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3RD TRIPARTITE CONFERENCE : STOCK-TAKING AND PROSPECTS

Government ministers of economic and social affairs, trade union leaders and representatives of employers' organizations are to meet June 27 in Luxembourg for the European Community's third Tripartite Conference.

With more than 5 million unemployed within the nine countries of the Community, and inflation in Italy as high as 20 per cent, and in Britain around 17 per cent, the aim of the conference will be to take stock of what progress has been made in combatting these two problems and to discuss further development of a Community-wide social consensus.

Particular emphasis is expected to be placed on a discussion of employment problems among youth and women; almost 10 per cent of the youth under age 25 are without jobs. Efforts to reduce unemployment in general, and particularly among youth, were one of the goals mentioned in the Downing Street summit communique. The Commission of the European Communities participated in the London summit with government leaders of seven industrialized nations.

The Commission recently proposed an 88 per cent increase (from about \$480 million to \$900 million) in regional fund spending, which would be used primarily to develop jobs and provide job training. Henk Vredeling, the Community's social policy commissioner, said in a recent interview that he did not believe unemployment could be cited at summit conferences as the No. 1 problem without some conclusions being drawn for the budget. "We are always challenged to take some action -- now of course the action we are proposing costs money," he said. "It is time for the government leaders and finance ministers to reach agreement."

The Community's one-day Tripartite Conference offers government ministers, employers and trade union leaders an unusual opportunity for frank discussion of their mutual concerns. Although the participants can only propose guidelines, conferees at previous such meetings have attempted to coordinate a political impetus toward resolution of these problems.

As the Commission of the European Communities pointed out in a discussion paper distributed last month to conference participants: "This could insure not that differences of view or of interest can be made to disappear -- that would be utopian. Rather it means a recognition of conflicts of interest but, at the same time, an acceptance that these conflicts can and will be resolved in a positive way."

The Tripartite Conference will be attended by about 100 persons. These will include, in addition to Community commissioners and the finance/economic affairs and employment/social affairs ministers of the nine Community states: 30 delegates from the European Trade Union Confederation, which represents 31 million members from all over Europe; one delegate each from the three French unions not represented in the ETUC -- the General Confederation of Labor, the French Confederation of Christian Workers and the General Confederation of (white-collar) Workers; 22 delegates from the Employers Liaison Committee, which includes the Union of Industries of the European Community, the Committee of Commercial Organizations of the EEC, Union of Artisans of the EEC and European Committee of Insurers; six delegates from the Committee of Professional Agricultural Organizations, and five delegates from the European Center for Public Enterprises.

The Commission discussion paper, entitled "Growth, Stability and Employment: Stock-taking and Prospects," recalls the targets agreed upon by Tripartite conferees last year: a return to full employment by 1980, a gradual reduction of the rate of inflation to about 4 to 5 per cent by 1980, and an average annual growth of gross national product of about 5 per cent per year in real terms to 1980.

On unemployment, the Community's average level may be somewhat higher for 1977 than for 1976; Germany and the Netherlands are the only nations in which the average rate is likely to be lower.

On inflation, the rate of consumer price increases has been reduced in the Community as a whole from 10 per cent in 1976 to a little below that figure for 1977. In virtually all member states, the increase in nominal wages is expected to become smaller.

On growth, the Community GNP is expected to be no more than 3.5 per cent higher than in 1976. Germany is the only member state likely to achieve 5 per cent growth between 1976 and 1977; Britain and Denmark may have as little as 1 or 2 per cent growth over last year.

The effects of oil price increases, world trade developments, inflation, investment weakness, increased numbers of jobless youth and the continuing rate of industrialization in developing countries all contributed to the recession within the Community, the Commission paper said.

To meet these problems, the Commission proposed that the Tripartite participants recognize the need for greater social consensus in accelerating internal changes and take steps to facilitate these changes through the use of existing and new national and Community policies and mechanisms.

The Commission urged a rejection of protectionist or "beggar thy neighbor" policies. It proposed instead that countries with high inflation rates curtail cost increases and that those with low inflation rates encourage capital exports. Efforts should be made to increase aid and capital exports to help deficit countries maintain their import capacity and expand development and employment, the Commission paper said. It recommended also the full use of existing investment capacity, and reestablishment of a higher level of investment.

Financial arrangements should be made to encourage investments by small and medium-size companies, which account for more than half the Community's production, the Commission said.

In a press conference last week in Brussels at which Commission Vice-Presidents Vredeling and Francois-Xavier Ortoli discussed the aims of the Tripartite Conference, Ortoli put particular emphasis on investments. "A more specific role should be ascribed to Community institutions," he said, "to support certain kinds of investment that are recognized as Community priorities and in which the Community can act as catalyst." To further the coordination of Community investment, Ortoli said the Commission would propose the creation of a new body to borrow from financial markets and to agree to loans for financing structural investment projects that conform to Community priorities, particularly in areas of energy, reconversion and infrastructure that are coordinated with regional policy goals.

In the discussion paper, the Commission asked the Tripartite discussion partners to remember the interaction between internal and external policies and recommended further coordinated actions on structural changes, such as the Community's recently proposed program for the steel sector. This plan sets out guidelines for state aids to promote rationalization and to avoid aids that solely preserve existing structures. The plan also fixes minimum prices for certain steel items and introduces automatic licenses to monitor imports of certain steel products from non-Community countries.

In the fight against unemployment, the Commission urged improvement of the "classical methods": job placement services and vocational guidance, transition from school to work, vocational training facilities and retraining, and the promotion of aids to support geographic and occupational mobility in readjustment programs.

Vredeling, in an earlier interview, said that unorthodox methods of fighting unemployment among youth should be considered. "A lengthening of the school years, which is often discussed, would at least improve the statistics," he said. But he added, "we need model projects, new ideas, also on the local level, for the unemployed youth...The creation of jobs in the public social sector would be possible, even perhaps for older workers. Unemployment costs the Community 40 billion DM yearly (about \$17 billion) -- if the problem could be reduced by just half, that would leave 20 billion DM (about \$8.5 billion) for other projects, even if not immediately."

The Commission, in its discussion paper, advocated that money incomes and the level of prices be kept in line with objective economic criteria, that restraints on incomes continue while establishing higher levels of investment, and that workers' asset ownership and workers' participation in company decision-making be furthered.

The Commission's discussion paper suggested, in conclusion, that the Tripartite participants also turn their attention to more controversial actions in the employment sector, such as work-sharing, employment premiums, the betterment of working conditions, the possibility of public sector employment and creation of flexibility on the labor market.

