

European Communities

EUROPEAN PARLIAMENT

Working Documents

1974-1975

22 May 1974

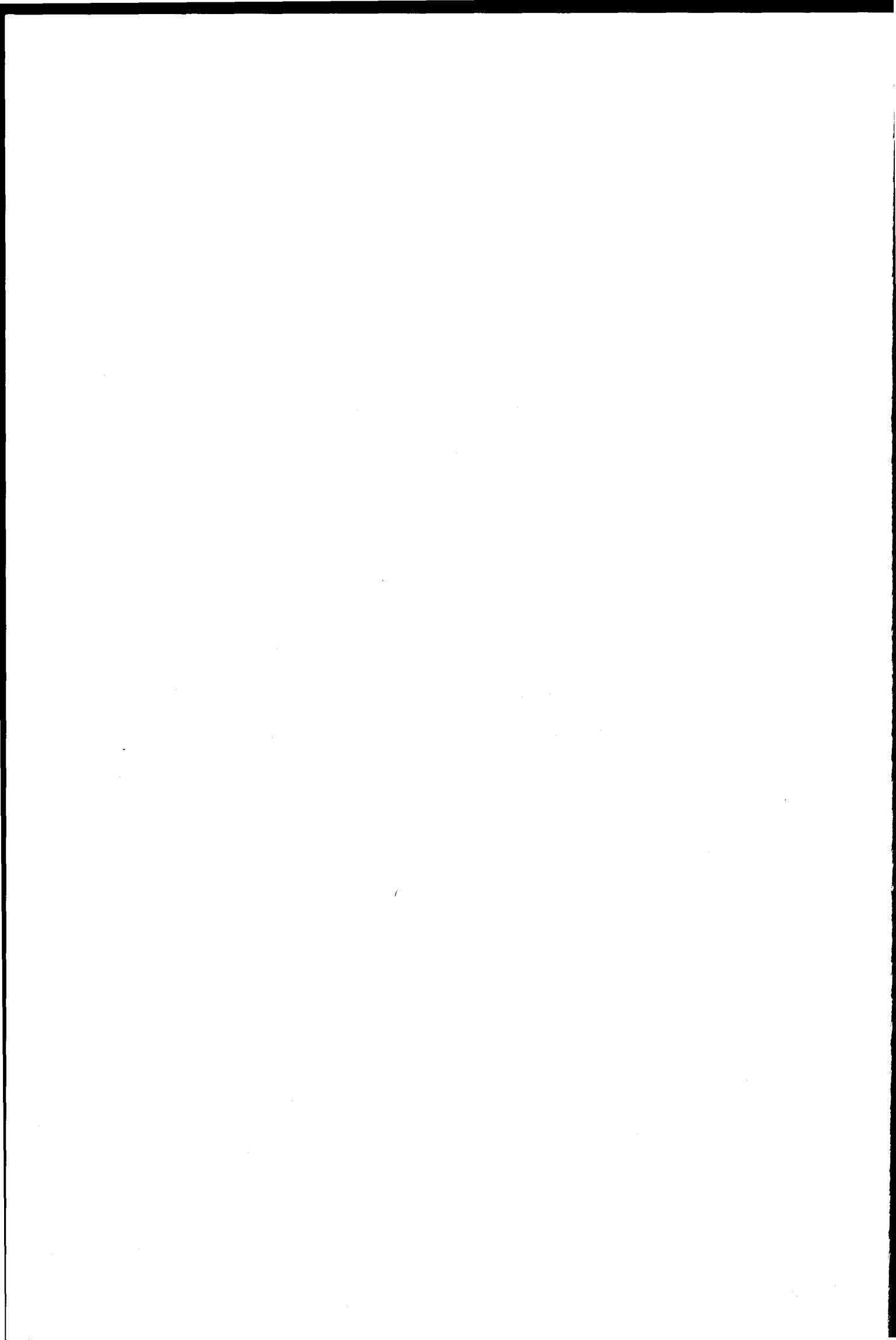
DOCUMENT 94/74

Report

drawn up on behalf of the Committee on Social Affairs and Employment

on the communication and the proposal from the Commission of the European Communities to the Council (Doc. 306/73) for a regulation on the creation of a European foundation for the improvement of living and working conditions

Rapporteur : Mr L. MARRAS



By letter of 21 December 1973 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 235 of the EEC Treaty, to deliver an opinion on the communication and proposal from the Commission of the European Communities to the Council for a regulation on the creation of a European Foundation for the improvement of living and working conditions.

At the plenary sitting of 15 January 1974 the European Parliament referred this proposal to the Committee on Social Affairs and Employment and the Committee on Public Health and the Environment as the committees responsible for the sections falling within their terms of reference.

The Committee on Social Affairs and Employment appointed Mr MARRAS rapporteur on 22 January 1974.

It considered this proposal at its meeting of 20 and 21 March and at its meeting of 6 and 7 May 1974 the committee unanimously adopted the motion for a resolution.

The following were present: Mr Adams, acting chairman; Mr Artzinger (deputizing for Mr Rosati), Mr Bermani, Mr Brégère, Mr Delmotte (deputizing for Mr Schwabe), Sir Douglas Dodds-Parker, Lady Elles, Mr Härzschel, Sir John Peel, Mr Radoux (deputizing for Mr Vermeylen), Mr Schmidt (deputizing for Miss Lulling), Mr Terrencire and Mr Wieldraaijer.

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	7
General remarks	7
I The Foundation's sphere of responsibility	7
II The problem of coordination	9
III The financial question	10
IV The Foundation's organs	11
V The role of Member States	13
VI The seat	13

MOTION FOR A RESOLUTION

The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

SECOND MOTION FOR A RESOLUTION¹

embodying the opinion of the European Parliament on the communication and proposal from the Commission of the European Communities to the Council for a regulation on the creation of a European Foundation for the improvement of living and working conditions

The European Parliament,

- having regard to the communication and proposal from the Commission of the European Communities to the Council²,

- having been consulted by the Council (Doc. 306/73),

- having regard to the report of its Committee on Social Affairs and Employment (Doc. 94/74),

1. Approves the Commission's proposal but requests it to define more clearly the Foundation's duties and particularly to state what it understands by the improvement of working and living conditions;
2. Expresses its preference for a Foundation which will concern itself both with social and environmental questions, and give priority to the problems of man at work;
3. Insists on adequate representation of the social partners on the Administration Board;
4. Requests the Commission to specify the problems involved in coordinating its own activity with the Foundation's, in the light of the commitments assumed under the Social Action Programme and the Environmental Programme on the basis of the role and functions of the individual Community institutions;
5. Considers that a balance should constantly be kept between the Foundation's theoretical and scientific work and its practical operations, and reflected in a balanced distribution of appropriations between its various activities;
6. Asks the Commission to amend its proposal for a regulation in accordance with Article 149 (2) of the EEC Treaty by inserting an article providing for the granting of tax concessions by Member States on donations to the Foundation in order to encourage private individuals to contribute to its finances;

¹ A motion for a resolution on behalf of the Committee on Public Health and the Environment was submitted earlier.

² O.J. No. C35, 28.3.1974, p. 5 and COM(73) 2026 fin.

7. Agrees that Community institutions should assist the Foundation by making suggestions and proposals;
8. Invites the Commission not to leave open the question of the Foundation's place of work and to take account of the proposals made in this report;
9. Instructs its President to forward the proposed resolution and the report to the Council and the Commission of the European Communities.

EXPLANATORY STATEMENTGeneral Remarks

1. The proposal submitted by the Commission to the European Parliament for consideration is extremely interesting and will certainly find the favour and approval of the Economic and Social Committee provided that its contents and the Foundation's aims are stated more explicitly.

The Foundation clearly has a useful part to play in present circumstances, if only because of increasing pollution, especially in towns, where many people, particularly the less prosperous classes and workers are obliged to live, and of the sometimes inhuman conditions which are still to be found quite frequently in the working environment.

No effort should be spared to find a remedy to this serious situation with the help of the Trade Unions as the party most directly concerned; this must be concentrated first on research and secondly on the operational level and if the Foundation is used as it should be, it could be a useful instrument for attaining this objective.

1. The Foundation's spheres of responsibility

2. It is not altogether clear in which sectors the Foundation would operate and more specifically, whether it should cover environmental protection and to what extent. The regulation does not in fact contain a single article explaining what is meant by improvement of living and working conditions. It simply says that the Foundation should take action in this field by promoting studies etc. but does not go into details.

3. There is a problem of choice here, as was made particularly clear in the report drawn up by Mr Jahn on behalf of the Committee on Public Health and the Environment, and opinions differ; some would like the future Foundation to follow a more specifically ecological line while others would prefer it to be more socially inclined. A definite choice in which the various factors involved are carefully weighed must therefore be made, leaving no doubt as to the Foundation's duties. Indeed it is a crucial choice for it determines the basic development of the whole Foundation.

4. Man and his work is a vast and complex subject fraught with problems but the aims of the regulations unfortunately do not sufficiently reflect the richness and variety of obligations which it implies.

The Commission's attitude to the Foundation's role has also changed.

In its two communications on the environment of July 1971 and March 1972, the Commission recommended the establishment of a European Institute for the Environment with the special task of developing a philosophy for the improvement of living conditions in the society of the future.

Even the Council's resolution of 21 January 1974 on a Social Action Programme still referred to a proposal, to be submitted by the Commission, for a European Foundation for the improvement of the environment and living and working conditions¹.

5. In paragraph 25 of the resolution in Mr Girardin's report on the Social Action Programme², the European Parliament also stated that: 'It welcomes the proposed setting-up of a European Foundation for the improvement of the environment and living and working conditions, but stresses once again that the Commission must draw up a practical working programme for this Foundation and, in particular, entrust it with the task of coordinating research and studies on the protection of the environment at Community level.'

However, in replying in the Chamber on 15 January 1974 to an oral question by Mr JAHN, the Commissioner, Mr BORSCHETTE, categorically stated: 'It has been proposed that this Foundation examine, on one hand, various topics concerning the improvement of living conditions in general and, on the other hand, questions related to the improvement of working conditions. As Mr SCARASCIA MUGNOZZA has already said to the Committee on Public Health and the Environment, this foundation will not be concerned with the coordination of research and study of environmental problems carried out on a community level.'

6. In answering Mr Cousté's Written Question No. 260/73³ on the creation of the European Institute for the Protection of the Environment, the Commission pointed out that it intended to combine the two proposals ~~its own~~ and the French suggestion for a European Foundation for the improvement of living and working conditions. Its very words were: 'The Commission considered that these two ideas could be realized in the form of a single project which would meet the need for both a social and environmental policy ... the Commission has for this purpose undertaken to transmit to the Council, before 31 December 1973, a proposal accompanied by a financial estimate for the creation of a European Foundation for the improvement of living and working conditions'

¹ See OJ C13 of 12.2.1974, page 4

² See OJ C2 of 9.1.1974, page 13

³ OJ C91 of 30.10.1973, page 7

7. Our committee has therefore studied the matter very carefully so as to be able to put forward useful suggestions to the Commission as to what approach the Foundation should adopt. It is obvious that the social and the ecological aspect should be accommodated in a manner which will avoid dispersion and squandering of effort and resources which are, in any case, limited.

The Committee also considers that the creation of the Foundation is part of the major objective set out in the Social Action Programme, that of 'improving living and working conditions, so as to make possible their harmonization while the improvement is being maintained', as is indeed provided by Article 117 of the Treaty which lays the foundation of the Community's social policy.

8. The Committee therefore considers it logical that the social problems should take precedence over the ecological and that the latter should come under the Foundation's sphere of responsibility only in so far as they are strictly linked to the life of man as citizen and above all as worker. Other, more general, aspects of environmental protection should be left to the Commission, which already has an efficient department for this purpose, and to international institutes and organizations which, in this age of ecological zeal, are already conducting studies and holding conventions, seminars etc., on all aspects of pollution - environmental, marine, biospheric and so on.

II. The problem of coordination

9. Another point relates to the effectiveness of a European Foundation separate from the Commission of the Communities. The Commission already has a fair-sized, experienced administrative apparatus and could therefore perfectly well carry out the tasks entrusted to the future Foundation by creating a small unit within its departments, endowed with the same budget as envisaged for the Foundation. It should not be forgotten that, for the moment, the Foundation will also have a very small staff (a director, a deputy-director and five university staff).

10. The Commission should be asked whether it has considered the possibility that another institution or body with some structure and experience already exists in the Community which could, to some extent, carry out the tasks to be assigned to the Foundation, particularly in the ecological field. These could even be shared by several national institutions.

11. In general, Foundations complement the State. Particularly in the scientific field of research and studies, they fill the gaps left by the State when, because of the unwieldiness of its apparatus or other reasons, it is not wholly able to carry out the tasks institutionally required of it.

The idea of experimentation and risk, in the sense that the studies which it conducts or promotes usually relate to largely unexplored or controversial fields, is implicit in the concept of a Foundation. As soon as this element disappears, the State should immediately assume responsibility for the sector concerned.

This also applies to the Foundation if, for State, one reads Commission. A double danger is involved in this state of affairs;

- the Commission might delegate some of the tasks which it should be carrying out itself to the Foundation;
- at some moment, when they are dealing with the same subject at the same time, the Commission's and the Foundation's work may duplicate each other.

12. Despite these dangers, the Foundation's usefulness as an independent organization is undeniable, provided that it is equal to its task and able to acquire the prestige to attract the most qualified scientists and institutes in Europe and the world.

As an independent body, the Foundation would be able to carry out its duties more efficiently and flexibly. Coordination is naturally of the greatest importance and would be ensured by the presence on the Board of Administration of two Commission representatives. In addition, Article 14 of the proposal for a regulation stipulates that the Community institutions should inform the Foundation of their requirements, studies and work in progress.

III. The financial question

13. The Foundation would have an initial endowment of 4.5 million u.a., which is equivalent to about 2,800,000,000 lire. About 18% of this, i.e. 820,000 u.a., would be taken up by administrative expenditure; the rest would be operational costs.

The first question is whether this budget is adequate for the tasks entrusted to the Foundation. It is difficult to answer this without the data which only experience of the first period of operation can provide.

14. It should be noted that hitherto the larger part of its endowment (2,000,000 u.a.) is allocated to studies and pilot schemes and only 600,000 u.a. are set aside for practical direct action (subsidies, scholarships, training

of officials, etc.). This imbalance will have the effect of tying the Foundation to primarily theoretical and scientific work rather than sponsorship and direct action. In America, where there are more than 26,000 foundations¹, practical action is given the same importance as study and research, whilst in Europe, the major foundations tend to devote themselves almost exclusively to research.

All in all, the sum allocated for direct action must be considered inadequate and should be increased to at least the level of the endowment for studies and research (2,000,000 u.a.).

15. In the second place, administrative expenditure (18% of the total) seems to be high. In America, on average, administrative expenditure covers between 2 and 1.8%, with only the largest reaching 10% (the Ford, Rockefeller, Duke Endowment, etc. Foundations). The administrative expenditure of the two main German Foundations (Volkswagenwerkstiftung and Fritz Thyssen Stiftung) is less than 2%.

While increasing the total endowment, the proportion spent on administration in the European Foundation should, therefore, be reduced as much as possible so that it may avoid the fate of other Community research bodies (Euratom) in which administrative expenditure swallows up most of the funds available.

IV. The Foundation's organs

16. The Foundation is to be organized as follows:

- a director (and a deputy director) appointed by the Council on a proposal from the Commission;
- an administrative board, composed of eleven members, one for each Member State, plus two appointed by the Commission;
- a scientific and technical committee of fifteen members (five nominated by workers' organizations, five by employers' organizations and five by the director to represent scientific circles, etc.).

17. The Social Affairs Committee insists that the social partners should also be adequately represented on the Administration Board. The Administration Board is the usual inter-governmental body, with one representative for every Member State, based on the old principle that Community

¹ for the various data given in this report see

- Hugbert Flitner, *Stiftungsprofile*, Baden-Baden
- André Kirchberger (OECD), *Les Fondations aux Etats Unis*, - La documentation française No. 3955 - 15.1.1973

entity must, by definition, be the sum of the nine Member States, rather than anything that goes beyond this simplistic structure. An Administrative Board on the following lines for instance would be much more Community in spirit:

- three representatives of employers' organizations;
- three representatives of workers' organizations;
- three Commission nominees;
- the president, appointed by the Council of Ministers, would change according to the nationality of the President-in-Office. The post would, therefore, rotate every six months.

This membership would bring out the Administrative Board's supra-national character and would also enable those directly concerned, i.e. the social partners, to have much more effective control over the Foundation's action and management. In this way, they would not play a merely theoretical part, confined to a consultative role in the Scientific and Technical Committee, in the Foundation's life but would really be effectively involved. This structure (fifteen members, five representing workers' trades unions, five representing employers and five nominated by the Commission) was proposed by the Commission itself for the Administrative Board in the draft plan for a European centre for vocational training.

18. Under the Commission's proposal, the director should nominate five members of the scientific and technical committee, chosen from among scientific and other circles concerned with the activities of the Foundation. This plan may give the director too much power, and it might be better for the five members to be co-opted by the other Committee members, proportionately to the respective representations.

19. As regards the Committee's membership the question is whether the time has not come to reconsider the principle of equal representation of employers and employees which is adhered to in all Community bodies, from the Standing Committee on Employment to the Committee under consideration. Seats should not be allocated by interest groups but according to the breadth of the interests which, in democratic systems is the only matter which counts. Workers' representation should therefore be increased (for example seven members as against three employers' members) to take account of this fundamental requirement.

20. The European Parliament, for its part, should, through its Committees responsible, make the greatest use of the possibility provided by Article 14 for submitting suggestions to the Foundation's organs, acting as both a check and a stimulus, scrutinizing the annual report which the Foundation will prepare and generally closely following its activities.

V. The role of Member States

21. Perhaps the regulations should also include an article on active sponsorship of the Foundation by the Member States.

It is a well-known fact that, in the United States, fiscal policy is extremely generous and liberal towards foundations and that this treatment has led to a considerable increase in legacies and donations to foundations, hence favouring their life and development.

The inclusion in the regulation of an article providing, for example, that Member States should generally encourage donations and aid to foundations, particularly through fiscal policy, would therefore be of considerable importance and enable them to considerably increase the funds at their disposal.

VI. The seat

22. In its proposal, the Commission leaves the choice of the Foundation's seat to the Council of Ministers (see Article 4, para.2) making no proposals on this matter.

The European Parliament could, however, invite the Commission to decide on a seat. Brussels would be both a rational and efficient solution. Both the Trade Union organizations represented at the European level and the Commission of the European Communities are after all in this city and, if the Foundation adopted another seat, the essential coordination would be jeopardized.

If the Council nevertheless opted for another seat, the best place, for a Foundation dealing with working and living conditions, would be a city in a region in which these problems can be more thoroughly studied because they are present - major industrial settlement or other aspects, population concentration etc. A Foundation situated in, for example, the Ruhr or the Italian industrial triangle would bring the Community closer to the workers who have to live in these regions and would diminish the remote bureaucratic image which it unfortunately has for all too many.

