

# TRADE UNION NEWS

from the **European Community**

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T R A D E     U N I O N     N E W S

*Trade Union News from the European Community*, of which this is the first issue, is a new venture by the Commission's Press and Information Office in London. We aim, in this new quarterly bulletin, to provide for trade unionists and others in English-speaking countries objective articles, news and other information about trade unions and social policy in the six Community countries.

The new bulletin's predecessor, 'Trade Union News' was a direct translation of the trade union bulletin published, in the four official European Community languages (French, German, Italian and Dutch) by the Trade Union Information Division of the Commission of the European Communities, in Brussels.

The new *Trade Union News from the European Community* will be rather different. Not only has the format changed; there will also be more general material - articles on the history, structure and present situation of the trade-union movements in the six European Community countries, reports of recent developments in social and economic policy in the Community, and general articles - as well as brief notes on action by the trade unions of the Six.

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Contents

Trade unions in the European Community - a brief historical survey	2
A new EEC trade union confederation	7
Living standards in the Common Market	9
Reforming the European Social Fund	15
In brief: statements from Community trade unions	17
The Institutions of the European Community	20
Glossary of abbreviations	24
European Communities' publications	26

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## TRADE UNIONS IN THE EUROPEAN COMMUNITY

### *A brief historical survey(1)*

*Since the creation of the European Coal and Steel Community (ECSC) in 1952, all the trade unions inside the six countries, except the Communist-orientated ones, have been strong supporters of European integration. Indeed the unions have frequently criticized the European Communities for the slow rate at which integration has proceeded and for not being sufficiently "supranational".*

*In many European countries, the trade-union movements had to be rebuilt after the Second World War, during which many of their leaders had been active in the Resistance. As a result of their experience, many of these people saw the war as proof that the small independent nation-state of Europe - small compared with the super-powers, that is - was incapable of guaranteeing either the security or the prosperity of its citizens. Consequently the unions in the Six have, by and large, supported the creation of the European Communities for political as much as for economic reasons. Today, the fear of military invasion has lessened, but the threat of economic domination from outside is, if anything, stronger.*

### *The post-war years*

The international trade-union movement underwent dramatic changes in the years immediately after the end of the war. The pre-war International Federation of Trade Unions (IFTU) was wound up in 1945, and the World Federation of Trade Unions (WFTU; based in Prague) succeeded it. This body linked together all the major trade union centres, Communist and non-Communist, with the exception of the Christian trade unions (see below) and the American Federation of Labour (AF of L), though the Congress of Industrial Organizations (CIO), which had broken away from the AF of L in 1935(2) was affiliated.

From 1947 onwards, however, the growing political division between East and West Europe was increasingly reflected in the WFTU, and in 1949 the non-Communist unions walked out and later that year set up the International Confederation of Free Trade Unions (ICFTU) based in Brussels, to which the AF of L also became affiliated. The ICFTU has a regional structure, and its European Regional Organization (ERO) brings together all the main West European national centres except the Christian and Communist ones, representing a total affiliation of around 24 million workers, of whom some 11 million are within the EEC.

The only significant WFTU affiliates in Western Europe are the CGT in France, (with perhaps 2 million members) and the CGIL in Italy (around 2.5 million).

The International Federation of Christian Trade Unions (CISC: the initials of its French title will be used here to avoid possible confusion with the ICFTU; based in Brussels) was formed in 1920. Approximately three of its four million members are in Western Europe, mainly in France, Belgium and the Netherlands. In 1968 it changed its name to the World Federation of Labour (WFL)

(1) there is a glossary of abbreviations on page 24

(2) the two bodies amalgamated in 1955 to form the AFL-CIO

As indicated above, both the free and Christian trade unions of the six European Community countries (but not the Communist unions) have strongly supported moves towards European integration from the outset, and favoured strong and democratic supranational powers and institutions to control this process. This is not to say that they have been uncritical of the European Communities. Far from it. But their criticisms have frequently been that the process of integration has been too slow and the Community institutions too weak. For example, the free trade unions' European Regional Organization put forward its own proposals for increasing the powers of the High Authority and the European Parliament under the ECSC treaty, and diminishing those of the Council of Ministers which represents the member governments. And in 1957, commenting on the proposed creation of the European Economic Community (EEC) it passed a resolution saying "that the Free Trade Unions' objectives are aimed at replacing the existing over-nationalistic tendencies which have not been eliminated from the present (i.e. ECSC) treaty, by a regime in which truly Community-inspired conceptions prevail". And an editorial in the ICFTU's journal "Free Labour World" in the same year said the EEC treaty "is the result of compromise and is a pale shadow of the original idea".

#### The unions and the Coal and Steel Community

The ECSC Treaty created a special body called the Consultative Committee, which the High Authority was obliged to consult on many major issues. It comprises 51 members, divided equally between representatives of workers, of producers, and of dealers and consumers, thus giving the unions, along with the other two groups, an official voice in Community affairs. In addition the ICFTU mineworkers' and steel-workers' unions in the six countries set up a co-ordinating committee, with which the national trade union centres and the ERO were later associated. The general secretary was Harm Buitter, former Dutch trade-union official. And in 1955 the Christian unions formed the Federation of Christian Trade Unions in the ECSC. Many trade unionists in the Six have felt that in practice these bodies, which were on excellent terms with the ECSC High Authority, formed a more effective channel of influence than the official one through the Consultative Committee.

However, probably the greatest cause of satisfaction for the trade unions with the Coal and Steel Community was that two or three of the High Authority's nine members were always trade unionists. Under the ECSC Treaty, eight members were nominated by the member governments, and the ninth was co-opted by the other eight. The first co-opted member, in 1952, was Paul Finet, ex-president of the ICFTU and general-secretary of the Belgian Trade-Union Federation (FGTB). He served on the High Authority until his death in 1965, and was its president in 1958 and 1959. Heinz Potthoff, former official of the German Trade-Union Federation (DGB), was nominated by the German Government in 1952, and was a member until 1962. Roger Reynaud, former general-secretary of the French Christian trade-union federation, and French Government nominee, was a member from 1958; and Jean Fohrmann, ex-president of the Luxembourg trade-union confederation CGT, was co-opted to replace Paul Finet in 1965. The two last named remained on the coal-steel High Authority until it was replaced by the joint Commission of the three European Communities in 1967

## The Rome Treaties

Both the ERO and the CISC were disappointed that the Rome Treaties, which set up the EEC and Euratom in 1958, allowed less trade-union representation than did the ECSC Treaty. The Economic and Social Committee, whose role is similar to that of the ECSC Consultative Committee, has 101 members, but the parity between workers and producers representatives has disappeared. With 34 members the unions form the largest official group, but they claim that they are in fact outnumbered by the employers since some Committee members who sit as representatives of interest groups other than producers are in fact employers too. Moreover, the Committee can be convened only at the request of the Council of Ministers or the Commission, whereas the ECSC Consultative Committee can be convened at the request of a majority of its members. The Economic and Social Committee nevertheless provides a mechanism which enables the views of the trade unions to be heard, formally, before any major decision is taken on important aspects of Community policy.

Another disappointment was that no trade unionist ever sat on the former EEC and Euratom Commissions, which, unlike the ECSC High Authority, had no right of co-optation. However, one of the members of the new single Commission formed in 1967 for all three Communities is former German trade-union official, Wilhelm Haferkamp.

In practice, as with the ECSC, the most effective influence which the unions have been able to exert has been through their informal contacts with the Commission. These contacts have been very close, and permit the unions to put their views in the formative stage of policy-making before proposals have been finalized and can be put before the Economic and Social Committee.

### Trade Union organization at the Community level

#### *a) The free trade unions*

All three trade-union groupings in the Six - ICFTU, CISC and WFTU - now have offices in Brussels whose job it is to represent their members' interests at Community level. The ICFTU unions set up the European Trade Union Secretariat in 1958, with Harm Buiter, formerly of the ICFTU/ECSC committee, as its general secretary. (In 1967 he became general secretary of the ICFTU, and was succeeded by Belgian Theo Rasschaert). This body brings together all the national centres of the free trade unions in the six countries: the German DGB, French CGT-FO, Italian CISL and UIL, Belgian FGTB, Dutch NVV and Luxembourg CGT. All these unions have a socialist or social-democrat orientation, with the exception of the Italian CISL which is a Catholic union despite its ICFTU affiliation.

The member unions became more and more convinced, however, that this liaison office was not a strong enough body to co-ordinate union attitudes effectively at Community level. So, at the 5th biennial general assembly, in Rome in November 1966, they decided that a new constitution should be drawn up. This was adopted at the sixth general assembly, in The Hague in April of this year; it brought into being the European Confederation of Free Trade Unions in the Community (ECFTUC), with André Kloos, president of the Dutch NVV, as its president, and Theo Rasschaert as its general secretary. (See page 7 for extracts from the resolution adopted).

The ECFTUC has associated with it ten industrial committees, to which individual unions in the six countries are affiliated. They cover the following fields: transport; farming; chemicals; building and woodworkers; metalworkers; white-collar workers; food, tobacco and catering; textiles; postal workers; and miners and steel workers. Some but not all of these committees have their secretariats in Brussels, in the same offices as the ECFTUC, and all work closely with the relevant International Trade Secretariats.

*b) The Christian unions*

Representation of the Christian trade unions' interests at the Community level is assured by the CISC European Organization whose general secretary is J. Kulakowski. This body is not confined to the Six, but has most of its strength there. Its affiliates in the European Community are: the CFDT (France), CSC (Belgium), CGD (Germany; very small), LCGB (Luxembourg), NKV and CNV (Netherlands; Catholic and Protestant respectively) and the CSC (Italy; very small, since the main Christian union, CISL, is ICFTU-affiliated). (The CISC European Organization also has affiliates in Austria, Malta and Switzerland). It has five industrial committees linked with it.

*c) The WFTU unions*

The Communist-orientated WFTU has always been opposed to the very principles of European integration, as has the Soviet government. An embarrassing situation was created at its 1957 congress when the Italian CGIL, the largest Western affiliate, broke with the official line. The CGIL Executive Committee passed a resolution which, while it criticized the EEC Treaty because of "the political and military framework in which it is conceived and because of the policies of its promoters", nevertheless supported economic integration - because it "rests on real needs such as the necessity of guaranteeing larger markets for the improvements in productive techniques now taking place, the need to co-ordinate efforts for the more rational exploitation of all the technical resources both of power and of human labour, (and) the need to guarantee a still more rapid development of the economically backward regions". In general it can be said that the CGIL saw European integration as something which would bring economic benefits to its members. The French Communist unions (CGT) opposed the EEC for much longer, however, and it was only in May 1967 that the French and Italian groupings set up a liaison office in Brussels

It had by then become clear that, by refusing all involvement in Community affairs (as the CGT at least had done), they could not fully safeguard their members' interests. They suffered in addition from a further handicap in that both the French and Italian governments had refused to nominate their representatives to either the ECSC Consultative Committee or the Economic and Social Committee. In 1967, however, the Italian government nominated two CGIL representatives to the ECS, though not as part of the trade union group but as representatives of the general interest. The CGIL of course has a Communist and a Socialist wing, and the two nominees were in fact both from the latter. The two unions have asked for official representation, but this has not yet been granted, and is opposed strongly by the ICFTU unions. The CISC unions, who for historical reasons do not feel the same bitter rivalry with the WFTU, have seemed to be more flexible on this question. The CGT/CGIL had their first formal contact with the Community when their leaders met Jean Rey, president of the Commission of the European Communities, on February, 28, 1969.

Links with the TUC

Both the ICFTU and CISC unions have always strongly favoured British membership of the European Communities - indeed the extension of the Communities to all the democratic countries of Europe. In July 1967 the Executive Committee of the European Trade Union Secretariat (now ECFTUC) invited the British TUC to send representatives to its meetings, and from that date the TUC general secretary and a member of the General Council have regularly attended.

In 1968 the TUC took the initiative in forming the Trade Union Committee for the European Free Trade Association (EFTA-TUC). This committee brings together the national trade union centres of Britain, Denmark, Norway, Sweden and Austria. (There are no free unions in Portugal, and the Swiss unions declined the invitation to join). Its general secretary is Ian Graham, a British nominee, and for practical reasons its headquarters has been set up, not in one of the EFTA countries, but in Brussels. In fact all the ICFTU groupings - the ICFTU itself, ERO, ECFTUC and EFTA-TUC - now share the same premises. EFTA-TUC has a double aim: on the one hand, liaison between its own member unions; on the other, liaison with the Community unions. It consequently works very closely with ECFTUC.

The outstanding fact about the attitude of the trade unions in the Six towards the European Communities has been throughout that despite criticisms on points of detail, they have consistently supported the principle of integration and supranationalism, and have been sharply critical of the member governments for not permitting this process to move forward fast enough.

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*For further reading*

R. Colin Beever. European Unity and the Trade Union Movements. Leyden (Netherlands): Sythoff. 1960. 304 pages.

R. Colin Beever. Trade Unions and free labour movement in the EEC. London: Chatham House/PEP. 1969. 50 pages.

Future numbers of this bulletin will carry articles on the ways in which the trade unions work together at Community level, and more detailed information on the trade-union movements in each of the six member countries.

THE	<i>How do people live in the EEC?</i>
COMMON	<i>What about wages and prices, working hours</i>
MARKET	<i>and holidays, social security benefits?</i>
AND	<i>How fast are living standards rising?</i>
THE	
COMMON	The answers to these and many other questions
MAN	in a new 32-page booklet now available free from European Communities 23 Chesham Street London SW1

## NEW EEC TRADE UNION CONFEDERATION

*The European Confederation of Free Trade Unions in the Community (ECFTUC) came into being in April of this year. At their sixth general assembly, held in The Hague from April 23-25, the free trade unions of the six European Community countries(1) approved a draft constitution prepared by a special working group, and thereby transformed the meeting into the founding congress of the new confederation. The aim is to enable the unions to co-operate much more closely at the European level and to speak with a single voice both to the European Community institutions and to the big international firms which operate on a European scale. The seven national union federations agreed to take their decisions jointly by a two-thirds majority vote.*

*The Congress elected André Kloos, president of the Dutch NVV, as first president of the confederation, and Theo Rasschaert, formerly general secretary of the European Trade Union Secretariat, as its general secretary.*

*The following are extracts from the resolution adopted by the Congress:*

- During this difficult period through which the Community is going, and considering the problems posed by the internationalization of the economy, the first Congress of the ECFTUC stresses strongly the need to build a supranational and democratic Community including all the democratic countries of Europe, and the need of strengthening its action.

*The resolution went on to list among the desired aims of the European Community:*

- to promote at all levels a democratization of the economy which will free the workers from their situation of economic and social dependence in the capitalist regime which at present exists in the European Community;
- to increase economic effectiveness by pooling the means of democratic states and thus to face up to the economic threat posed by the super-powers;
- to promote social progress and bring about full employment as essential aims of which economic and financial policies must take account .....
- to affirm its solidarity with the developing countries by means of concrete actions.

*The text then calls for the following steps, among others, to be taken in order to make the Community more democratic:*

- a Parliament elected by direct universal suffrage and endowed with legislative and budgetary powers;

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(1) The seven national federations in the former European Trade Union Secretariat: DGB, Germany; CGT-FO, France; CISL, Italy; UIL, Italy; NVV, Netherlands; FGTB, Belgium; CGT, Luxembourg.



- a Commission with supranational powers, responsible only to the European Parliament and endowed with its own financial resources;
- a representative organ of the national governments(2), to coordinate Community and national interests, applying the rule of weighted majority voting, and obliged to take decisions within a fixed time-limit on the basis of proposals from the Commission and to publish its discussions;
- the strengthening of the consultative organs and the system of direct consultation by:
  - granting to the Economic and Social Committee full rights of initiative and information;
  - the creation of new consultative bodies, composed of employers and workers in equal numbers, for each branch of the economy.

*The resolution goes on to urge the opening of negotiations with Britain and the other applicants for membership, a special agreement with Israel, the suspension of the association with Greece, the refusal of any special relationship with Spain or Portugal, and concrete measures to help the developing countries. It further calls for the rapid completion of the customs union and the common policies required under the Community treaties, a system of monetary solidarity, a mechanism for checking and comparing prices, a concerted regional policy, and an active employment policy comprising notably:*

- the development and continued up-dating of teaching and training methods;
- insurance against the social risks which result from changes in the industrial structure and from technical progress;
- job creation and regional development;
- the systematic examination of the effects of the various common policies on the employment situation;
- the reform of the European Social Fund aimed at making it a dynamic instrument of employment policy;
- the creation of structures favouring negotiation between employers and workers at the European level .....

*Finally the resolution reaffirms the joint minimum aims agreed by the seven Community unions:*

- the achievement of full employment;
- the strengthening of industrial democracy;
- a 40-hour, 5-day working week;
- four weeks annual holiday;
- double holiday pay;
- a guarantee of income while incapacitated.

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(2) *i.e. the Council of Ministers*

# Living standards in the Common Market

*The decade since the European Community came into being in 1958 has seen rapid economic growth within, and rapid growth of trade between, the countries of the industrialised Western world. Consequently, living standards have increased steadily, and in some cases dramatically. Some of the most notable cases of rapid growth and rising standards have been in the countries of the European Community. To what extent this has been due to the existence of the Community it is difficult to say. The social provisions of the Rome Treaty have not really had time to have any major effect. The Community's main contribution is probably that, by helping to create conditions in which economic expansion has continued at a higher level and for a longer period than in most other Western countries, it has contributed indirectly towards the fast-growing prosperity of its citizens.*

Precise comparisons of living standards from one country to another are difficult. In the first place, it is necessary to average out income levels in each country, and the average may conceal major variations in individual incomes. Secondly, comparisons have to be made in terms of a chosen currency and the rate of exchange may distort the picture. For example, the devaluation of the pound sterling in 1967 immediately cut British incomes by 15 per cent in terms of most other currencies, whereas British *real* incomes would not be affected until later (through increased costs of imports, etc.). Thirdly, differing price levels must be taken into account as well as income levels, and also differing levels of direct and indirect taxation and fringe benefits. Finally, differing tastes can make comparison difficult: what is a staple foodstuff in one country (*pasta* in Italy, for example) may hardly appear in the normal household budget in another country. Nevertheless, it is possible to obtain a reasonably accurate picture of living standards in Western Europe by looking at average incomes, price levels, trends in consumption and social welfare.

## The value of money

### Wages

In recent years average wages in the six Community countries have risen sharply. Between 1958 and 1967 average hourly gross wages about doubled in Germany, Italy and the Netherlands and rose by 83 per cent in France, 70 per cent in Belgium and 61 per cent in Luxembourg, as compared with 51 per cent in Britain and 34 per cent in the USA.

The figures for average annual incomes follow the same pattern and show that while in 1958 Belgium, France and Luxembourg had higher average incomes than Britain, by 1966 only Italy was lower than Britain (Table 1).

The more rapid growth of wages in the Community than in Britain is explained in part by the fact that some countries, notably Italy and the Netherlands, had lower income levels in 1958, but probably more important is the fact that for a variety of reasons economic

expansion has been much faster. Thus over the ten years from 1958-1967 industrial production increased by 70 per cent in the Six (32 per cent in Britain and 73 per cent in the USA). Community imports by volume increased by 140 per cent (Britain 57 per cent, USA 94 per cent) and exports by 139 per cent (Britain 32 per cent, USA 65 per cent). This much more rapid increase in economic activity permitted wages to rise relatively quickly without leading to inflation to the same degree as in Britain, though of course prices have risen.

These figures do not of course take into account different levels of "fringe benefits" (paid holidays, annual bonuses, social security benefits, etc.) which are particularly high in France and Italy (see below), nor of income tax paid on gross wages in different countries. A detailed survey of 43,000 families in the six countries undertaken in 1963/1964 revealed that compulsory social security payments and direct taxes took the following percentage of wage- and salary-earners' gross incomes: Belgium 10.6 per cent; France 5.8; Germany 15.2; Italy 7.8; Luxembourg 10.9; Netherlands 18.8. The figure for the United Kingdom in 1964 was about 12.6 per cent, though it should be noted that since that date the figures have tended to increase in most countries.

### Prices

The simple comparison of income figures also takes no account of the purchasing power of money earned, which has declined in all countries as prices increase. In a full common market and economic union prices would be broadly similar throughout the whole area, except perhaps for variations caused by differing transport costs. But the European Community is some way from this and price levels vary considerably. In the first place, only in July 1968 were final customs duties on trade between the Six abolished, and the common external tariff fully implemented. Secondly, price differences are still caused by excise duties and sales taxes levied at different rates in different countries. And thirdly, market conditions differ considerably so that, for example, manufacturers' and middle-men's mark-ups, storage charges and other costs may vary appreciably.

The field in which prices are strikingly higher in the Community countries than in Britain is that of food. The British Ministry of Agriculture, Food and Fisheries has estimated that the cost of food is about 14 per cent higher in the Six<sup>1</sup> where common farm prices now exist for most products. (Table 2.) This average figure hides even wider variations, ranging from butter at one extreme, which in the Community costs roughly double the British price, to many fruits and vegetables which for reasons of climate can be produced much more cheaply in France or Italy. The reason why so many food products, in particular butter and cereal-based foods, are cheaper in Britain is partly because of the relative efficiency of British farming. But even the British farmer cannot compete with farmers in countries like Canada, Argentine and Australia, and the British government therefore provides them with a degree of protection through the deficiency-payment system. Or,

<sup>1</sup> Before sterling devaluation.

put another way, this government subsidy permits home-produced food to be sold at less than an economic price, thus keeping down the direct cost to the house-wife.

Despite the higher food prices, it would seem in general that living standards in the Community have risen rapidly and are now at least equal to that in Britain, and in some cases higher. It is clear that wages have in all countries increased faster than prices. The Commission of the European Communities has estimated that workers' real incomes, taking all these various factors into account, rose between 1958 and 1967 by 60 per cent in Italy, by 50 per cent in Germany, France and the Netherlands, by 40 per cent in Belgium and by 30 per cent in Luxembourg. As the last two countries were the most prosperous of the Six in 1958, this trend indicates a narrowing of the gap within the Community.

## Social security

Social security benefits play a significant part in maintaining living standards in all six Community countries, but levels of benefit vary greatly, as do levels of contribution and the schemes under which social security is administered. Each country has a compulsory "general" system for wage- and salary-earners (sometimes up to a certain level of income) in respect of all the benefits provided for in the International Labour Office's Convention No. 102. This covers medical care and sickness benefit, maternity, disablement, old age, death, employment injuries and occupational diseases, unemployment, and family allowances<sup>2</sup>. There are commonly also special schemes for particular occupations, such as mining; and broad groups of self-employed persons, especially farmers and artisans, are frequently also subject to compulsory, though separate, schemes for all or most benefits. In some countries, however, some benefits cover the whole population—for example, old age pensions in the Netherlands.

Social security in all six countries is based mainly on the insurance principle, and relies relatively little on finance from taxation (table 3); both contributions and benefits are in most cases related to earnings, and are frequently higher than in Britain. The employer usually pays by far the largest proportion, especially in France and Italy. Finally, the administrative structure is often complex, with a large variety of public and semi-public bodies responsible for different aspects of social security.

In Britain social security has been regarded more as a charge on society which must guarantee every citizen a minimum level of subsistence. This explains why the British system is a universal and uniform one, based on flat-rate and relatively low benefits, and why a major part is played by the State in financing the scheme. The system leaves room for—and indeed encourages—the higher income earners to participate also in private and occupational schemes. But the situation is slowly changing. The "graduated pensions scheme", which

<sup>2</sup> The British system covers the same risks, with the exception of partial disablement unless caused by industrial accident or disease.

is earnings-related, was introduced in 1961, and the "earnings-related supplement" to sickness and unemployment benefits in 1965. And the new proposals for earning-related pensions with higher contribution and benefit levels, put forward in January 1969, will of course bring Britain much closer to continental practice.

Bearing in mind the great variety of social security structure, both between the different countries and often within individual countries, it is possible to make a few generalisations about the overall pattern for the major benefits.

**Sickness benefit.** In Germany, the Netherlands and Italy (and in France for miners), medical expenses are paid directly by the insurance funds, though the patient may have to make some contribution. In France, Belgium and Luxembourg, the patient has to pay his expenses and then reclaim, usually up to 70-80 per cent, from the fund. No Community country has a universal free health service on the British model. In addition to paying for medical costs, the schemes in all countries provide for payment of sick-pay.

**Old age pensions.** A national pension scheme with a flat rate benefit is found only in the Netherlands (and in France for miners). Elsewhere in the Community, the pension depends on the contribution paid, which in turn depends on the previous income level. Contribution and benefit rates vary from country to country, and the statutory schemes are often supplemented by extra occupational pensions, especially in France and the Netherlands where standard pensions are low. In all six countries pensions are linked to the cost-of-living-index. Britain has at present a flat-rate system like the Dutch, supplemented since 1961 by the "graduated pensions scheme" which is wage related but does not cover all employed persons. As in France and the Netherlands, the low standard pension in Britain encourages private schemes, and in 1968 half of all employed persons, including 2/3 of all employed men, were involved in occupational pension schemes.

**Family allowance.** Family allowances vary greatly from country to country, being very large in Belgium and France. In Germany and Britain no allowance is payable for the first child, and in Germany none for the second child unless income is less than £65 per month. And the maximum age at which allowances are payable also varies.

	Family allowance £ s. per month	
	1 child	3 children
Germany	—	4.9
Belgium	5.16	21.15
France	2.17	24.2
Italy	3.5	9.16
Luxembourg	3.19	12.12
Netherlands	3.4	10.13
UK	—	3.8

<sup>a</sup> These 1967 figures are subject to later changes and have since been increased in some cases.

The existence of the European Community has not yet had any major effect on the social security systems

of the member countries, but the aim is a gradual levelling up of benefits and common rules of eligibility, etc. The national governments consult each other to ensure that new legislation takes this into account. Reciprocal arrangements are in force between all member countries on the provision of social security benefits to nationals of other member states, whether immigrant workers or holiday visitors. Thus, for example, an Italian working in Germany is entitled to full benefits immediately as a result of his earlier contributions to the Italian scheme; his wife, if she remains in Italy, can continue to draw full benefit in Italy while the husband is contributing to the German scheme; and his German contributions are taken into account in calculating his retirement pension when he returns to Italy.

## Working hours

In the Community, as in Britain, the trend over the years has been for working hours to shorten, as a result of both statutory means and collective bargaining. In all six countries legal "norms" and maximums are laid down. Eight hours per day, and 40 hours per week is the norm in France, 8 and 45 respectively in Belgium, 8 1/2 and 48 in the Netherlands, and 8 and 48 in the three other countries. But in most cases this basic week has been further shortened through collective agreements; for example, a 40-hour week is now standard in most of the German motor industry. Also the figures above do not take account of overtime. Thus for October 1967 the average working week in all industries, including overtime, varied from 46.7 hours in France to 43 hours in Germany, a difference of 8 per cent. The variations between different industries are even greater, the most striking being between shoe manufacture and building materials in Germany (39.8 and 48.3 hours respectively, or 21 per cent) and the cotton industry and building materials in France (41.0 and 50.3 hours or 22 per cent). Fairly wide variations are particularly common in France and Italy. There are also of course differences within individual industries between different regions of countries, but these are on the whole less marked than those between industries.

In general one can say that in non-manufacturing industries such as mining and building, longer hours are worked than in manufacturing; and among the different manufacturing industries, the longest hours are found in food and drink manufacture, shipbuilding and certain other branches of engineering. The pattern is not on the whole very different from that one finds in Britain. (Table 4.)

It should be noted of course that shorter hours are not necessarily always an indication of rising living standards, since they may on occasion result from a deterioration of the economic situation of a particular industry, or country, which could lead to short-time working. Also, longer hours may in fact result from the desire to increase one's income by working overtime, but, it should be added, many experts argue that the very need to work extra hours and earn overtime

shows that wage-structures are out-dated and likely to discourage the efficient use of time.

Paid holidays for industrial workers in the European Community are much longer than in Britain or the USA. (Table 5.) And in all six countries they are based on a legal requirement. Since the 1930s a minimum number of days holiday has been fixed by law in France, Germany, Belgium and Luxembourg. The Italian law of 1919 establishes the right to holidays, but does not fix the length. And the Dutch provided a legal basis for holidays in 1966. In most cases, the number of days holiday for the majority of workers is in fact above the legal minimum as a result of collective agreements between unions and employers. In France for example, where the longest holidays are found, in 1962 the legal minimum of 3 weeks was extended for workers at the Renault car works to 4 weeks, and the practice spread rapidly through collective bargaining in other industries until it is now virtually universal. In Belgium too, the legal minimum of 2 weeks was increased to 3 weeks for most workers in 1965. In most countries young workers under 18 years are entitled by law to longer holidays than adult workers; and frequently age and/or length of service bring additional days holiday.

Annual holidays are paid in all six countries. In Belgium the legal minimum of two weeks holiday is, by law, at double pay (but not the third week). Thus in effect most Belgian workers get a holiday bonus equal to two weeks' pay. Dutch workers also receive a bonus equal to two weeks pay as a result of collective agreements. In Germany collective agreements now ensure that about one third of the work-force receives a bonus equal on average to 9 DM for each day's leave.

Public holidays are also more numerous in most of the Six, ranging from 6-7 days in the Netherlands to 17 days in Italy.

The trade unions of the six countries, which cooperate closely at the Community level, have adopted a joint programme which demands a 40-hour week and a minimum of four weeks annual holiday with double pay.

## Where the money goes

Patterns of consumer expenditure vary greatly, both between countries and within each individual country, and reflect differing tastes and habits as well as different standards.

Within the Community, the 1963/1964 survey of 43,000 families (referred to above) showed a wide variation in the living standards of average families. The survey was in two parts, covering the families of farm workers, both wage-earning and self-employed, and those of wage- and salary-earners in other sectors (excluding self-employed), and involved completing detailed day-by-day questionnaires on spending on food, rent, clothing, household goods, and so on. Account was taken of consumption in kind, which is particularly important for farm families who grow much of their own food.

The results showed that for both farm and non-farm

families average spending was lowest in Italy. At the other end of the scale, non-farm families were most prosperous in Luxembourg and Belgium. Among farm families, however, the Dutch were the most prosperous, spending 80 per cent more than the Italians. Dutch non-farm families came second to last, but this is in part a reflection of relatively lower prices in the Netherlands, though this situation is rapidly changing.

Table 6 on the main items of private consumption shows that the general pattern is similar in the European countries listed. Within the Community, the country who differs most from this pattern is Italy, where a much larger proportion of consumer spending goes on food than in the other countries, but a smaller proportion goes on clothing, furniture, etc. This is a reflection of the undoubtedly lower standard of living, but, as far as clothing and furniture are concerned, is probably a result in part of the warmer climate. In fact it is perhaps wrong to regard Italy as a single unit for this purpose, since the differences of standards between the north and south of Italy are often greater than between the north of Italy, and the rest of the Community.

The greatest differences in consumption expenditure between Britain and the Community concern food, drink and tobacco, which taken together is higher in Britain because of the high rates of tax on alcoholic drink and tobacco, though the British figure for food alone would undoubtedly be lower than that for the Community; and secondly transport, reflecting the higher car ownership in Britain (see also table 11). The greatest differences of all are between the general European pattern and that in the USA where the proportion of consumer expenditure on food, drink and tobacco is about 35 per cent lower than the Community average, and that on transport is 40 per cent higher, reflecting a higher overall living standard which enables families to eat well and still have enough left over to spend more on non-essentials than is possible in most European countries.

## Conclusion

The conclusion to be drawn from the above data, and that included in the Statistical Annex, is that overall living standards do not differ greatly between Britain and the six Common Market countries. Far more significant are the differences which exist within all countries between people working in different industries (the greatest gap is that between industrial workers as a whole and agricultural workers), and between people living in different regions.

The most striking contrast is between the north and south of Italy, but marked differences exist in all countries: for example, in France, between the Paris area on the one hand, and the poor agricultural areas of the south west and Brittany and the declining textile and coal-mining areas of the north east on the other; or in Britain between on the one hand the south-east and the midlands, and on the other the problem industries and uneconomic farms found in many parts of northern England, Wales and Scotland.

However, to put matters in a world perspective it is salutary to remember that half the population of South America is estimated to earn on average less than £50 per year.

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# Living standards in the Common Market (statistical annex)

Table 1 Wages and prices

	Average gross hourly wage in manufacturing industry (including overtime) March/April 1967 (1)		Average annual income all wage-and salary-earners (2) (£)			Hourly gross wages index (3)	Consumer price index (3)
	Men s. d.	Women <sup>a</sup> s. d.	1958	1966	% change		
Belgium	7.10	5.4	645	1,082	+ 68	170	123
France	6.8	4.9	616	1,180	+ 92	183	140
Germany	8.10	6.2	510	993	+ 94	199	123
Italy	5.5	4.0	388	831	+118	206	137
Luxembourg	9.10	5.7	862 <sup>c</sup>	1,138 <sup>d</sup>	+ 32 <sup>e</sup>	161	118
Netherlands	7.2	4.3	513	1,077	+110	203	137
UK	9.4	5.5	603	925	+ 53	151	129
USA	20.3 <sup>b</sup>	—	1,572	2,175	+ 38	134	115

<sup>a</sup> It should be noted that these average figures show a greater disparity between men's and women's wages than would apply to individual jobs, since women normally work shorter hours (less overtime) than men, benefit less from length of service increments (because working life frequently interrupted for family reasons) and in many industries customarily do less skilled work. Nevertheless, though women's wages have risen more rapidly than men's in all countries listed over recent years, in none of them has equal pay been fully implemented.  
<sup>b</sup> Men and women.  
<sup>c</sup> 1960.  
<sup>d</sup> 1964.  
<sup>e</sup> 4 year period only.

Sources:  
(1) *Statistical Studies and Surveys*, No. 3, 1968, ECSO. *Annual Abstract of Statistics*, CSO.  
(2) *National Accounts 1957-1966*, ECSO.  
(3) *General Statistical Bulletin*, No. 12, 1968, ECSO.

Table 2 Retail food prices.<sup>a</sup> August 1966

	Brad per lb. d.	Butter per lb. s.d.	Margarine per lb. s.d.	Lard per lb. s.d.	Eggs per doz. s.d.	Milk per pint d.	Sugar per lb. d.	Beef <sup>b</sup> per lb. s.d.	Pork per lb. s.d.
Belgium	8.3	7.8.	2.4.	2.0.	5.7.	8.6	17.8	11.5.	7.10.
France	7.8	6.7.	2.4.	2.5.	4.8.	7.5	10.4	9.8.	5.6.
Germany	11.5	6.4.	2.2.	2.1.	4.4.	8.3	12.1	8.0.	7.0.
Italy	11.5	7.3.	—	2.4.	5.4.	9.6	14.9	9.10.	8.6.
Netherlands	8.2	5.2.	1.6.	—	3.4.	6.9	12.6	10.9.	6.6.
UK	8.9	3.5.	2.0.	1.6.	3.7 1/2	9.5	8.5	7.4.	5.6.

<sup>a</sup> Not allowing for possible quality variations.  
<sup>b</sup> UK: sirloin without bone; Community: "beef-steak".

Source: Ministry of Agriculture, Food and Fisheries, London.

Table 3 Financing social security

	Sources of finance 1966 (%)			
	Employer	Employee	State	Other <sup>a</sup>
Belgium	48	24	22	6
France	68	20	7	5
Germany	37	37	22	4
Italy	62	15	18	5
Luxembourg	41	27	21	11
Netherlands	39	47	7	7
UK <sup>b</sup>	27	20	48	5

<sup>a</sup> Mainly interest on invested funds.  
<sup>b</sup> UK figures for 1966/1967.

Source: *Exposé sur la situation sociale dans la Communauté en 1968*, Commission of the European Communities.

Table 4 Average hours worked in industry, including overtime  
October 1967

	Manufacturing industries	Manufacturing and other industries
Germany	42 $\frac{3}{4}$	43
Belgium	43 $\frac{3}{4}$	43 $\frac{3}{4}$
France	45 $\frac{3}{4}$	46 $\frac{3}{4}$
Italy	44 $\frac{3}{4}$	44 $\frac{1}{4}$
Luxembourg	44	45 $\frac{3}{4}$
Netherlands	45	45 $\frac{1}{4}$
UK <sup>a</sup>	45 $\frac{1}{2}$	46 $\frac{1}{4}$

<sup>a</sup> EEC: all workers. UK: men workers aged 21 or over.

Source: *Statistical Studies and Surveys*, No. 4, 1968, ECSO.

Table 5 Paid holidays. Situation in early 1966

	Workers	Legal minimum (in days)	Minimum laid down by collective agreement	Public holidays	Total
Belgium	To age 18	18 <sup>a</sup>	18	10	28 <sup>a</sup>
	Adults	12 <sup>a</sup>	18	10	22-28 <sup>a</sup>
France	To age 18	24	24	9 <sup>b</sup>	32 <sup>b</sup>
	Adults	18	24	9 <sup>b</sup>	32 <sup>b</sup>
Germany	To age 18	24	24 <sup>c</sup>	10-13	34-37 <sup>c</sup>
	Adults	15-18	15-24 <sup>c</sup>	10-13	25-37 <sup>c</sup>
Italy	To age 18	—	12-30	17	29-47
	Adults	—	12-30	17	29-47
Luxembourg	To age 18	24	—	10	34
	Adults	18-24	—	10	28-34
Netherlands	To age 18	18-23	— <sup>d</sup>	6-7	24-30 <sup>d</sup>
	Adults	18	— <sup>d</sup>	6-7	24-35 <sup>d</sup>
UK	To age 18	—	10-15	5-6	15-21
	Adults	—	10-15	5-6	15-21

<sup>a</sup> Plus 12 days' pay as bonus.  
<sup>b</sup> Plus 10 days (usually paid) for women and adolescents.  
<sup>c</sup> Plus bonus in some industries (approximately 1/3 of work force receive on average 9 DM per day holiday).  
<sup>d</sup> Plus two weeks' pay as bonus.

Source: *La réglementation des congés payés*, Collection Etudes, Série politique sociale, No. 18, 1967, Commission of the European Communities.

Table 6

**Composition of private consumption (1966)**  
Percentage of total private expenditure devoted to:

	Food, drink, tobacco	Rent, fuel, lighting	Clothing, footwear	Furniture household goods repairs	Transport	Education recreation
Belgium	33	16	9	12	9	4
France	37	11	11	8	9	6
Germany	34	15	12	13	9	8
Italy	47	13	9	6	9	6
Luxembourg	35	16	.	.	9	.
Netherlands <sup>a</sup>	35	13	11	16	4	4
EEC	37	13	11	10	9	6
UK <sup>a</sup>	39	15	11	7	12	7
USA <sup>a</sup>	25	18	9	7	15	5

<sup>a</sup> 1965.  
Sources: Selected Figures, 1968, ECSO. Basic Statistics of the Community, 1967, ECSO.

Table 7 **Consumer durables**  
Numbers per 1,000 population

	Cars (1.1.1967)	TV sets (1.1.1967)	Telephones (1.1.1966)
Belgium	161	166	164
France	198	150	124
Germany	178	212	147
Italy	121	130	115
Luxembourg	199	109	239
Netherlands	128	189	189
EEC	163	170	136
UK	172	256	193
USA	397 <sup>a</sup>	408 <sup>a</sup>	475

<sup>a</sup> January 1, 1966.  
Source: Basic Statistics of the Community, 1967, ECSO.

Table 8 **Newspaper readership**  
Daily newspapers, 1965

	No. of newspapers	Est. total circulation (1,000)	Total circulation per 1,000 pop.
Belgium	54	2,701	285
France	121	12,041	246
Germany	411	19,264	326
Italy	92	5,811	113
Luxembourg	7	158	477
Netherlands	88	3,598	293
UK	110	26,100	479

Source: UN Statistical Yearbook, 1966.

Table 9 **Housing**

	Dwellings completed, 1967 (1)				Facilities in dwellings, 1960, 61, 62 (2) <sup>a</sup>			
	Total (1 000)	Per 1 000 population	Subsidised dwellings		Rooms per dwellings	Persons per room	% of dwellings with	
			Total (1 000)	% of all dwellings			Running water	Bathroom
Belgium	47	4.9	21	45	4.8	0.6	77	24
France	422	8.5	329	78	3.1	1.0	78	28
Germany	572	9.6	174	30	4.0	0.9	97	49
Italy	267	5.0	26	10	3.3	1.2	61	29
Luxembourg	1.8	5.4	0.7	37	5.1	0.6	99	46
Netherlands	127	10.2	96	75	5.2	0.8	90	59 <sup>c</sup>
EEC	1,438	7.8	647	45	.	.	.	.
UK	415	7.4	198	48	4.7	0.7	90 <sup>b</sup>	78 <sup>d</sup>
USA <sup>e</sup>	1,542	7.1	38	2	5.0	0.7	93	88

<sup>a</sup> More recent figures not available since these statistics are normally collected only as part of a ten-yearly census.  
<sup>b</sup> Estimate.  
<sup>c</sup> 1964.  
<sup>d</sup> Excludes North Ireland.  
<sup>e</sup> 1965.

Sources:  
(1) *Exposé sur la situation sociale dans la Communauté en 1968*, Commission of the European Communities. *Annual Abstract of Statistics*, 1968, CSO. UN Statistical Yearbook, 1966.  
(2) *Basic statistics of the Community*, 1967, ECSO.

Table 10 **Medical facilities**  
per 100,000 population; end 1965

	Doctors	Pharmacists	Hospital beds <sup>a</sup>
Belgium	145	64	796
France	116	43	1,128 <sup>b</sup>
Germany	145	33	1,065
Italy	168	65	786
Luxembourg	99	49	1,250
Netherlands	116	—	695
UK	120 <sup>c</sup>	53 <sup>c</sup>	1,009
USA	153	—	880

<sup>a</sup> Including clinics, mental hospitals, convalescent homes, etc.  
<sup>b</sup> End 1962.  
<sup>c</sup> End 1964.  
Source: Basic Statistics of the Community, 1967, ECSO.

General note: Exchange rates: since all figures refer to 1967 or earlier (1968 figures were not available at time of going to press), all calculations have been made at the pre-devaluation (November 1967) rate of £1 = \$2.8.  
ECSO: European Community Statistical Office.  
CSO: Central Statistical Office, London.

## REFORMING THE EUROPEAN SOCIAL FUND

In June of this year the Commission of the European Communities put forward proposals for drastically reforming and extending the activities of the European Social Fund. The Council of Ministers has now to decide whether or not to adopt these proposals.

### *The needs of the future*

Technological progress and the effects of greater integration and competition are likely to cause one worker in ten to change his job over the next ten years, warns the Commission. This is necessary to ensure that the Community's economy - and with it living standards - continues to grow rapidly and that the Community's exports remain competitive in world markets.

Everything possible must be done to ensure that the working man does not suffer from this. Two million farmers and farm-workers will seek jobs in the towns, and there will be large-scale redundancies in the textile and coalmining industries. Other problem sectors could include shoes and leather goods, lead and zinc, domestic appliances, ceramics, and the nuts and bolts industries. The task of retraining and re-employing these workers must be a top priority, and should become the responsibility of the reformed European Social Fund, the Commission says.

### *How the existing Fund works*

The European Social Fund was set up in 1958, under article 123 of the EEC Treaty. Its aim is to "contribute to raising the standard of living" by "promoting employment facilities and the geographical and occupational mobility of workers". It can reimburse to the national governments or state agencies 50 per cent of the cost of retraining or resettling workers who lose their jobs. The Fund receives its money from the member governments, whose percentage contributions are: Germany 32%, France 32%, Italy 20%, Belgium 8%, Netherlands 7% and Luxembourg 0.2%. It is run by the Commission, with the aid of an advisory committee on which unions, employers and the six governments are equally represented. Member states can ask for refunds of money spent on workers who have been re-employed for at least six months; if the conditions set out in the Fund's rules are met, the expenditure must be refunded automatically by the Social Fund. The tables overleaf show how the Fund has spent its money.

### *The new plans*

The Commission believes that the Social Fund's present rules are too rigid and its resources too limited for it to play an effective part in the development of the Community over the coming years. Its role should be an active, not a passive one. It should be able to retrain workers before they lose their jobs, instead of merely repaying afterwards part of the cost of their retraining. In administering the Fund, the Commission should be able to decide, subject to the Council of Ministers' approval, on the priorities of where, when and whom to help. It should be allowed to help private as well as public undertakings and should fit the activities of the Fund into the overall context of the Communities' regional development and medium-term economic policies.



To date the Fund has paid out an average of \$9 million per year. To carry out effectively the tasks before it, the Commission argues, the reformed Fund would need its resources increased immediately to \$50 million, and ultimately to \$250 million per year. Studies by the Commission indicate that between 120,000 and 150,000 workers may need the Fund's help annually, and a budget of \$250 million would permit it to spend an average of about \$2,000 on each one helped. The Fund's contribution to the cost of projects should be flexible, going well above or below the present 50% limit according to the urgency of the project, up to a maximum of 80%.

The Commission also proposes that the Fund's revenue should be independent of the member governments and come from the Community's own resources (for example, from such common taxes as the import duties imposed under the common external tariff, and the levies on imported farm produce). This revenue would be subject to the budgetary control of the European Parliament. This system, says the Commission, would ensure that in putting forward requests for aid from the Fund, the governments would be concerned with real needs and not simply with the desire to recoup what they had paid in. The Fund's activities could therefore be based on sensible economic priorities and social justice.

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*The European Social Fund's activities 1960-68*

A. What it spent (\$ millions)

	What each country drew out			What each country paid in
	Retraining	Resettlement	Total	
Belgium	3.95	0.002	3.95	7.07
France	19.94	0.57	20.51	25.68
Germany	20.19	1.71	21.90	25.68
Italy	23.22	4.00	27.22	16.05
Netherlands	6.65	0.02	6.67	5.62
Luxembourg	0.01	-	0.01	0.16
EEC	73.96	6.30	80.26	80.26

B. Whom it helped (number of workers)

	Retraining	Resettlement	Total
Belgium	7,836	13	7,849
France	30,972	78,118	109,090
Germany	57,303	230,101	287,404
Italy	203,310	340,037	543,347
Netherlands	11,243	229	11,472
Luxembourg	96	-	96
EEC	310,760	648,498	959,258

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I N B R I E F
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*Calls for UK membership*

The free and Christian trade unions of the Six have always favoured the extension of the European Community to include Britain and other democratic countries of Europe. In recent months several major unions and federations have made statements or passed resolutions to this effect.

*ECFTUC:* The founding congress of the European Confederation of Free Trade Unions in the Community, held in The Hague in April of this year, passed a resolution calling, amongst other things, for "the opening of negotiations with the democratic countries which accept the principles of integration and have requested membership of the Community, notably Great Britain". (See page 7 for other extracts from this Resolution).

*WFL:* The European Organization of the World Federation of Labour (formerly the International Confederation of Christian Trade Unions) at its 1969 congress in Brussels in May, urged that "the trade-union movement must encourage and guide a renewal of the process of European integration, including notably its extension to other democratic states, and in particular to Great Britain".

*DGB:* Meeting in Munich in May, the congress of the German Trade-union Federation called for "the speeding up of the entry of Great Britain, the Scandinavian countries and other democratic states of Europe into the Community". And in September the new DGB president, Heinz O. Vetter, informed the British Ambassador in Bonn that the DGB would do all in its power to facilitate British entry.

*CGT-FO:* France's Force Ouvrière issued a special statement in July welcoming the resolution in favour of British membership which was adopted by the Action Committee for the United States of Europe on July 16. (See page 19). The FO expressed the hope that negotiations would open very soon.

*Italian metalworkers:* The resolution adopted by the June congress of the Italian (ICFTU) metalworkers' union spoke of "a Europe which cannot accept for long the narrow limits of the Common Market".

*Agricultural workers:* The eight ICFTU agricultural workers' unions in the European Community urged, at their Conference in Dortmund in September, the rapid "extension of the Communities by the entry of the democratic countries which have requested membership".

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*Congress of German trade unions*

The 1969 congress of the Deutsche Gewerkschaftsbund (DGB), in Munich from May 18-23, passed a resolution calling for more rapid progress towards achieving the aims of the European Community. It reaffirmed "that the German trade unions are prepared to participate in the process of European integration aimed at social progress and a general increase in standards of living, and will not compromise these aims by selfish and nationalistic attitudes. The congress urges the (German) federal government to give the trade unions a

part in the negotiations on the fusion of the Treaties(1) and strongly insists that the supranational character of the ECSC Treaty, the possibilities of action which it offers on the economic and social levels, and the role played by the trade unions in its institutions, should be not only maintained but extended to the future single treaty. The strengthening of the position of the European Parliament and of the European Commission, and the granting of financial independence to the Commission, are of particular importance". It lists among the DGB's aims in the European field:

- "to draw up a European constitution, which is the necessary precondition for the election of the European Parliament by means of a free and secret vote in the countries of the Community;
- "to set up a European Commission endowed with supranational powers and responsible only to the European Parliament;
- "to ensure that the trade unions have the right to participate in all the institutions of the Community on social and economic matters in order to promote a democratic evolution towards a politically united Europe".

The congress also called for British membership of the Community (see above).

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#### European Social Fund

The ECFTUC Executive Committee at its first meeting on July 5, supported the recent proposal from the Commission of the European Communities to reform the European Social Fund, and called for the creation at the same time of a Community-level tripartite council on employment (see page 15 for details of the proposal).

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#### Trans-national companies

One of the great concerns of the trade unions within the Six, as elsewhere, is that the growing number of international companies makes effective democratic control increasingly difficult, both at the political and industrial levels. This has led the unions both to intensify their own joint action in the Community, and to call for the strengthening and democratization of the Community's institutions in order to enable them to control the industrial giants whose structure can make them largely independent of any national government.

*Fiat-Citroën merger:* representatives of the five unions in France and Italy whose members are affected by the Fiat-Citroën link (the French Christian and Communist metalworkers unions and the Italian free, Christian and Communist metalworkers unions) met in Paris in May of this year to discuss joint action to protect their members' interests. Accepting that mergers were an inevitable phenomenon, the five unions called not only for safeguards for the workers at the two companies, but also said political control of such mergers was necessary.

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(1) the three treaties setting up the ECSC, EEC and Euratom are to be replaced by a single treaty creating a single European Community. It is feared by some that the supranational characteristics of the three existing treaties, and of the ECSC treaty in particular, may be watered down during this process.

*Talks with Philips at the EEC level:* the Philips concern, with headquarters in Eindhoven, Netherlands, controls over 170 companies in Europe, employing 227,000 persons in twelve countries. On June 25 a second meeting took place between the company and ICFTU metalworkers unions from five EEC countries and their Christian counterparts from Belgium and the Netherlands. The main points discussed were various measures to protect the workers' interests in the event of mergers, rationalization and the transfer of production from one country to another.

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*New federation of agricultural workers' unions*

The eight ICFTU-affiliated unions of agricultural workers in the EEC have agreed to co-operate more closely in the future. At their fifth conference, in Dortmund on September 22-23, they adopted a new statute, creating the European Federation of Agricultural Workers' Unions in the Community.

Co-operation between the unions concerned has been close and fruitful for some years, and in June 1968, together with Christian farm workers' unions, they signed the first ever Community-level collective agreement, with COPA, the farmers' organization of the Six. Though the terms of the agreement are not binding, it is hoped that they will be incorporated in binding agreements at the national or local levels. The agreement recommends the adoption throughout the six countries of a 45-hour, 5-day week, and a working year of 2,348 hours for workers in arable farming. It is hoped to extend it as soon as possible to other sectors of farming.

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*Action Committee for the United States of Europe*

Monsieur Jean Monnet's Action Committee, meeting in Brussels in July to hear a number of special reports on British membership of the European Community, expressed its "conviction that the problems raised by Great Britain's entry into the Common Market can be solved".

The Action Committee, though a purely unofficial body, has a considerable influence because of its composition. Membership is corporate: political parties and trade unions. Founded in 1955, it has comprised since that date all the main Socialist, Liberal and Christian-Democrat parties in the six countries, and all the main non-Communist trade unions. The Committee meets once or sometimes twice a year, and the member parties and unions are represented at a very high level - usually by their presidents or general secretaries. Since October 1968 the British Labour, Liberal and Conservative parties have been members.

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# The Institutions of the European Community

*History is full of proposals and treaties aimed at ending war and establishing orderly relations between states. Many of the proposals have involved the creation of federal, or supranational, institutions. They were, largely, the work of thinkers and philosophers, and were unacceptable to the statesmen and politicians in power. Those ideas which reached the stage of reality were all based upon intergovernmental treaties — the obvious examples in recent history are the treaties establishing the United Nations, the Council of Europe and the Organisation for Economic Co-operation and Development. These are all international organisations, in which each member state retains a right of veto and of withdrawal.*

*The revolutionary factor in the three European Communities is that they are the first attempt to move beyond intergovernmental co-operation and establish a supranational system regulating relations between states. Initially restricted to economic and social matters, this system is based on the rule of law.*

*It would be an exaggeration to say that the Community is a federal system. But its institutions do have certain federal characteristics. The Treaty of Paris which established the European Coal and Steel Community (ECSC) in 1952, and the Rome Treaties which established the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) in 1958, provide a new type of decision-making system. This recognizes the legitimate rights and interests of the nation states, while at the same time providing for central institutions with sufficient powers, in the fields covered by the Treaties, to ensure that the interest of the Community as a whole is also taken into account. This Community interest is not necessarily the sum, or the lowest common denominator, of the various national interests.*

*Political science has not yet coined a new word to describe this new method of taking decisions in common. It is usually called simply the "Community method".*

The Community has four main institutions: the Commission, the Council of Ministers, the European Parliament and the Court of Justice, which are common to all three Communities. The Parliament and the Court of Justice have always had this triple role, but originally each Community had its own Executive (ECSC High Authority, EEC and Euratom Commissions) and Council of Ministers. These bodies were merged into a single Commission and a single Council on July 1, 1967, as a first step towards a complete fusion of the Communities themselves, by means of a single treaty. Today the Commission and Council serve all three Communities, wielding the powers conferred on them by all three Treaties.

Under the Paris Treaty, the ECSC institutions were based on a clearly federal pattern: an executive branch, the High Authority, with real powers of decision over the coal and steel industry of the six countries; a Common Assembly, which at least looked like a legislature though in reality it was not; a Court of Justice, to ensure the rule of law in the interpretation of the Treaty and the acts of the High Authority; and a Council of Ministers, whose task was essentially that of harmonizing national policies with Community policy. Thus, in the fields of coal and steel the national govern-

ments had delegated part of their sovereign powers to the High Authority, which could take itself vital decisions on such important matters as prices, investments and anti-cartel rules, and which derived its income from the first ever supranational tax, levied on the annual turnover of coal and steel companies in the six countries. The balance of power thus lay decisively on the side of the "federal" Executive, the High Authority. The Council of Ministers, representing the national governments, was essentially a consultative body.

In the Institutions established by the two Rome Treaties in 1958, the federal elements were less evident. The Executive bodies of the EEC and Euratom were called, more modestly, "Commissions", and the balance of power lay with the Council of Ministers. The reason for the change was twofold. The momentum which the movement towards European integration had received from the Second World War and then from the Russian threat to West European security was already weakening. But equally important, the Paris Treaty is a very detailed document setting out precisely the mechanisms by which the Community should progress, and covering only two sectors of the economy, coal and steel. The EEC Treaty, on the other hand, is essentially a "framework" treaty, setting out only the

general aims of the economic union, but covering the whole range of the economy of the six countries apart from coal, steel and nuclear energy. It is not surprising that in these circumstances the governments were not prepared to delegate to a Community Executive such extensive power as in the ECSC.

## The Commission

The Commission is the Guardian of the Treaties and of the Community interests as opposed to purely national ones. It consists of 14 members who must not seek or accept instructions from any government or other body. They are appointed for a four-year renewable term by the unanimous agreement of the member governments, but can be dismissed only by the European Parliament. This guaranteed independence of the Commission is an essential element in the Community system and one of the things which distinguishes it from the usual international organizations. The very independence of the Commission has in part given rise to some of the criticism that the Community is controlled by an essentially undemocratic and bureaucratic body. But in fact it is not the Commission but the Council of Ministers which has the ultimate power of decision—and each Minister in the Council is of course responsible to his own national government and Parliament. While the present situation is regarded by few as entirely satisfactory, an increase in the power of the European Parliament, as frequently advocated by the Commission and many others in the Community, would involve an extension of the supranational element in the Community which has so far not proved acceptable to all the member governments.

As mentioned above, the Rome Treaty is essentially a “framework” Treaty. It laid down fairly strict rules for dismantling internal tariffs and setting up a common external tariff, but beyond that—for the common policies on agriculture, transport, and so on—it merely stated the aim to be achieved. The institutions were given the task of working out and adopting the detailed policies. In this process the Commission has the right, and duty, of initiative. Thus for instance, the Treaty requires that a common agricultural policy be adopted before the end of the transitional period (January 1, 1970). It was the Commission’s task to work out, after consultation with all the relevant interests, detailed proposals to be placed before the Council of Ministers which could accept or reject them.

If the Council rejects a proposal from the Commission, the latter must reexamine it and present a new compromise proposal. But the Council cannot amend a proposal itself. This power of initiative of the Commission constitutes one of the principal supranational elements in the Community method. It is out of this

dialogue between the Commission and the Council that all Community progress must grow.

Of the 14 Commission members, three are from each of France, Germany and Italy, two from Belgium, two from the Netherlands and one from Luxembourg. Most of them were formerly national politicians and Ministers. Four are Christian Democrats, four Socialists (including one former trade union official) and two Liberals. Others were previously senior national civil servants or diplomats. The Commission has a staff of some 5,000 officials, about one in ten of whom are engaged in the mammoth task of preparing and translating documents in the four official languages (French, German, Italian and Dutch) and often in English too.

## The Council of Ministers

The Council of Ministers represents the member states and consists normally of one Minister from each, though the Ministers vary according to the matter under discussion—agriculture, transport, external relations and so on.

After the independence of the Commission, the other principal supranational element in the Community system is the possibility of majority voting in the Council. The authors of the Treaty rejected the unanimity rule which exists in the traditional international organizations and which would give to each member state, large or small, a right of absolute veto which could be used to block all progress. Yet a system of voting by simple majority was politically out of the question. Thus the unanimity rule remains for the most important decisions which affect most directly the vital interests of the member states—for instance, decisions on the harmonization of tax policy and on the admission of new members. But on most questions the Treaty provides for a system of weighted majority voting, in which the member states are allotted votes as follows: France, Germany, Italy—4 votes each; Belgium, Netherlands—2 votes each; Luxembourg—1 vote. This gives a total of 17 votes, and the majority required is 12. No one country has a veto, but two large countries, or one large and two small, can exercise a combined veto. Thus the relative importance of the different countries is recognized.

Many votes have already been taken by weighted majority. In practice, however, it is recognized that it would be inadvisable to outvote one of the major member states on a question which was clearly of vital national interest to it, even if this were permitted under the Treaty. The fact that the Community has to rely on the member states for enforcement of its decisions is also important in this connection.

The issue of majority voting, along with the powers of the Commission and of the Parliament, was at the centre of the crisis which hit the Community in 1965. The French government withdrew from most of the

Community Institutions from July 1965 to January 1966, demanding "a general revision" which would have weakened the limited supranational powers enjoyed by the Community. In the face of this, the five other governments adopted a common position in support of the Treaty and the Commission. The Six finally met again in a special Council meeting in Luxembourg in January 1966, and "agreed to disagree" over majority voting, but all acknowledged that the work of the Community must progress nevertheless.

The practice of the Community has, however, evolved over the years. The Council of Ministers has its own small secretariat, and is also aided by the Committee of Permanent Representatives. These are ambassadors accredited to the Community by the six governments, and they dispose of sizeable expert staffs. The Committee has come to play an increasing role in the decision-making process. When the Council is unable to agree upon a Commission proposal, the matter is frequently passed to the Permanent Representatives, who will try to resolve differences between the national attitudes and then report back to the Council. They also take some decisions themselves, usually on questions of technical detail, subject, of course, to endorsement by the Council.

## The European Parliament

The European Parliament has 142 members appointed by the six national parliaments from among their own members according to the following scale: France, Germany and Italy—36 members each; Belgium and the Netherlands—14 members each; Luxembourg—6 members. The Treaty envisages that the Parliament shall eventually be elected by direct universal suffrage, but though the Parliament made proposals for this to the Council of Ministers in 1960, no decision has been taken on them, and the matter has since been in abeyance.

The Parliament must be consulted before any major policy decisions can be taken. Commission proposals are presented to the Parliament for an opinion before the Council can adopt them—but the Council may, and frequently does, ignore this opinion. The Parliament's only real power is that of dismissing the Commission *en bloc* as a result of a vote of censure by a two-third majority. This power is in practice too drastic to be of real use and has never been exercised.

Members of the Parliament also have a right to put questions to the Commission and the Council, and the Commission must present to it an annual report.

After agitating for direct election of its members in the early years of the Community's life, the Parliament has latterly directed its efforts more towards the achievement of some limited, but real powers of control, in particular over budgetary matters. This

was one of the issues at stake in the 1965 crisis, which began when the French government rejected a package proposal of the Commission which included measures to provide the Community with an autonomous source of funds (the proceeds of the common external tariff and the levies on imports of farm produce) to be controlled by the Parliament and the Council.

The European Parliament has its secretariat in Luxembourg but meets in Strasbourg. Its members sit in the chamber in political, not national, groups. There are four groups: Christian Democrat, with 60 members; Socialist, with 33; Liberal, with 25 and the European Democratic Union consisting of the 16 members of French Gaullist Party. In June 1968 there were 6 vacant seats. Voting in most cases has been on party rather than national lines.

The Parliament meets in plenary sessions seven to nine times a year, usually for a week, to debate Commission proposals, members' resolutions and reports from its twelve standing committees which examine all matters before the plenary sessions.

## The Court of Justice

The task of the Court is to ensure the rule of law in the interpretation and application of the Community Treaties. Outside the areas covered by the treaties it has of course no jurisdiction. It reviews the lawfulness of the acts of the Commission, the Council and the member governments under the treaties. Appeals can be lodged by the Community Institutions, the national governments, firms or associations of firms, and in some circumstances by individuals. If an appeal is upheld, the Community regulation or recommendation is declared, in whole or in part, null and void. Decisions of the Court are directly applicable in all member countries. National courts may request a preliminary opinion from the Court of Justice if an issue of Community law comes before them.

The Court has its seat in Luxembourg. It is composed of seven judges, assisted by 2 advocates-general, all of whom are appointed by unanimous agreement of the member states for a six-year term. The Court sits either in plenary session, or divides into two chambers, depending on the nature of the case. The task of the advocate-general is to present, on each case before the Court, reasoned and impartial submissions which will be independent of the submissions put forward by the counsels for the plaintiff and the defendant.

The Court procedure involves four stages: written submissions; investigation, i.e. cross examination of the parties, witnesses and experts, but by the Court, not by the counsels for the parties; oral proceedings, normally in public, during which counsels for the parties to the dispute, and the advocate-general, put forward their oral submissions. And finally, the judgment, delivered

in open court, but based on private deliberations by the judges. Between 1953 and 1967, 520 cases came before the Court, which had delivered judgment on 380 of them.

## Advisory Bodies

The principle advisory bodies are the **Economic and Social Committee**, and the **Consultative Committee**. The former must be consulted before all major decisions are taken under the EEC and Euratom treaties. It consists of 101 representatives of workers', employers', consumers' and other groups. The Consultative Committee, with 51 members, carries out a similar task for the ECSC.

The following are the most important of the specialized committees which advise the Commission on particular subjects:

**The Monetary Committee** advises the Commission and Council of Ministers on monetary problems. It consists of government and central-bank officials and Commission experts.

**The Short-term Economic Policy Committee** aids the Six in co-ordinating their day-to-day economic policies with the aim of combatting inflation so as to ensure a steady, healthy rate of economic expansion.

**The Medium-term Economic Policy Committee** of national representatives and Commission members draws up an annual report on likely future economic trends in the six countries. The Community's five-year economic programme, revised annually, is based upon this report.

**The Committee of Central Bank Governors** meets to discuss credit, money-market and exchange matters, with a member of the Commission attending.

**The Budgetary Policy Committee** consists of leading national officials and aims to ensure that the member governments' budgets are compatible with Community policy and with the interests of their partners.

**The Transport Committee** of national officials and experts advises the Commission on transport problems. The Treaty of Rome requires a common transport policy to be adopted by 1970.

**The Administrative Commission for the Social Security of Migrant Workers** protects the interests of Community citizens working in a member country other than their own. It comprises national officials and representatives of the Commission.

**The Nuclear Research Consultative Committee** comprises government representatives, with the chairmanship and secretariat provided by the Commission. As its name indicates, it gives advice on matters concerning the Euratom research programme.

## Financing the Community

The general budget of the Common Market is at present financed by contributions made by the member governments from their own national revenues, in the following proportions: France, Germany and Italy 28 % each, Belgium and the Netherlands 7.9 % each, Luxembourg 0.2 %. (For the governments' contributions to farm-policy financing and the Social Fund, the proportions are somewhat different.) However, the Rome Treaty foresees the possibility of the Community in future deriving an independent income from customs duties. Although the Commission put forward proposals for this in 1965, no agreement has been possible to date.

The Community also has a number of specialized bodies, with specific tasks, which are not financed out of its general budget.

**The European Investment Bank**, with a capital of \$1,000 million, aids investment in the Community's underdeveloped regions, mainly Southern Italy, and helps finance modernization and new economic activities of general Community interest. It is administered by an independent board of governors.

**The European Development Fund** (administered by the Commission) provides grants and loans for the underdeveloped countries with whom the Community has special links.

**The European Social Fund** (administered by the Commission) aids employment and mobility of workers within the Community; it finances, on a 50-50 basis with the government concerned, vocational retraining, resettlement and other aids, in order to ensure the re-employment of workers who have to change their jobs.

**The European Agricultural Guidance and Guarantee Fund** is responsible for all expenditure under the common agricultural policy; it covers market support (buying up and stock-piling surplus production), refunds on exports, and modernization of the production and distribution of farm produce. Administered by the Commission, the Fund's resources are at present provided partly by the levies on agricultural imports, which are collected by the national governments, and partly by direct contributions from the national budgets.

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<i>ECTUS</i>	European (Community) Trade Union Secretariat
<i>ECSC</i>	European Coal and Steel Community
<i>EEC</i>	European Economic Community
<i>EFTA</i>	European Free Trade Association
<i>EFTA-TUC</i>	Trade-union Committee for the European Free Trade Association
<i>ERO</i>	European Regional Organization of the ICFTU
<i>ESC</i>	Economic and Social Committee (of the EEC and Euratom)
<i>Euratom</i>	European Atomic Energy Community
<i>FGTB</i>	Fédération générale du travail de Belgique (Belgian free trade union federation)
<i>GATT</i>	General Agreement on Tariffs and Trade
<i>ICFTU</i>	International Confederation of Free Trade Unions
<i>IFTU</i>	International Federation of Trade Unions (wound up, 1945)
<i>ILO</i>	International Labour Organization (sometimes Office)
<i>ITS</i>	International Trade Secretariat
<i>LCGB</i>	Confédération luxembourgeoise des Syndicats chrétiens (Luxembourg Christian trade union federation)
<i>NKV</i>	Nederlands Katholiek Vakverbond (Dutch Catholic trade union federation)
<i>NVV</i>	Nederlands Verbond van Vakverenigingen (Dutch free trade union federation)
<i>OECD</i>	Organization for Economic Cooperation and Development
<i>OEEC</i>	Organization for European Economic Cooperation (became OECD, 1961)
<i>TUAC</i>	Trade Union Advisory Committee to OECD (ICFTU)
<i>TUC</i>	Trades Union Congress (British)
<i>UIL</i>	Unione Italiana del Lavoro (Italian free trade union federation)
<i>WEU</i>	Western European Union
<i>WFL</i>	World Federation of Labour - new name of the world organization of the Christian unions. Formerly known as CISC (q.v.)
<i>WFTU</i>	World Federation of Trade Unions (Communist)

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Some of the general publications available, free of charge, from the London Office of the European Communities:

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*An illustrated monthly magazine covering all aspects of Common Market, European Coal and Steel Community, and Euratom news, and also political and cultural developments related to European unity. Annual index.*

### The Common Market and the common man

*A 32-page booklet outlining the social policy of the European Community, and describing, with comparisons where appropriate, living standards, industrial relations and social security systems in the six member countries.*

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*An eight-page leaflet describing the aims, structure and policies of the three European Communities. 8 pages.*

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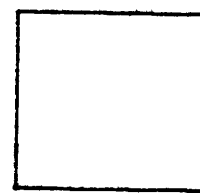
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