-worker relationship, and at best brings only gradual change.

In Germany there is hot debate also about extending co-determination to all industries. To do so is, in fact, part of the Government's program which all parties have more or less accepted. This issue now is how strong worker representation on the boards should be. The employers say they must retain a clear majority and that, if they do not, collective bargaining with unions will become impossible. The unions protest, charging the other side with wishing to run their firms as autonomously as ever.

Meanwhile there are new moves in the north, notably in Sweden. There the huge state pension fund (in the administration of which unions participate extensively) has been authorized to invest some of its money in industrial stocks. If its industrial investments grow, the fund might ultimately gain considerable influence for workers at the company board table. Another alternate plan is taking shape in Denmark. Under the label "economic democracy," the Government last fall submitted a plan which called for deductions from worker payrolls to be used to buy company stock. The idea encountered fierce opposition from employer and other groups and the Government, hard pressed on other fronts, shelved it temporarily.

It's a safe bet that debate will continue to wax hot throughout the Community and, in all likelihood, beyond it. It is certain too that workers, unions, employers and the public in each EC country will carefully watch developments elsewhere. Once again in Europe, a concept of great social significance is attracting widespread interest.

EC COMMISSIONER DAHRENDORF SPEAKS TO MID-ATLANTIC CLUB IN WASHINGTON

In a brief afterlunch talk before Washington's Mid-Atlantic Club on June 8 EC commissioner Ralf Dahrendorf outlined some of the difficulties lying ahead for those who seek to seal Euro-American relations in a firmer bond. Ending his two days of talks in Washington with US officials, the EC Commissioner responsible for research, science and education remarked that the Community has not yet fully developed the "instruments" needed for solving the major problems before it: monetary union, relations with the United States, and Europe's links with the developing world. Dahrendorf also stated that he felt the dollar's role had not significantly changed and compared its "abdication" to that of the Emperor of Japan in 1945, that is, "more symbolic than real."

EC-NORWAY ACCORD PAVES WAY TOWARD "EUROPEAN UNION, 1980"

On July 1, an agreement augmenting industrial free trade between the European Community and Norway goes into effect. According to Commission Vice President Christopher Soames, responsible for external affairs, the accord should serve as a basis on which the Community can gain "Norway's contribution to the creation of a European Union by 1980."

In a national referendum last September Norway rejected full Community membership. The present agreement resembles accords between the Community and the other European Free Trade Area countries (Austria, Finland, Iceland, Portugal, Sweden, and Switzerland). These agreements call for five 20 per cent tariff reductions, to be completed by July 1, 1977.

DROUGHT RELIEF FOR SIX MILLION IN AFRICA

Severe drought and famine have hit Africa's Sahel (sub-Sahara) region:

Swarms of goats seek something to eat among the dead bodies and the rocks, competing against the children. . .

In the streets of Agades, women offer their last silver jewelry and men whose blue veils hide their starved leanness wander empty-handed, their faces bearing the distress of the perennial refugee. Thousands of nomads have been obliged to seek help in the desert cities where once they made only brief halts at the market place to barter the milk products of their herds for millet, sugar, and salt.

Populations in many savannah towns have doubled in only a few weeks. Beyond the earth dwellings at the limits of many towns straw suburbs have sprung up -- rows of huts where the sand is constantly encroaching. Wells are empty, and fields and pastures have dried up.

Dryness everywhere. . . In Senegal, Mauritania, Mali, Niger, the Voltaic Republic, Chad -- countries which United Nations statistics have established as the poorest in the world -- the balance between population and natural resources has rarely exceeded survival level. Five years of drought have now brought these countries to the verge of catastrophe. Farmers have harvested little to speak of. Their "surpluses" are long since exhausted, and they have been forced to eat the grain set aside for next year's sowing. To compound the crisis, the hungry have been eating cotton seed and wheat bran which are normally used as fodder.

The European Community has already assigned funds for Sahel relief: 52 million units of account (one UA equals one 1970 dollar) for emergency assistance plus UA 75 million to be channeled through the European Development Fund (EDF). The EC has also given help in the form of staple goods, including 9,000 metric tons of powdered milk. It has also created a relief fund which is accepting private contributions.

Readers wishing to assist the Community's effort to obtain relief for the six million Sahel Africans now threatened by drought and famine may send contributions to: Association Europe-Tiers Monde, Banque de Bruxelles, Brussels, Belgium, Account 310-0240244-61 (Sahel).

NEW STATUS FOR COMMONWEALTH'S FIRST "ASSOCIABLE"

The small Indian Ocean island of Mauritius has begun to benefit officially from association with the Community. Mauritius is the first Commonwealth nation to accede to the now 19-nation Yaoundé II Convention under which former African and Indian Ocean colonies and territories of the EC member states receive development aid and tariff preferences.

PROGRESS CONTINUES WITH ANDIN GROUP

The Commission is moving closer to agreement with the ANDIN group, a South American "community" of nations which is working toward a "common market." Among avenues of approach between Europe and the Andes countries are mutual calls for bids and exchange of technical information.

The group's bank, the "Corporacion Andina de Fomento," has established a list of priority projects for Bolivia in the mechanical and electrical industries, as well as feasibility studies for the Andes nations at large.

Invitations to tender and feasibility studies are available from the Commission of the European Communities, DG I, Division III, 200 rue de la Loi, 1040 Brussels, Belgium.

EC TO EXTEND GENERALIZED TARIFF PREFERENCES TO ROMANIA

Romania will become the first East bloc country to benefit by the Community's system of generalized tariff preferences, following an agreement reached by the Council of Ministers in Brussels on June 4. This decision will be adopted by the Council on the basis of Commission proposals and will go into effect on January 1, 1974.

Also on January 1, 1974, Turkey and Malta will begin to benefit from "no less favorable a treatment" than that granted to the countries that begin to receive generalized preferences on that date. Turkey and Malta had not been included in the Community's generalized preference system. Both countries have association agreements with the Community providing for preferential access to the EC market.

EIB LOANS EARMARKED FOR IRELAND, ITALY, AND GERMANY

Ireland will be the first of the Community's three new member states to receive a loan from the European Investment Bank (EIB). Conceived as a regional development measure, the loan -- totaling 5.7 million units of account (one UA equals one 1970 dollar) -- will help modernize refineries of the Irish Sugar Company Limited in Carlow and Cork Counties. The loan is designed to enable the Irish sugar industry "to remain competitive under EEC conditions."

In addition to the Irish loan, announced June 14, the EIB on 5 June announced three other loans: UA 4.3 million to the Bank of Naples to finance enlargement of a metallurgy works, UA 4.3 million to a German development corporation for improvements at a construction tool factory; and UA 20 million to a German industrial credit bank to finance industrial projects.

The four new loans exemplify the EIB's objective: "to contribute to the balanced and even development of the Common Market."

ONGOING TALKS WITH JAPAN AND CANADA

The forthcoming negotiations within the General Agreement on Tariffs and Trade (GATT) were among the topics discussed at informal consultations between the European Community and, respectively, Japan and Canada last week in Brussels.

Other subjects aired at the June 12-13 meeting between the Community and Japan were nontariff barriers, agriculture, safeguards, and electronics. This was the first of a series of consultations which the Community and Japan have decided to hold at regular intervals. The next consultation will take place in Tokyo this fall.

At the June 13-14 consultations between the Community and Canada, discussions covered the energy crisis, industrial and environmental policies, trade, and current work within the Organization for Economic Cooperation and Development. The next consultations have not yet been scheduled.

AID TO FARM MODERNIZATION ALLOCATED

Retroactive grants to modernize Europe's backward agricultural industry were announced by the EC Commission in Brussels on June 12. This allocation, the first of two for calendar year 1972, amounted to 72,757,269 units of account (one UA equals one 1970 dollar). It was distributed as follows:

| <u>Country</u> | <u>Number of Projects</u> | <u>Amount</u> (in units of account) |
|----------------|---------------------------|-------------------------------------|
| Germany | 49 | 19,828,021 |
| Belgium | 16 | 4,743,667 |
| France | 43 | 16,505,221 |
| Italy | 65 | 25,747,938 |
| Luxembourg | 1 | 36,000 |
| Netherlands | 19 | 5,896,422 |

These grants finance projects ranging from building new barns and storage facilities on farms, to constructing fishing vessels, and improving wine cellars. Other grants pay for improvements in arrangements for marketing agricultural produce, such as by building freezing plants for meat and fish or cooperatives for collecting the rice harvest.

For the second half of the year, UA 77,242,731 remains in the farm fund's modernization budget.

PRESS VIEWS

A DREAM NEARS REALITY

LONDON -- When Britain officially joined the European Economic Community this year it became necessary to give life to an old idea: providing a direct physical link between the Continent and these, its major off-shore islands. The original plan, to construct a carriage-way through a tunnel under the English Channel, was first dreamed up in 1802 by a French engineer named Matthier and submitted to Napoleon I.... As long as Britain had a separate destiny from Europe, there was understandable reluctance to join her fate tangibly to the Continent's. This of course was the principal reason for the fear of defense planners that a tunnel might facilitate surprise invasion of the United Kingdom. Montgomery is the last important strategic figure to contemplate this factor.... Yet, for a variety of reasons, not the least of which was the protracted and confused debate about British admission to the European Community, it was delayed well into an age when other immensely more expensive and audacious concepts -- like the supersonic aircraft or missile voyages into space -- had already materialized. The channel tunnel is neither novel nor especially impressive as an idea of the late twentieth century. It simply happens to be necessary. -- C.L. Sulzberger, *The New York Times*, June 2, 1973.

ROMANIA CHASES ECONOMIC GROWTH

VIENNA -- Romania has become the first Communist-bloc country to receive preferential treatment from the European Economic Community (EEC) and so, in effect, the first to recognize the EEC formally. The preferences were extended after a year of negotiations, under a scheme designed primarily to assist developing countries outside the market.... The Romanian example is bound to have an effect on other East European nations. -- Eric Bourne, *The Christian Science Monitor*, June 8, 1973.

A PARAPHRASED VISION

Western Europe's attitude toward the Soviet Union can be paraphrased as: "Don't bother us with news that disturbs our vision of a new era in which defense is obsolete." Under the magic spell of "pan-European vistas," Western Europe is sliding toward neutralism. And in off-the-record talks in six capitals, I was told by key foreign and defense policy planners that they are powerless to reverse the drift.... Two months ago, the Nixon Administration asked Europe what sort of relationship it wanted with the United States over the next decade. Not only has there been no concerted European answer; unreconstructed Gaullists even objected to any discussion of the question.... The one they come up with had better be good. For unless the Atlantic concept is revived and strengthened -- based on today's realities and with the understanding and support of the people -- protectionist, isolationist and neutralist forces will scuttle what's left of the partnership. -- Arnaud de Borchgrave in *Newsweek* of June 25, 1973.

THE YEAR OF EUROPE'S PERPLEXITY

What was billed as "the Year of Europe" seems to be turning into the year of Europe's perplexity.... Instead of the transatlantic relationship having been renewed and restored, it has been further strained by Washington's apparent paramount interest in dealings with Moscow and by still mounting monetary and trade frictions between the United States and the newly enlarged European Common Market.... None of the above means that the United States and its European allies will drift decisively apart. All concerned seemed to feel that somehow, in due time, they must get on with the job of renewing the relationship on a long-term basis. But perhaps 1973 is too soon to be a "Year of Europe." It may be a year that will have to be devoted largely to waiting for the Europeans to become more European and the Americans to find out just how much further they really do want to go down the road of detente with the Russians. -- Joseph C. Harsch in the Christian Science Monitor of June 16, 1973.

GREECE AND THE EC

Commenting on recent events in Greece, EC Commission Vice President Christopher Soames told the European Parliament on June 6: "I must make it abundantly clear on behalf of the Commission that there can be no question whatever, under present circumstances, of this association [agreement with Greece] progressing any further along the road that had been mapped out in 1961 with so much hope. The Commission does not intend to swerve either way from the course which, after serious consideration of both the legal and political realities, it laid down for itself on this matter in 1967 [when, after the Greek military coup, the Commission decided against the further development of the EC's association with Greece]. But I must say with regret that today we stand perhaps further removed than ever from the situation for which we continue to hope: the day when Greece becomes again what once she was, and when we can develop to the full our relationship with her as a European democracy among European democracies, a country we can eventually in happier circumstances welcome into our Community itself."

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