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Labor
in
the
European
Community

Wages in the European Economic Community in 1962

This issue of Labor in the European Community includes a resume of a survey on EEC wages in 1962 recently completed by the Statistical Office of the European Communities. This is the fourth wage study published by the Statistical Office, the first three covering the years 1959-1961, and permits an examination of wage and income trends in the Common Market between 1959 and 1962. Additional studies for the years 1963 and 1964 will be published soon. The present volume on wages in 1962 will be available in French and German from the Washington Office of the European Community Information Service.

Contents of this issue of Labor in the European Community are:

- * Wages in the European Economic Community in 1962, page 2.
- * Vocational Training in the EEC: France, page 10. The second of six articles on EEC countries' vocational training programs.
- * Unemployment in the European Community, page 14. A comparison of employment and unemployed persons in the Community from January 1, 1964 to December 31, 1964.
- * Proposed Measures for Sulphur Workers, page 15.
First contributions by the Community to a reorganization program for an industry in a structural crisis.

Requests for additional publications or for information on specific questions relating to the European labor situation should be sent to the European Community Information Service, 808 Farragut Building, Washington, D. C. 20006.

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Wages in the European Economic Community in 1962

The Statistical Office of the European Communities has published in the series Social Statistics the final conclusions of a survey of wages in 1962 in the European Economic Community. This survey of wages, the fourth conducted by the Statistical Office, is based on figures from fifteen branches of industry in the Common Market¹ including all firms employing fifty or more persons.

The study covers a total of 4,780,545 workers, broken down into countries as follows:

	<u>Workers</u> ²	<u>Employees</u>	<u>Total</u>
Germany	1,713,623	543,363	2,256,986
France	808,994	310,192	1,129,186
Italy	734,346	130,395	864,741
Netherlands	217,060	83,026	300,086
Belgium	181,932	46,957	228,889
Luxembourg	<u>535</u>	<u>122</u>	<u>657</u>
	3,666,490	1,114,055	4,780,545

The survey has been carried out using the same methods of an earlier survey on wages in 1959 and thus enables an assessment of wage trends from 1959-1962 within the Community.

The main aspects which the survey discusses include:

1. Salary expenses (including indirect costs) of employers as broken down into workers' wages and employees' wages.
2. Workers' net incomes.
3. Evolution of salary expenses and workers' net incomes from 1959-1962.

Although there are differences from one country to another and from one industry to another, the survey does point up some general trends and similar characteristics throughout the Community.

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1. In the case of Luxembourg, only the malting and brewing industry was considered.
 2. The survey divides employed persons into two categories, workers and employees. The former group includes those workers doing manual labor who are paid on an hourly or daily basis (with a few exceptions on a monthly basis). The latter category consists of personnel, such as foremen, engineers, blue collar workers, and managers, with the exception of the highest officers.

SALARIES OF WORKERS

The statistics for salary costs of manual workers in 1962 show the following situations:

· On a country basis, the highest labor costs were in Germany, followed in most industries by France. Belgium, the Netherlands, and Italy, in that order, were all approximately at the same level. Luxembourg, for malting and brewing, ranked second to Germany. The following table gives the labor cost indices for 15 industries in each country:

Germany	100
France	92
Belgium	84
Netherlands	83
Italy	82

A more detailed study of the labor costs for manual workers is shown in Table 1 broken down into countries and industries, with the country having the highest costs designated 100. It may be seen here that in eleven of the fifteen industries, Germany had the highest costs. Table 1 also indicates the hourly wage costs (direct and indirect expenses) in each country for each of the industries examined.

RANGE OF COSTS BY COUNTRY AND INDUSTRY

· As in the survey of 1959, it was found that in 1962 there was greater uniformity between labor costs in the same industry throughout the Community than between those of different industries in the same country. In other words, the range of labor costs in any particular country was generally greater than the range in a given industry in all six countries of the Common Market.

· When industries were ranked according to their labor costs in each country, the pattern was approximately the same for all countries, although the disparity between the most expensive and least expensive industry varied from one country to another. In general, the heaviest costs were in the automobile industry, chemicals, and cement manufacturing, and the lowest costs were in wool and cotton spinning and weaving.

TABLE I
Average Hourly Wage Costs (Workers) and Indices
(country having highest cost in each industry = 100)

Industry	Germany Hourly Wage Indices	France Hourly Wage Indices	Italy Hourly Wage Indices	Netherlands Hourly Wage Indices	Belgium Hourly Wage Indices
Sugar	\$1.05 100.0	\$.96 91.4	\$.89 84.0	\$.93 88.1	\$1.03 97.8
Brewing and malting	1.21 100.0	.92 76.1	.90 74.5	.95 78.4	.90 74.2
Wool-spinning	.95 100.0	.81 86.1	.81 85.8	.79 83.4	.75 79.2
Cotton-spinning	.94 100.0	.77 81.7	.76 81.1	.84 89.2	.77 82.3
Man-made fibers	1.26 96.6	1.31 100.0	.97 74.4	1.08 82.9	1.00 76.5
Paper pulp, paper and paper board	1.14 100.0	1.05 91.6	.93 81.7	1.00 87.8	1.00 87.9
Chemicals	1.33 100.0	1.23 92.6	1.00 75.6	1.12 84.5	1.08 81.3
Pharmaceutical products	1.03 97.4	1.05 100.0	.88 83.2	.86 81.6	.73 69.4
Rubber	1.18 100.0	1.03 86.9	1.16 98.5	.95 80.5	.95 80.7
Cement	1.25 93.1	1.21 89.7	.95 70.5	-- --	1.35 100.0
Pottery, porcelain and earthenware	.97 100.0	.80 82.6	.82 84.5	.80 83.1	.80 83.2
Machine tools	1.27 100.0	1.14 89.8	1.08 84.6	1.06 83.6	1.15 90.4
Electrical engineering	1.11 100.0	1.00 90.0	.93 83.7	.93 84.0	.99 89.4
Shipbuilding and ship repairs	1.25 93.1	1.14 85.0	1.04 77.8	1.09 81.5	1.34 100.0
Automobiles	1.44 100.0	1.37 95.4	1.28 88.8	-- --	-- --

(In brewing and malting, the only industry examined in Luxembourg, the hourly wage was \$1.04 and the index was 85.8.)

HOMOGENEOUS COMPOSITION OF WAGES

· The composition of labor costs was fairly homogeneous throughout the six countries. In Germany, Belgium, and the Netherlands, indirect costs (social security, social taxes, fringe benefits, vocational training, recruitment) accounted for less than 20 per cent of total wage costs for manual labor, whereas in Italy and France, they amounted to about 30 per cent.

· It was confirmed that there was no relation between the composition of labor costs (i.e. division into direct and indirect costs) and the total wage bill. However, the survey shows that there was some connection between the level of labor costs and the size of the firm. In general, all elements of labor costs tended to increase in direct relation to the size of the firm, with the exception of expenditures for recruitment and vocational training.

SALARIES OF EMPLOYEES

In the section on labor costs for employees, the features of composition of costs, relation of costs to size of firms, and the order of industries are similar to those for manual workers.

However, the rank of countries as to wage costs for employees is different, the highest countries being Italy, France, and Belgium, followed by Germany and the Netherlands (Table 2). When the industries under study are ranked according to these costs, it is seen that wool and cotton spinning, pottery and porcelain making have the lowest expenditures, whereas artificial fibers and cement manufacturing are the highest. However, the variations among different industries regarding employee wage costs are much smaller than those for manual workers with the exception of Germany.

CONCLUSIONS ON WORKERS' INCOMES

The survey also includes a section on the incomes of manual workers in the Community. Net income has been calculated on the basis of salary (both direct and indirect benefits) plus family allowances minus social security and taxes. And incomes have been categorized according to marital status and number of children, these items having an effect on

TABLE 2
Average Monthly Salary (Employees) and Indices
(country having the highest salary in each industry = 100)

Industry	Germany		France		Italy		Netherlands		Belgium	
	Mo. Wage	Indices	Mo. Wage	Indices	Mo. Wage	Indices	Mo. Wage	Indices	Mo. Wage	Indices
Automobiles	\$322	81.4	\$396	100.0	\$386	97.5	\$--	--	\$--	--
Chemicals	362	91.9	394	100.0	360	91.8	273	69.2	335	85.1
Cement	366	86.0	426	100.0	409	95.9	--	--	399	93.7
Shipbuilding and ship repairs	285	86.6	332	96.3	345	100.0	290	84.0	332	96.2
Machine tools	283	79.2	357	100.0	331	92.6	265	74.1	348	97.5
Man-made fibers	341	85.1	394	98.4	395	95.8	296	73.8	401	100.0
Rubber	278	63.3	251	80.0	439	100.0	223	50.9	321	73.1
Paper pulp, paper and paper board	331	83.8	372	94.0	395	100.0	303	76.6	352	88.9
Electrical equipment	302	87.4	346	100.0	334	96.5	277	80.0	332	95.9
Brewing and malting	320	90.4	306	86.3	354	100.0	261	73.8	293	82.6
Sugar	402	100.0	365	90.6	368	91.4	266	66.1	395	98.1
Pharmaceutical products	306	84.6	252	97.4	362	100.0	269	74.4	294	81.3
Pottery, porcelain and earthenware	265	91.9	285	98.8	282	98.3	237	82.1	288	100.0
Wool-spinning	268	90.2	289	97.4	292	98.5	248	83.5	297	100.0
Cotton-spinning	253	85.6	285	96.2	293	99.1	236	79.6	296	100.0

(For Luxembourg in the brewing and malting industry, the average monthly salary was \$310 and the index was 87.6)

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the amount of taxes paid and the family allowances received by the workers.

The results of the survey on incomes are not so clear cut as in the case of labor costs. Workers' incomes differed greatly from country to country, depending on the industry and family circumstances. Table 3 shows the relation between salary and net income, the latter being expressed in percentage of the former.

In general, France had the highest incomes for workers with large families, due to numerous tax reductions and family allowances, followed closely by Belgium. Germany, the Netherlands and Italy were next in rank. However, in Germany unmarried or married workers with no children or one child had the highest net incomes in the Community.

WAGE AND INCOME TRENDS 1959-1962

Using the survey of wages in 1959, it is possible to show the trends in wage costs and incomes between 1959 and 1962. The following percentages indicate the increases in workers' hourly wage costs between the years mentioned for the fifteen industries examined:

Italy	44%
Netherlands	36
Germany	36
France	27
Belgium	22
Luxembourg	16 (malting and brewing only)

Table 4 shows the percentage increase in hourly wage costs for each of the industries examined in each country.

The trend in the industries varied considerably from country to country. In Italy, the increases in workers' hourly wages were particularly marked in those industries with the lowest salaries, including cotton and wool spinning, malting and brewing, paper manufacturing and production of porcelain and earthenware. The result of these increases was a tendency toward equalization of labor costs within Italy, where the differences among industries remained the greatest in the Community.

This phenomenon of "leveling out" was evident in all EEC countries, although to a lesser degree than in Italy. However, the rank of industries within each country as to workers' costs remained the same as in 1959.

TABLE 3
Net Income (Workers) as a Percentage of Total Salary

Family Status	Germany	France	Italy	Netherlands	Belgium	Luxembourg
Single	76	88	90	76	85	80
Married, no children	81	95	95	80	86	85
Married, 1 child	84	98	101	86	93	93
Married, 2 children	89	113	108	91	103	101
Married, 3 children	97	133	114	97	118	109
Married, 4 children	104	150	121	104	136	115
Married, 5 children	110	164	132	111	151	121

TABLE 4
Increase of Hourly Wage Costs
(Workers), 1959-1962
(1959 = 100)

Industry	Germany	France	Italy	Netherlands	Belgium
Sugar	133.4	130.9	139.5	132.3	118.1
Brewing and malting	129.3	127.6	150.3	134.5	115.8
Wool-spinning	132.8	123.3	148.3	135.0	118.7
Cotton-spinning	134.3	123.3	152.5	125.8	131.6
Man-made fibers	137.0	133.8	152.9	--	--
Paper pulp, paper and paper board	138.4	128.2	148.6	142.0	118.1
Chemicals and pharmaceuticals	132.8	130.6	138.5	143.0	127.7
Rubber	136.1	127.8	138.4	138.0	118.0
Cement	132.4	130.2	148.0	--	127.7
Pottery, porcelain and earthenware	141.1	124.8	146.9	142.6	123.6
Machine tools	131.5	124.6	149.7	--	122.6
Electrical equipment	137.2	125.4	140.6	135.2	122.8
Shipbuilding and ship repairs	130.5	131.7	129.5	135.7	123.4
Automobiles	138.7	127.3	131.1	--	--

(In the brewing and malting industry in Luxembourg, the 1962 index was 115.8)

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EMPLOYEES' WAGE TRENDS

The trends in labor costs for employees also varied considerably from industry to industry. The average overall increase in employee costs were:

France	30%
Italy	30
Germany	23
Netherlands	23
Belgium	14

In all countries, the costs rose the most in the sugar industry, automobile manufacturing and production of pottery and earthenware, while the smallest increases were in wool and cotton spinning.

HOURS WORKED AND MONEY INCOMES 1959-1962

The hours of work for manual workers also formed part of the survey on trends since 1959. It was found that in Germany and the Netherlands there was a diminution in hours worked of about 5 per cent. Italy also evidenced a similar decline, but a great variance among industries was observed. In France and Belgium, the tendency was not clear, with some industries showing an increase in total working hours and others indicating a decrease.

Trends in workers' money incomes, in terms of purchasing power, also varied from country to country. In general, the greatest increases occurred in Germany and the Netherlands, followed by France, Italy, and Belgium. In all of the countries, the greater part of income increases was due to the increase in basic salary in comparison with tax reductions and family benefits.

The survey also points out that, with the exception of Germany, the incomes of workers with a family have increased at a slower rate between 1959 and 1962 than those of unmarried or childless workers. This conclusion has also been reached in several studies by the European Coal and Steel Community for workers in its two industries, and results from the proportionately greater increases of social security and tax costs as compared to salary augmentations.

Vocational Training in the EEC: France

School attendance in France is compulsory between the ages of six and sixteen. At the end of the first nine years, a pupil may choose on the basis of his performance and desires to complete his obligation by one of several ways. These include three-year attendance at a secondary school for general education, studies at a classical or technical high school in preparation for the university, or vocational training to learn a skill. Thus, vocational training is considered as part of the educational process and not as the start of employment.

There are, in general, four methods by which vocational training may be acquired in France:

- Three years' education in a state or private technical school to prepare for a skilled position.
- On-the-job and special workshop training in a factory school.
- An indentured apprenticeship in an industrial firm for on-the-job training while attending school for general education during the training period.
- Two years' general education at a special continuation of primary school to prepare for a high-grade semi-skilled job.

STUDY IN STATE TECHNICAL SCHOOLS

Entry in the state technical schools is decided on the basis of competitive examinations, and acceptance for some apprentice programs in industry has a similar prerequisite. The training period is of a duration of three years and is followed by an examination for the certificate of vocational aptitude which designates the holder as a skilled worker.

The full-time public technical schools are supported by the central government and offer both practical and theoretical vocational courses as well as a general education. In addition, some private schools exist which have a similar function and which are usually run by confessional organizations. Other private full-time "workshop schools" have been established by municipalities, chambers of commerce or vocational organi-

zations. Some large factories or businesses (such as Renault) have their own full-time work schools for theoretical and practical training. In the case that an apprentice receives on-the-job training instead of attending a full-time school, he is required by law to spend four to eight hours a week at theoretical and general education courses.

CONDITIONS OF APPRENTICESHIP

On-the-job training may be carried out under terms of an apprenticeship contract or without a contract, generally for a period of three years. In either case, the employer is under a legal obligation to assure both practical and theoretical training. The apprenticeship contracts are carefully prescribed by French law and foresee hours of work, remuneration, and obligations of both parties. Employers who fail to give adequate training can be prohibited from employing trainees in the future. Remuneration is paid in the form of negotiated allowances rather than wages, and employers are forbidden to use apprentices as cheap labor. French law expressly provides that apprentices may not normally engage in production work during the training period.

GOVERNMENTAL GUIDANCE CENTERS

The French government provides vocational guidance free of charge through guidance centers established all over the country. With the exception of the agricultural and services sectors, use of these centers is obligatory for pupils desiring training and employment after leaving school, although the advice given is not compulsory. The activities of the guidance centers include the administration of placement tests and interviews of the families of the prospective trainees. About 400,000 pupils seek assistance at the centers each year.

Prospective trainees are free to choose the method of training they desire after consultation in a guidance center. In general, the better pupils in school select the formula of full-time training without an apprenticeship contract in a public or private technical school.

FINANCING OF VOCATIONAL TRAINING

Vocational training is financed principally by the French government, although private industry and organizations contribute a certain amount.

Government aid for public schools, subsidies for private schools, and scholarships for trainees come from the French annual budget as well as from the municipalities and other local units. Although the Ministry of National Education supplies the major portion of funds and controls vocational training, some money comes from the ministries of agriculture, labor, public works, transportation and defense.

Private funds are given by professional and non-professional organizations. These include the obligatory contributions of employers in industry, crafts, and commerce paid in the form of an "apprenticeship tax," equal to 0.4 per cent of total wage costs. In certain sectors, employers also pay a regular contribution to vocational organizations which assist in setting up training programs. Those employers establishing work schools in their own business or factory are responsible for financing them, but they receive exemption from the apprenticeship tax. Finally, non-professional organizations, such as confessional groups support private technical schools which are often aided by the government as well.

ADULT TRAINING PROGRAM

France also has an extensive system of vocational training for adults which is divided into improvement courses and accelerated training. The improvement courses are designed to enable unskilled workers to obtain the certificate of vocational aptitude, thus elevating them to skilled workers. These courses are established by the factories or business, professional organizations, technical schools and municipalities and are subsidized in large part by the government. The courses include both theoretical and applied vocational training, as well as general education.

Accelerated training is intended to meet fluctuations in the labor market by teaching adults new vocations. It thus aims at retraining workers who have become redundant as well as training North Africans recently arrived in France. The training period lasts about six months, and schooling is given either in centers established by factories or business or in municipal centers created by the Ministry of Labor.

**Vocational Training
in the EEC:
France**

BASIC STATISTICS FOR FRANCE
(1963)

Population	47,840,000
Working population	19,057,000
Population by age group	
Under 15	12,425,000
15-64	30,000,000
65 and over	5,705,000
Working population by sex	
Men	12,504,000
Women	6,733,000
Working population by main sectors of activity	
Industry	7,468,000
Services	7,718,000
Agriculture	3,761,000
Unemployed	290,000
Working population by status	
Wage earners	13,767,000
Self-employed	5,180,000
Attendance in French schools and universities (1964)	10,979,000
Pre-school classes	1,656,000
Elementary schools	5,596,000
Secondary schools of general education	1,132,000
Technical high schools	467,000
Classical, modern and technical lycees (for university preparation)	1,725,000
Universities	403,000

Enrollments in Vocational Secondary Schools by Types of Schools,
Public and Private: 1961-62

Apprenticeship centers, full time	355,000
National Vocational Schools, Technical Secondary Schools	215,000
Vocational Sections in Lower Secondary Schools	62,397
Technical Sections of Academic Secondary Schools	49,000
Apprenticeship centers, part-time	23,000
Study by correspondence	<u>18,000</u>
TOTAL	722,397

Unemployment in the European Community

Since 1958, when the Rome Treaty was signed, unemployment and under-employment have never endangered the economic expansion of the European Community and have not presented a problem except in the south of Italy and a few regional pockets. On the contrary, a major concern of most EEC member countries has been the lack of workers, particularly those with special qualifications.

In 1964, however, several member countries took measures to slow down the expansion of their economies in order to avoid or reduce inflation, and the results of these policies were reflected in a decrease of available employment and an increase of employed workers. The table below shows this phenomenon, particularly for France and to some extent for Italy.

In Germany, the problem of lack of manpower was aggravated, and the number of employment offers remained well above the number of unemployed. The number of vacant positions was greater than the number of job seekers in the Netherlands and Luxembourg, while the opposite condition existed in Belgium.

In the Community as a whole, there was only one unemployed worker for each fifty employed persons. Due to a regional imbalance in employment needs, migration of workers within the EEC continues on a large scale, and skilled workers are particularly in demand. It is foreseen that approximately 250,000 to 300,000 workers will migrate from Italy to other countries of the Community during 1965, although this will not suffice to equilibrate the labor market in those countries. Additional workers from non-member countries will also help to fulfill the demand for manpower.

	<u>Employment Offers</u>			<u>Unemployed</u>	
	Working Population	Jan. 1 1964	Dec. 31 1964	Jan. 1 1964	Dec. 31 1964
France	19,300,000	42,100	21,600	111,200	125,900
Italy	19,800,000	4,637	887	1,237,000	1,062,800
Germany	25,600,000	500,700	501,100	337,000	202,100
Belgium	3,600,000	14,000	7,000	62,000	60,800
Netherlands	4,300,000	111,000	117,000	41,400	44,900
Luxembourg	128,000	961	411	0	0

Proposed Measures for Sulphur Workers

The EEC Commission has submitted to the Council of Ministers proposals which would for the first time provide a direct Community contribution to the cost of a reorganization program for an industry undergoing a structural crisis.

The industry concerned is the sulphur industry in Italy, and in view of the problem of the industry which is one that concerns the south of Italy and particularly Sicily, the proposals also amount to the first practical step to implement a Community policy of regional development and to promote the progress of an underdeveloped region.

The reorganization program will be the subject of a special agreement between the Community and the Italian government and has as its aim the progressive opening of the Italian sulphur market, in which protective measures are still being applied under the safeguard clause contained in Article 226 of the Rome Treaty, establishing the EEC. The industry is undergoing a period of modernization and rationalization which will permit its integration into the EEC sulphur market.

In particular, the Commission proposes the payment by the Community through the European Social Fund, a fund set up by the Treaty to provide aid for social measures, of half the expenditure incurred by Italy on the following:

1. Grants to sulphur workers who leave the industry on their own initiative.
2. Interim allowances for workers who have been dismissed and have not yet reached 50 years of age. The amount will be fixed on the basis of the pay the worker was receiving before dismissal. This allowance will make it possible for workers to look either locally or elsewhere for new jobs suited to their skills.
3. Monthly allowances to dismissed workers between 50 and 55 years of age for the period until they find a new job or retire at the minimum pension age of 55. It is foreseen, however, that location of new jobs or

retraining for these workers will be very difficult.

A second Commission proposal deals with certain exemptions from the rules of the European Social Fund to enable workers in the sulphur industry to receive greater benefits under less stringent conditions.

A third proposal foresees the awarding of scholarships to children of miners who are at least 45 years of age and who have no other means of support than the interim or monthly allowance. As a rule, such scholarships will be granted for a period of three years and will enable miners' children to receive vocational training.

These measures will apply to approximately 4,200 workers, mostly Sicilian miners, and will cost over \$11,200,000, of which half will be contributed by the Community.

Publications of the European Community Information Service

The following publications of general interest are available from the European Community Information Service (in English and free of charge unless otherwise indicated):

The European Parliament (revised edition)

The role and operations of the European Parliament.

A Guide to the Study of the European Community

A bibliography of official publications, books and articles about the European Community.

Social Statistics: Survey on the Salaries in the Industries of the European Economic Community, 1962: (See story page 2)

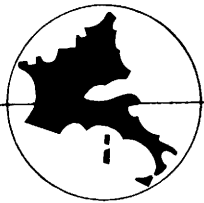
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