

EUROPEAN COMMUNITY FOR COAL AND STEEL

THE COMMUNITY'S

LABOUR POLICY

HIGH AUTHORITY
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EUROPEAN COMMUNITY FOR COAL AND STEEL

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CONTENTS

SECTION I :	The Community's Role	page 1
	Labour Representation	" 2
SECTION II :	High Authority Action	" 3
	i) Readaptation	" 4
	ii) The Free Movement of Labour	" 7
	iii) Housing	" 9
	iv) Hygiene and Research	" 10
SECTION III:	The Lessons of Community Policy	" 11

THE COMMUNITY'S LABOUR POLICY

"The mission of the European Coal and Steel Community is to contribute to the expansion of the economy, the development of employment and the improvement of the standard of living in the participating countries through the creation ... of a common market ..."

"... The institutions of the Community shall:
... (e) promote the improvement of the living and working conditions of the labour force in each of the industries under its jurisdiction so as to harmonize those conditions in an upward direction".

(The Treaty establishing the Community, articles 2 and 3.)

I

THE COMMUNITY'S ROLE

The social aim of the Community is to raise living standards in an expanding European economy. Having taken the first steps towards economic expansion in creating a common market for coal and steel across the six countries where living standards and wages differ, the Community has taken as one of its major objectives the gradual improvement, and, in the Treaty's words, the "equalisation in progress" of labour's conditions of life and work.

Equal social conditions in the different states can only be a longterm consequence of a united Europe. The Coal and Steel Community is the first step towards unity. Its executive body, the High Authority, has no powers to fix wages, change social security provisions or modify tax structures. Its aim is more limited: to guarantee for labour the genuine opportunity itself to obtain better conditions of life and work on the common market. Thus, the High Authority can prevent a coal or steel firm from paying wages which are abnormally low for the area in which it is situated; it can stop the lowering of wages as a weapon of competition. It may encourage better housing conditions through its investment loans or help finance research into safety measures. It may equally press for the elimination of the barriers which still exist to the worker's right to move to the job of his choice, regardless of frontiers, inside the Community. It can, by financing "readaptation" schemes, protect the worker from

unemployment due to technical progress.

LABOUR REPRESENTATION

If labour is indeed to have the opportunity to obtain better conditions of life and work in the Community, its representatives must be present when decisions which affect it are thrashed out. This has, too often in the past, been denied to the Trade Unionist. The attempt has been made in the Community to reduce these dangers to a minimum. Two members of the High Authority are Trade Unionists: Mr. Paul FINET, the Belgian Socialist steel worker and former President of the International Confederation of Free Trades Unions, and Mr. Heinz POTTHOFF, who has long been associated with the German Trades Union Congress.

Trade Unionists are continually invited to Luxembourg to take part in the working groups which prepare High Authority policy. Above all, in the 51-man Consultative Committee, which the High Authority consults before taking most major decisions, the worker's representatives are present in equal strength (17 members) with the producers on the one hand, and the consumers on the other. The President for 1954, and present Vice-President, Mr. André RENARD, is a Belgian Socialist steelworker. The Trade Unions would, however, wish the consumers to include labour representatives as well as producers.

In any case the vote matters less than the consultation. As Mr. Jean MONNET, the first President of the High Authority, told the Committee in January 1953: "the High Authority does not judge the merits of your opinions by the weight of the voting majority, which may at times express a momentary community of interests, but by the weight of the arguments, the concerns and the experiences which you put forward in the discussions". The Consultative Committee has already in 2 1/2 years' existence had 21 plenary sessions. Labour's representatives participate in the routine work of government in an atmosphere of equal opportunity with the producers.

To make use of these opportunities, labour is adapting its organisation to that of the Community. The Free Trades Unions of the Community have set up on their own initiative, a liaison bureau with a research secretariat in Luxembourg to coordinate their policy on Community affairs. The Christian Trades Unions have gone further and formed a thorough-going Community Federation, in which the executive can fix the line for the constituent unions on Community affairs.

II

HIGH AUTHORITY ACTION

The High Authority has, in the first three years of its labour policy, concentrated on:

- i) Readaptation
- ii) Free Movement of Labour
- iii) Housing
- iv) Hygiene and Research.

A beginning has also been made, however, in a number of other essential fields, such as technical training and job evaluation. The High Authority is also publishing the results of its studies comparing real wages in the coal and steel industries from country to country of the Community (a separate document covers this question).

READAPTATION

Technical progress has nearly always, of course, led to temporary unemployment, in the Community area as elsewhere. Thus, for instance, only a few months ago, one of the major motorcar manufacturers of western Europe laid off several thousand workers at short notice on such grounds. The result has, in European conditions, been to lead to frequent resistance by labour to the introduction of more efficient machinery or production methods. As M. Jean Monnet, the first President of the High Authority, once said: "Progress in Europe has often in the past been hindered by a desire to retain obsolete methods of production for fear of unemployment. Yet to maintain such methods both prevents the lowering of production costs and a rise in wages. The future European economy essentially depends upon the removal of this discrepancy between the desire for stability and the need for progress".

To end this opposition of interests in the Community industries, the Treaty guarantees that the worker shall not bear the risks of shifts in production due to the establishment of the common market or to technical progress upon it. The High Authority, to ensure his "readaptation", is empowered to act in several ways: it can

- 1 - help, out of its financial resources, to tide workers over till they obtain new jobs (in addition to national unemployment benefit);
- 2 - finance their reinstallation in new areas;
- 3 - retrain them in new skills;
- 4 - in certain circumstances, it can provide investment loans for development absorbing labour even outside the field of coal and steel.

Governments must, however, contribute as much as the High Authority to each operation, and the High Authority can only act at a government's request.

20,000 Workers affected by readaptation projects

The High Authority had, by July 1955, embarked on 9 readaptation projects (7 in France, 2 in Italy), which will probably affect close on 18,000 workers. It has also agreed in principle to provide funds for a 10th project, in the coal fields of south Belgium, involving 1500 surface workers. The total costs of these various projects are expected finally to amount to between 16 million to 20 million dollars, half being paid by the High Authority. It had nearly \$ 20 million in its readaptation fund by August 1955.

The character of the projects differs widely; all the techniques provided for in the Treaty are, in one or other cases, being employed.

Resettlement in new areas

The first project begun (in April 1954) was a scheme for inducing several thousand volunteers to leave the contracting mines of southern France for the expanding area of Lorraine between 1954 and 1956. Miners and their families were guaranteed adequate housing (which many did not have in the south); at least the same level of salary as they had in the south; free travel and removals; and a bonus of \$ 560 (£ 200) - equivalent to four to six months salary - for miners with families (£ 75 for single men) to help them start up life in new conditions. The total costs, shared by the High Authority and the French government were expected to be about \$ 3 millions.

However, only 200 miners had settled in Lorraine by mid-1955. Housing shortages in Lorraine partly explain this relatively small result, but the unwillingness of most miners to move, even from a declining coal field, is a more important factor.

Recognizing this, the High Authority and the French government have instituted in 5 small projects affecting 1500 steel workers and 600 miners in all, a more flexible blanket solution which may be extended to other cases in France presenting similar features. The formula provides :

- a) that special "waiting indemnities" additional to normal unemployment benefit be made to workers losing their jobs when firms modernise. The grants are awarded on a decreasing scale for a maximum 12-month period of unemployment, going from 80% of the worker's salary for the first two months of his unemployment to 45% of his salary at the end of the year;
- b) that the costs of apprenticeship training in new skills be paid whenever necessary;
- c) that substantial financial incentives be offered to miners who are willing to take jobs requiring that they move. These go up to £ 140 (\$ 400) for married men, who are not housed by their new employer along with £ 15 (\$ 42) for every child, and free travel and removals. Miners who are ready to go to Lorraine benefit by the yet more generous terms available in that project.

Retraining on the spot

It does, indeed, seem likely that most readaptation will take place on the spot in the worker's own region. One outstanding project of this kind is already underway. About 1500 French steelworkers temporarily laid off owing to the merger, for modernisation and reconversion purposes, of four French steel mills in central France in a new company, the "Ateliers et Forges de la Loire", are to be trained for new jobs. As the company expands its engineering production in the next two years it expects to reabsorb all the unemployed workers in these jobs. The costs of retraining the workers in new skills and of distributing "waiting allowances" to maintain their salaries at least at the minimum 40-hour working week level amount to about \$ 1,000,000.

The High Authority and the French government have agreed to maintain close contacts with the trade unions and associate them fully with the reconversion plan. Joint meetings of trade union representatives, management, French government representatives and High Authority agents have taken place to discuss problems arising out of the progress of the reconversion plan.

This programme too is moving slowly - but because the steel boom is facilitating the reconversion, making it necessary to employ all available capacity to the full and postponing the closing down of some of the company's plant. About 400 workers have so far been affected.

Development of new industrial activity

In some cases, such as that of 8000 Italian steelworkers, many of whom have already been out of work for two years and for whom no alternative jobs are at present available, the Community's aim is to develop as much new economic activity as possible. A ten-year agreement with the Italian government provides that the High Authority will furnish \$ 5 1/2 million for the "requalification" of the steelworkers. The Italian government, for its part, will make investment capital available to firms on advantageous terms to encourage them to set up new plant. One condition of the loans will be that at least half the labour employed in new plants should consist of the unemployed steelworkers benefiting by the project.

THE FREE MOVEMENT OF LABOUR

Apart from these direct financial contributions, the High Authority has also embarked on a project to provide coal and steel workers in the Community with a European labour passport, enabling them to cross national frontiers within the Community to obtain jobs.

Experts of the governments of the six member States of the Community, meeting with the High Authority, signed a pact instituting such a passport on May 26, 1954. They also undertook to organise a Community-wide link-up of national labour employment office systems so that workers could apply for jobs on the same terms as local applicants anywhere in the Community.

It is expected that it will be made available to 350,000 skilled workers, out of the Community's labour force of 1,400,000 by the end of 1955. These 350,000 are included in the 56 categories of steelworkers and coal and ore miners who, it was agreed, should be entitled to hold the card. The ultimate aim of the High Authority is that all coal and steel workers with two years experiences shall be entitled to the card.

Government experts are also expected to draw up, during 1956, with the help of the High Authority and the ILO, a multilateral treaty on social security to ensure that workers shall suffer no loss of social security benefits by migrating to other Community countries.

There are already 15 different bilateral conventions between the 6 member states. 3 only (2 concern the Saar) are lacking to complete the links between them. Nevertheless, these conventions do not solve the social security problems of workers employed successively in more than two countries. Sometimes, also, discriminations exist. Thus, for instance, under the Belgo-French convention, periods of work in the Belgian mines are discounted by 1/3 in calculating rights under the French old-age pension scheme. The treaty envisaged would do away with all such anomalies.

The workers immediately affected by these provisions will probably be few. Most of the present migration in the Community concerns Italian agricultural labourers employed in the Belgian mines. About 40,000 of the 150,000 miners in Belgium are Italians, the proportion at the face being still higher. But most of them return home with their savings after a short stay. The other main group of migrants are about 12,000 workers living near frontiers who cross them to go to work and encounter no practical obstacles.

Nevertheless, the fact that workers will have the right to transfer to areas where wages and conditions are more attractive is expected gradually to exert an upwards pressure on wages in the lower paid pits or mills from which technically qualified workers, in particular, might migrate.

HOUSING

The High Authority has, as one of its investment priorities in the next five years, set a target of 100,000 dwellings for coal and steel workers. As a beginning, \$ 16 millions have been borrowed from banks in Belgium, Luxembourg and Germany to help stimulate building in these countries in addition to national programmes already underway. Negotiations with other banks now in hand are expected to result in further loans for housing. The High Authority expects, in the first stage of its programme, to lend \$ 25 millions to encourage the building of some 16,000 houses. In some cases, as in certain parts of France and in the Saar, the housing effort sponsored by the High Authority may double the workers' housing construction programme for 1955-56. High Authority participation in any project will be limited to 30 or 40% of the total costs.

More efficient coal production in better conditions is one of the Community's urgent needs and it is among miners that housing most needs improvement. A survey made in 1954 suggests that more than 250,000 of the Community's one and 1/2 million workers live in homes that are inadequate or located too far from their place of work.

Better housing would, for instance in Belgium, induce many immigrant Italian miners, attracted by high Belgian wages, to settle with their families. As it is, the turnover there is exceptionally high. Between 1950 and 1952 only one out of five miners signed on was still on the colliery books after a year. High turnover in Belgium as in Germany retards the building up of a skilled labour force. It lowers productivity and contributes through the miners' inexperience to a high accident rate. Further, many miners live far from their work. Some spend over half as many hours again in travel as at the pits! The cost in transport for some collieries adds one dollar to the price of a ton of coal. More houses are both a social and an economic necessity.

The High Authority can increase the rate of building specially by helping to finance projects for faster and cheaper mass construction without loss of standards.

These projects will be finished by the beginning of the winter recess. It consists in the experimental construction, in all six Community countries, of 1,000 dwellings concentrated on sites of at least 50 buildings together, to compare costs, with the aim of bringing them down by encouraging standardisation and building on planned sites instead of piecemeal, as is usually the case in Europe. The High Authority has contributed a non-reimbursable 1,000,000 dollar grant towards this project.

HYGIENE AND RESEARCH

The High Authority has taken steps to coordinate scientific research in the six member countries. The first step came at the end of 1954 when the High Authority set up a "publications pool", for all publications, periodicals and papers dealing with hygiene, medical research into industrial diseases and safety in the mines. The publications, translated into the four languages of the Community and circulated to scientific research centres in the Community, will help keep them constantly abreast of new scientific developments.

Next, on March 9, 1955, the High Authority established a permanent committee on hygiene and medical research, composed of leading specialists from the six member countries. The committee's task will be, by coordinating research in the national centres, to lay the basis of a common policy and action among them. It will act as financial adviser to the High Authority to ensure that the funds the Community allocates for research are used to the best advantage. It is expected that the High Authority will, on its recommendation, finance a number of research projects and encourage exchanges of scientists within the six Community countries, and perhaps with the United Kingdom, which, it is recognised, has long been a pioneer in the field of pneumoconiosis and physiotherapy.

Research on silicosis in the Community countries is hampered at present by the fact that few research centres have adequate links with each other. Even a statistical comparison of the incidence of pneumoconiosis from country to country within the Community would not today be possible. Rules on safety precautions in the mines vary from country to country, and there is reluctance on the part of coalmine managements in the Community countries even to have the question of pneumoconiosis discussed, lest it hampers recruitment.

From March onwards, the Scientific Research Committee set itself to examine, as a priority, the part tuberculosis plays in hastening pneumoconiosis and the preventive measures to be taken.

The High Authority will on its advice, start compiling, for the first time, detailed and comparable information on the incidence and evolution of disease among miners and steelworkers of the Community, and will set up working parties and sub-committees, convening scientific experts, government representatives and representatives of management and labour to obtain the fullest information possible. A committee of producers and labour representatives has been formed to help guide the scientific research committee's work and discuss its findings.

III

THE LESSONS OF COMMUNITY POLICY

3 years of practical experience of working the Community's social policy seems to have greatly developed the views of both the High Authority and the Trade Unions on the kind of action that is desirable in Europe.

The non-Communist labour unions seem to have been convinced that the solutions provided by the European Community for Coal and Steel are in many respects an advance on previous practice. Their criticism of the Community concentrates less on dissatisfaction with High Authority policy than on the need for European institutions to have and exercise wider powers in questions of social policy.

They have, for instance, recently called for a Community-wide Collective Bargaining Code. The High Authority is now studying the possibilities of facilitating steps towards it, though, of course, collective bargaining is a matter for the producers and labour themselves to negotiate. The Code cannot, in fact, usefully be obtained within the framework of the Community alone and the "harmonising" of national social regulations is one of the forms in which member states of the Community are envisaging the extension of European unity.

A European Development Fund ?

The prospect of further European integration has made it necessary to draw some of the consequences of the experience of the Community. Readaptation is a case in point. The High Authority has found that, in practice, readaptation sets considerable problems. Labour has proved to be very immobile. On the other hand, investment to create new and gainful activities as provided in the Treaty when other solutions fail, is costly and cumbrous to arrange. The High Authority needs the majority agreement of the Council of Ministers to raise loans for such projects, while individual firms cannot, usually, invest the necessary sums. It is being gradually realised that industry does not - and cannot - spontaneously move from the more to the less advanced areas in a free market. The basis of communications, ports, power facilities etc. required for modern industry is so expensive that investment accumulates increasingly in the areas where the basis already exists, that is, in the advanced industrial areas. The danger is that overconcentrated industrial regions surrounded by wide underdeveloped areas are created. This phenomenon undermined the future of southern Italy after Italy's unification in the 1860s and retarded the development of the southern states of America for eighty years after the civil war.

To avoid similar disappointments in a future Europe it seems that an investment fund and a policy of development for the underdeveloped areas of Europe itself should be envisaged. The High Authority has included this completely new aspect of European policy in a memorandum addressed to the representatives of the Community states and of Great Britain who are studying in Brussels the problems of creating a general European market.

Trade Unions' support

The trade unions, for their part, are increasingly supporting the plans for further European integration without which such a kind of policy would be impossible. The European Regional Organisation of the International Federation of the Free Trade Unions meeting in Brussels on August 27, called for further European economic integration. The Christian trade unions are equally clear in their support. The secretary of the Christian Federation of Community trade unions has stated that "there is no doubt in our minds that the common market has already brought not only greater competition which is necessary to produce progress in production, but has also tended to iron out the extreme effects of the trade scale on coal and steel. That means greater stability of employment - which is the fundamental consideration for us. The view of the Federation is that the common market is proving its worth and should be extended to transport and power, especially electricity". The increasingly firm and active stand of the trade unions on European affairs is one of the reasons for believing that the sector of European integration may be extended in the years to come.

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