

EUROPEAN STUDIES

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The structure of secondary education in the Six

For most children in Europe before the Second World War, schooling meant seven or eight years in a primary school learning to use the elementary tools of reading, writing and simple calculation; a secondary education was restricted to an élite drawn from a limited social class.

Since the War there has been to a greater or lesser degree a democratisation of secondary education in each of the Six as in Britain and this has been reflected in the changed structure of the educational systems as well as in the reforms in the curricula.

Italy

It would seem that in Italy democratisation has gone farthest. Before the War it was generally accepted that there should be the two systems of education: one for the mass of the people who would not need any high standard of culture to be useful citizens and the other, in the best traditions of a classical education, for those who could afford it. However, even in 1940 there was an interesting development, for the Minister of Education, N. G. Bottai, created the *scuola media* or middle school which meant that all pupils who wished to continue their education beyond the secondary stage, would from the age of eleven for three years take a common course, thus delaying until the age of fourteen the necessity of making a choice of a future career. This *scuola media* would lead to all types of higher education, including technical institutes, but it would however be open only to those pupils who previously would have attended the *ginnasio liceo* (equivalent of Grammar School), and the trade schools (*scuola secondaria di avviamento professionale*) continued to exist. (See Fig. 1.)

In 1940 there were still children who left school at the age of eleven after the primary stage. Those pupils who attended the trade schools went on to higher technical schools or to institutes for technicians, or in the case of girls to schools where they trained to become primary school

teachers (*scuola di magistero professionale*) or to other schools which prepared them for women's careers (*scuola di professionale femminile*). The children from the *scuola media* went on to the *ginnasio liceo* at fourteen and, if they were successful there, on to the University.

Various suggestions for reform after the War culminated in the achievement of the Education Minister Gui in 1964, of a system which it is claimed provides equality of opportunity for all, in accordance with the Constitution of 1947, by giving every pupil between the ages of six and fourteen the common basic education of the *scuola media*. (See Fig. 2.) Access to this middle school depends on passing the examination which gives the *licenza elementare*, and at the age of fourteen (the end of compulsory schooling), success in the examination for the *licenza di scuola media* gives access to the *liceo*, the *istituti tecnici*, the *istituto professionale*, the *istituto magistrale* or the *scuola magistrale* (the latter for the training of nursery school teachers).

The middle school is the key to the Italian system, and while it is true that there are still many children who do not attend one, chiefly in those areas where the low standard of living and the lack of parental conscience cause the law on obligatory schooling to be evaded, the setting up of these schools has improved school attendance, and will in future help in the development of the potential of each Italian as an individual seeking self fulfilment and as a contributor to the national economy.

France

The aims of the democratisation of the structure of French education at the secondary stage were clearly stated: to provide technicians and managers necessary for the state; to develop the aptitudes of every person to the fullest extent; to ensure that all social classes can aspire to a full life and contribute to the national well being, and to raise as high as possible the cultural level of the nation. In the past the policy had been the education of an élite but today there is a need to capitalise on the talents and intelligence of all.

Before 1959 for most French children, who were destined to be manual workers, schooling finished at fourteen, the last three years being an extension of the primary school curriculum without any high cultural content and with very little opportunity to go on to any higher education (see Fig. 3). Access to secondary forms of education depended on reaching certain standards in the primary school, passing entrance examinations for the *lycées* or *collèges*, having parents able and willing in certain cases to pay fees and accept the idea of longer schooling, and in many parts of France, on the availability of a place in a *lycée* near enough for the pupil to travel each day. The *cours complémentaires* were intended for those pupils who wanted to extend their education but did not reach the high standards of attainment at 11 years needed for entrance to the colleges or the even higher standards for the *lycées*. Pupils from the *cours complémentaires* could find their way to a technical college or to a training college for primary school teachers, and even in certain cases, but rarely, to University. Children from the extended primary course could at best enter apprenticeship centres or other strictly vocational courses.

The Reforms of the 6th January 1959 raised the school-leaving age to 16 years for all those in school aged six on the 1st January 1959, thus giving ten years compulsory schooling from the academic year 1967/1968. Also the secondary system was re-organised to distinguish between those who would go to the University, those who would become technicians including primary school teachers, and those who have no aptitude for academic study. For everybody from the age of eleven to thirteen there would be a period of orientation and assessment (*cycle d'observation*) (see Fig. 4). After this a few children would have an extended primary school type education, either because they were not suitable for the *cycle d'observation* in the first place, or because they had failed during that course. In these *classes terminales* they would have the opportunity for some practical training and might go on to an agricultural, domestic or trade course at the age of sixteen. Others would go to a *collège d'enseignement général* where they could train for non-technical employment at sixteen or, after a further year, go on to an *école normale* or training college for primary school teachers. Another alternative would be the *collège d'enseignement technique* with a three year course leading to the *certificat d'aptitude professionnelle* (CAP), or a four year course leading to the *diplôme de technicien* which might alternatively be taken at a *lycée technique* and which is the equivalent of the first part of the baccalauréat at the *lycée technique*. At the latter there are also courses for *techniciens supérieurs*, a title which has the equivalence of the second part of the baccalauréat. In the *lycées* would be given the academic courses leading to university studies. The decision as to which course should be followed after the *cycle d'observation* was to be taken by the parent on advice given by a *Conseil d'orientation*

composed of teachers: if the parent would not take the advice and wanted a more academic type of education than the child's aptitude seemed to demand, the child would have to take a written examination.

The faults of the system of 1959 soon became apparent. Firstly, by using institutions which already existed and giving each their own *cycle d'observation* there was really very little change: wherever children went for that stage, there they stayed after the age of thirteen. Secondly, it appeared that the orientation given at thirteen was too early and would be better given at the age of fifteen or sixteen. To begin with the hopes of the legislators were thwarted as nearly half of the pupils did not go to secondary education at all and largely because their parents did not want it for them.

The then Education Minister, Charles Fouchet, carried out two further reforms. The first on the 3rd August 1963 set up a sole secondary school called *collège d'enseignement secondaire* which caters for all pupils aged eleven to fourteen and contains classic, modern, transitional and terminal cycle streams. Children enter one or other of these streams according to their performance in an entrance examination taken after the five years of primary education, but the colleges are run on comprehensive lines which permit children to pass from one stream to another: an attempt is made at continuous orientation.

By the reform of February 1966 pupils at the age of fifteen enter on the second cycle of secondary education, choosing between two orientations: occupational training and academic training.

Occupational training is designed for pupils who will go into industry, commerce or the public services, after one or two years training, some with a Diploma of Professional Studies (*Brevet d'Etudes Professionnelles - BEP*), others with the Certificate of Professional Aptitude — CAP, and others who, for lack of ability cannot achieve CAP, with the Certificate of Professional Training (*Certificat de Formation Professionnelle - CFP*). (See Fig. 4.)

Academic training: This culminates at the age of eighteen with the baccalauréat (the university entrance qualification) or, for failed baccalauréat candidates with at least 8/20 in written papers, with the Certificate of Completion of Secondary Studies.

All first cycle secondary education is to be given in former colleges and all academic second cycle education in former *lycées*: this has meant a certain interchange of staff.

Minister Fouchet himself in 1963 posed the criticism of the first cycle when he said that it could be argued that the *collèges d'enseignement secondaire* really house three types of education and that although all children aged eleven to fifteen would come in contact with each other in these *établissements polyvalents*, segregation according to ability would continue and that movement from one stream to another would be well nigh impossible. The solution, he suggested, rests with the teachers, who, with their expertise and their sense of civic responsibility must make the scheme work, for there would have been overwhelming opposition to any other solution.

Germany

Each of the Länder can decide on its own system of education but from 1949 there has been a standing conference of their Ministers of Education, not to impose a

The Italian school system

In 1945

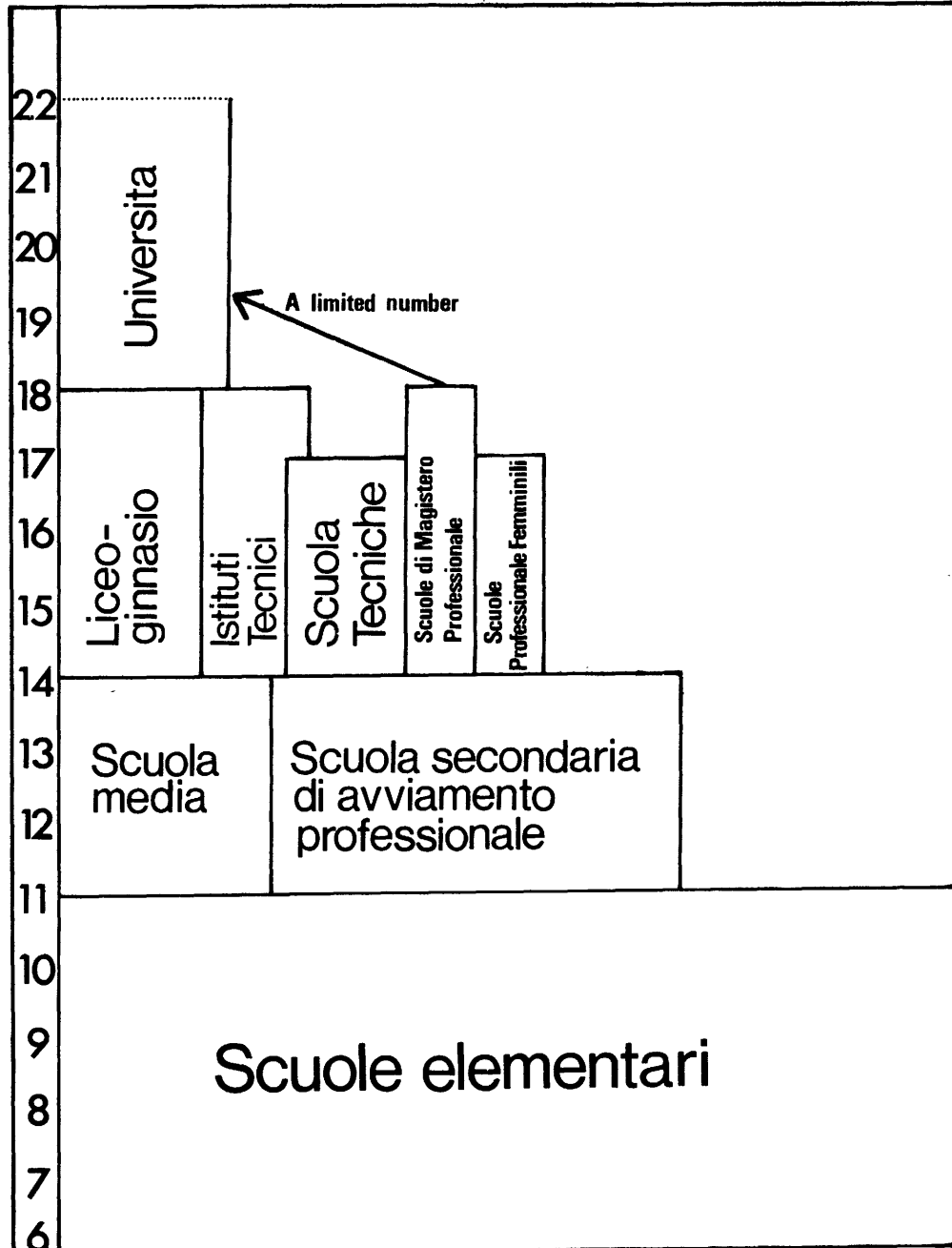


Figure 1

Post 1964

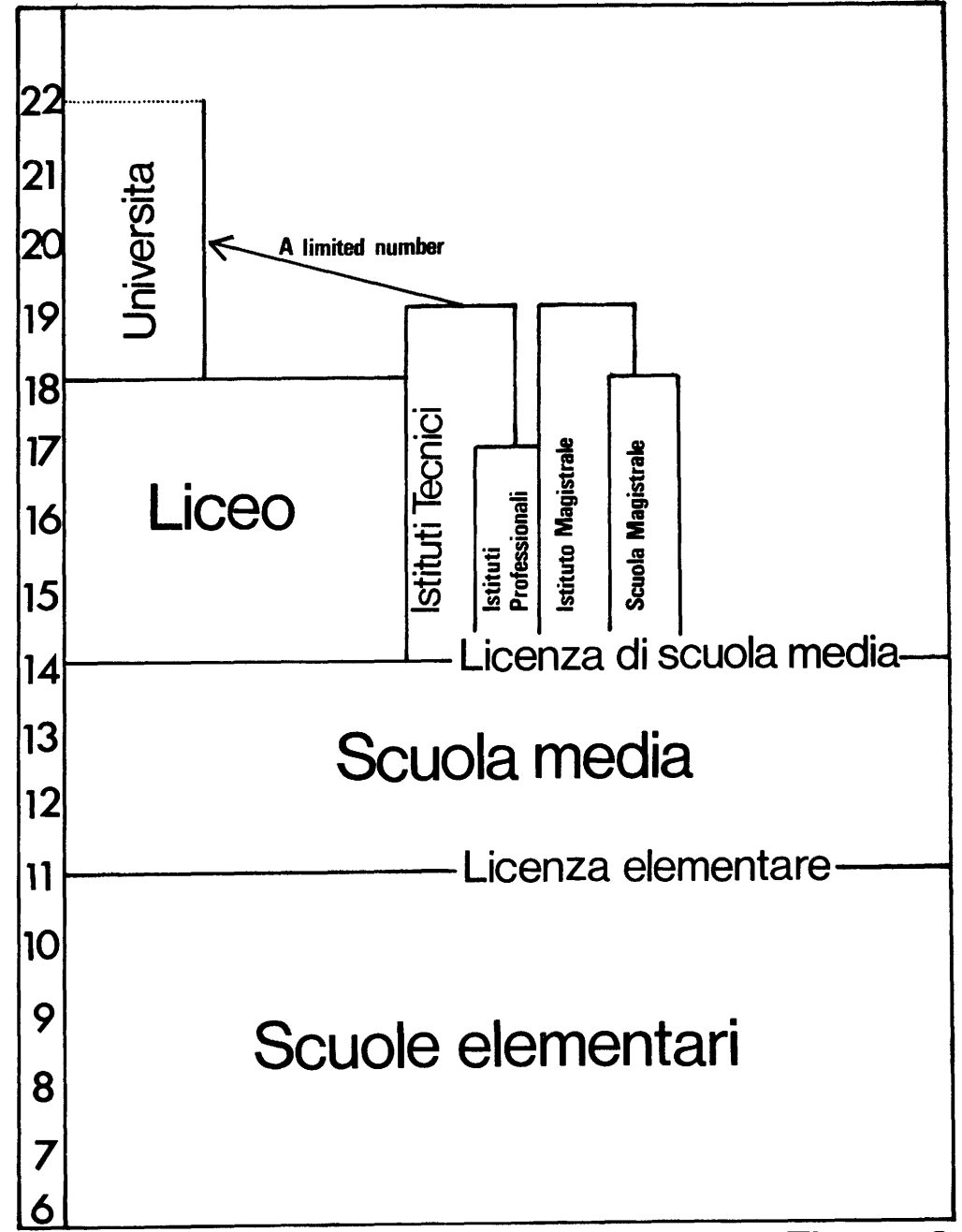
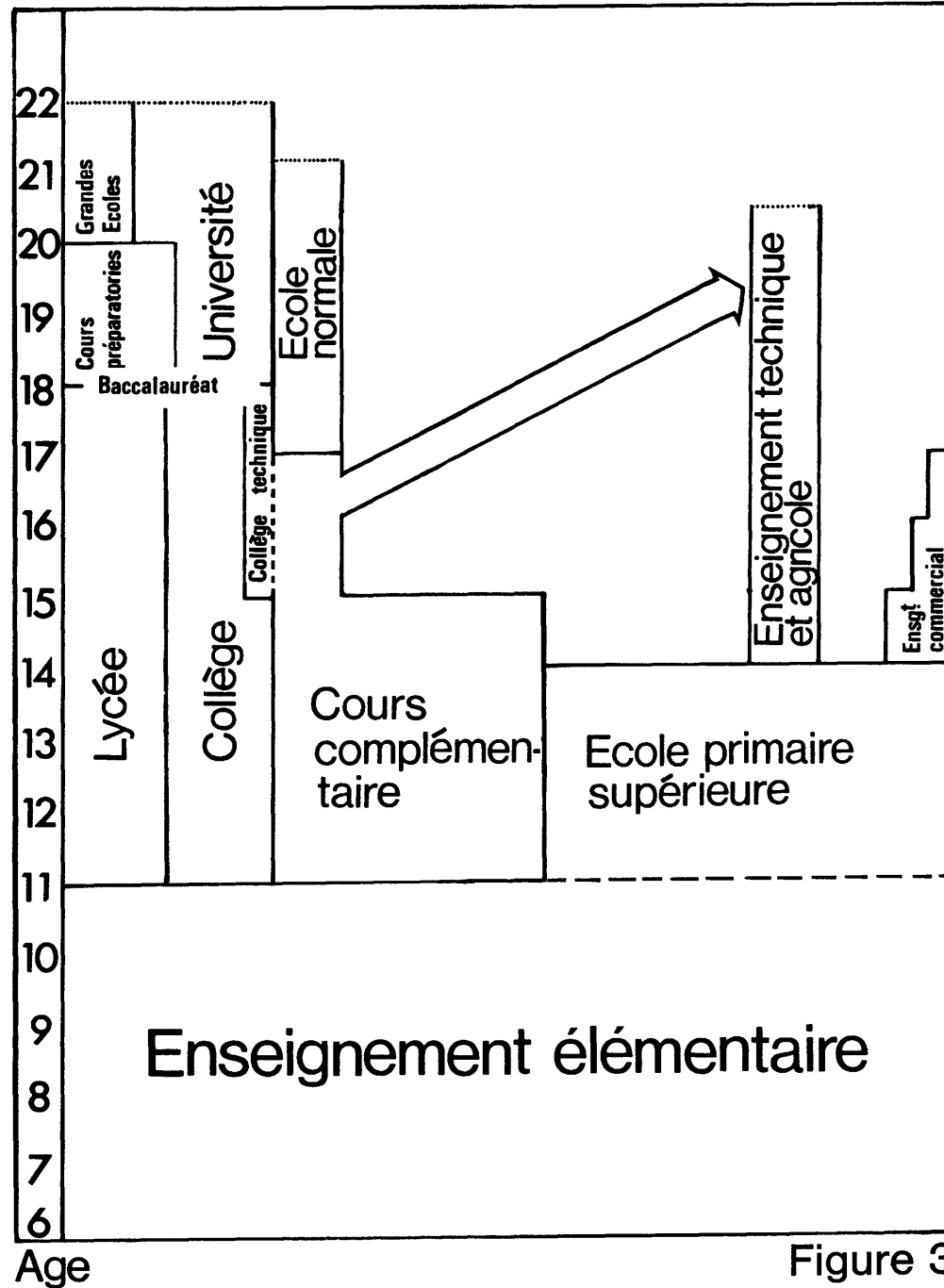


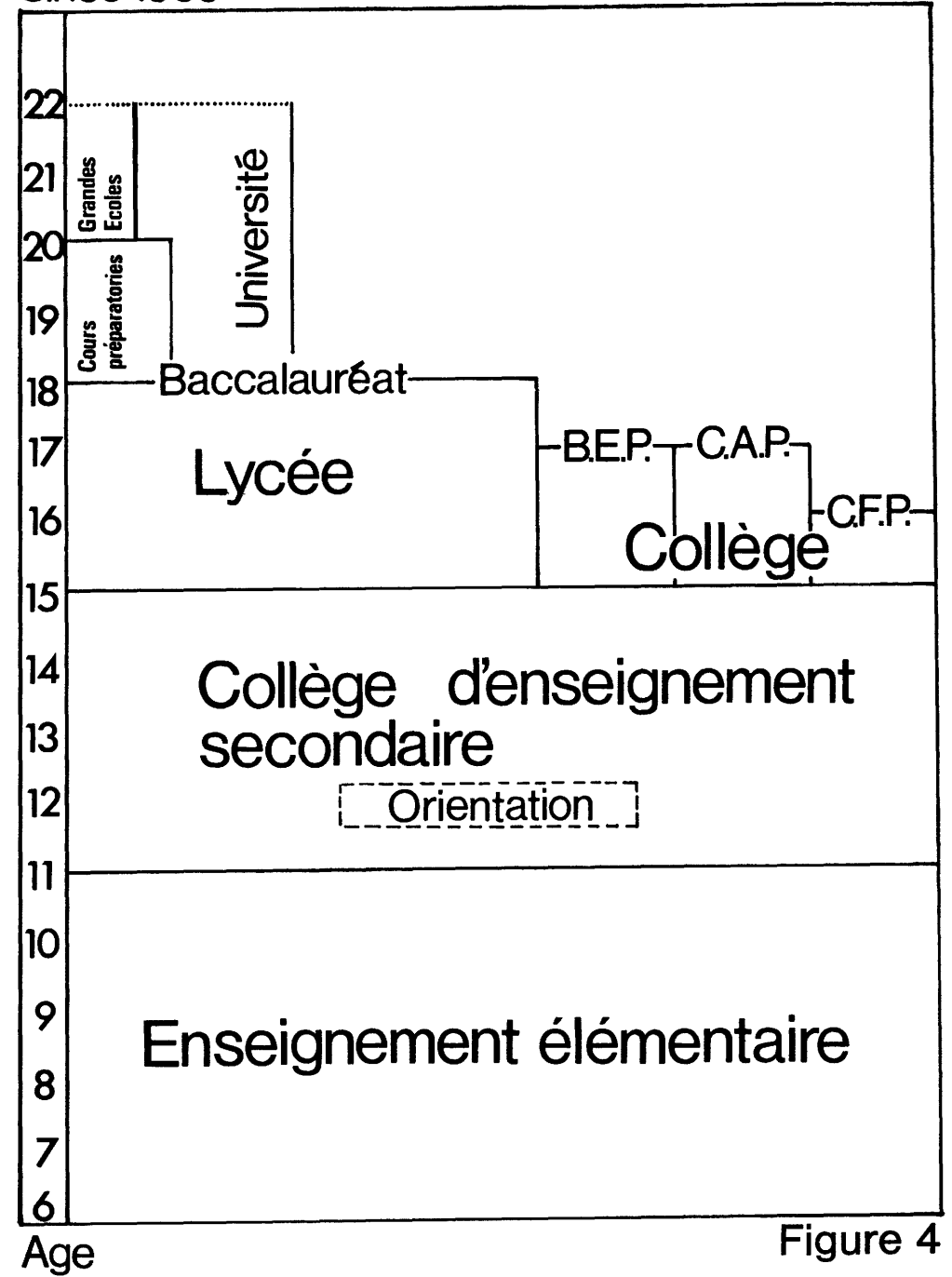
Figure 2

The French school system

Before the 1959 Reforms



Since 1966



The German school system

Pre-Rahmenplan

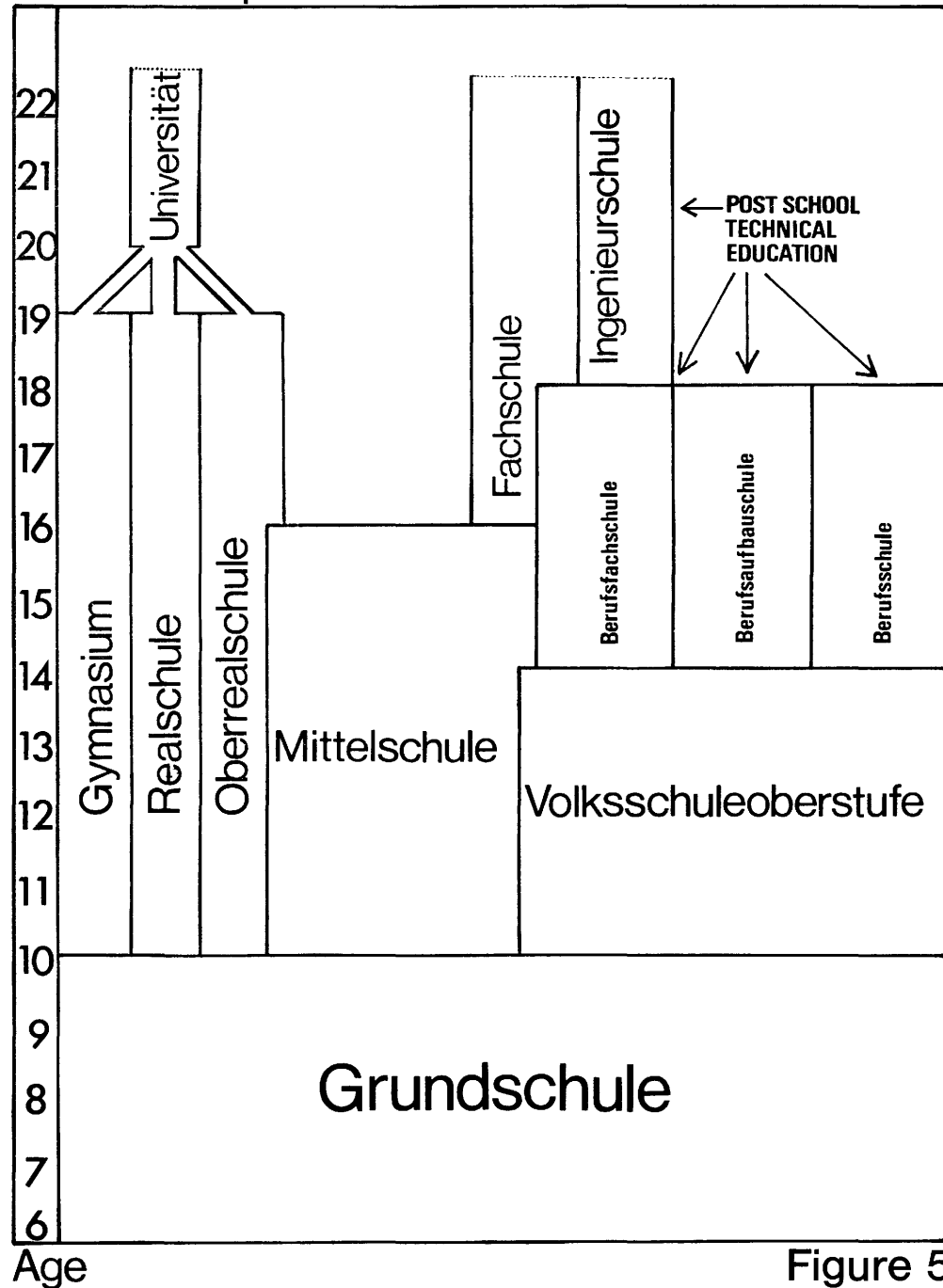


Figure 5

Rahmenplan 1959

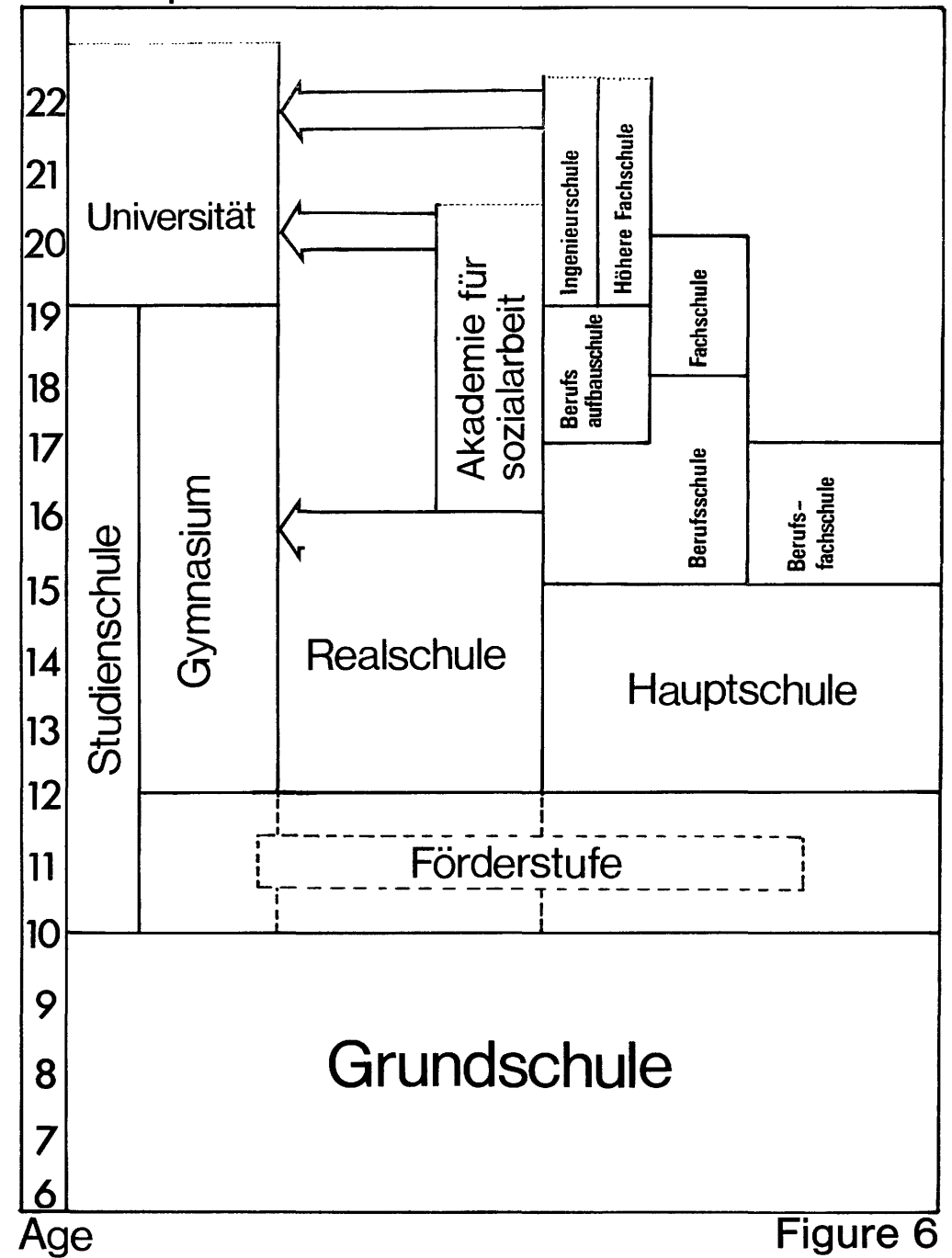


Figure 6

The Belgian school system

Post 1959

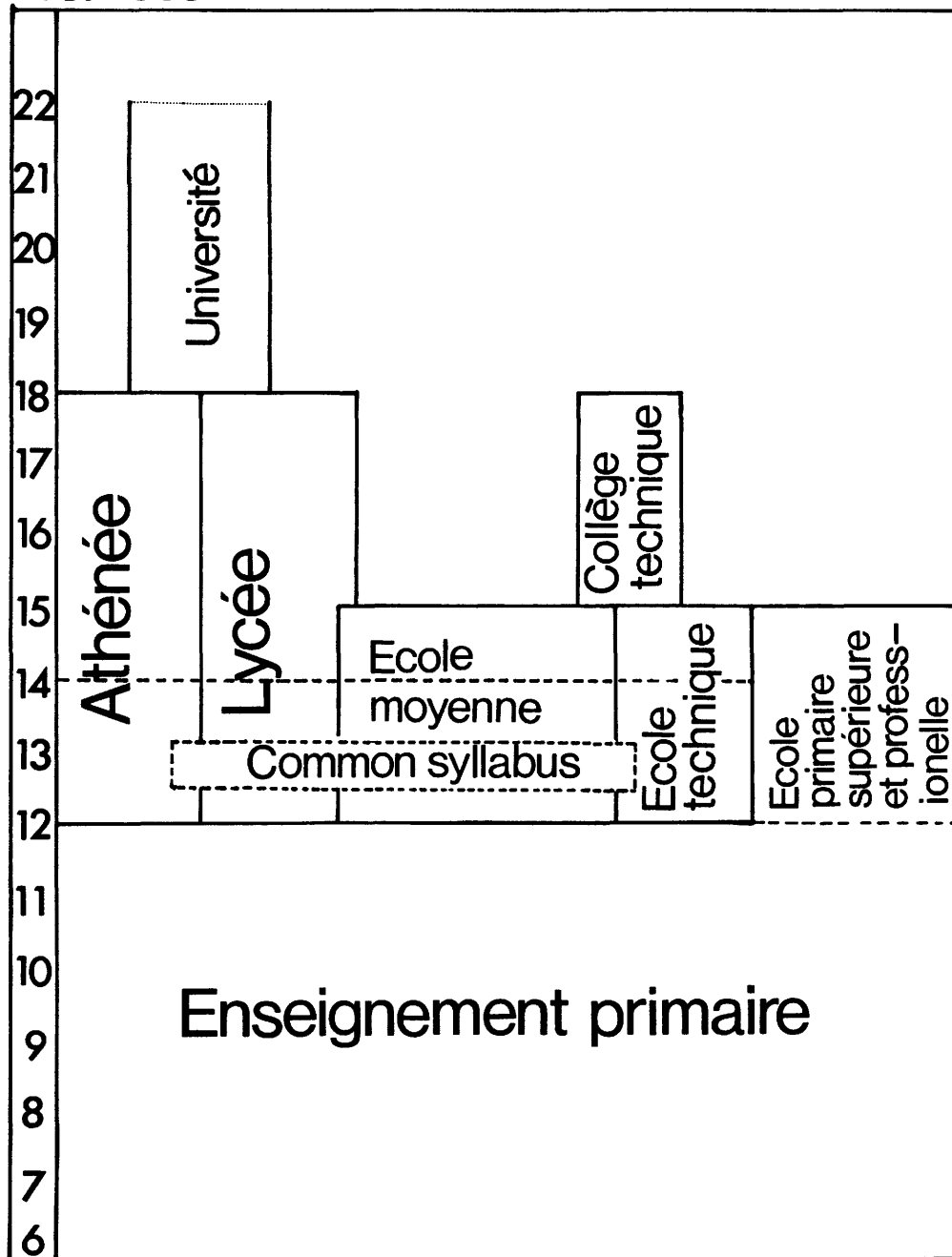


Figure 7

The Dutch school system

Post 1963

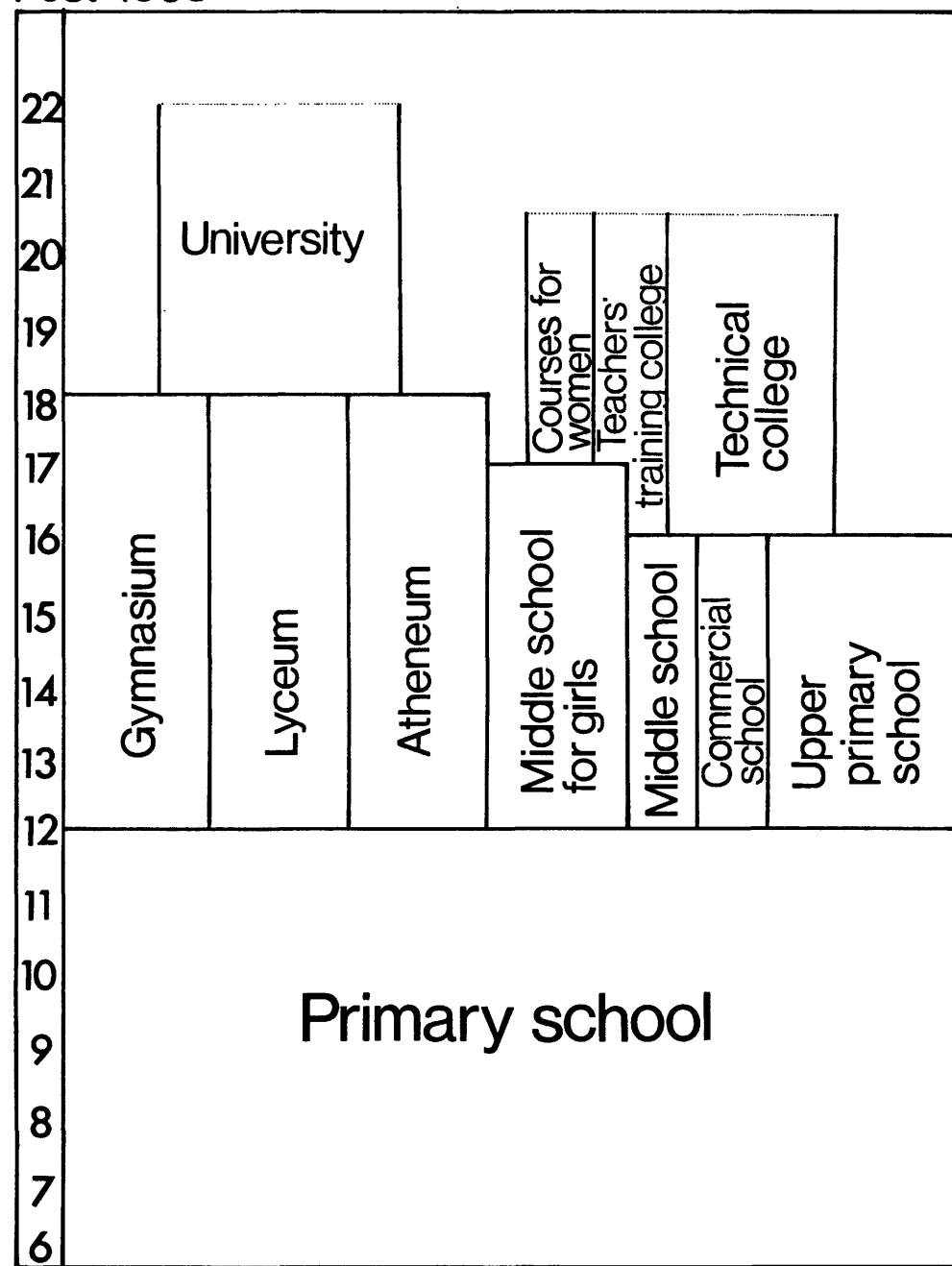


Figure 8

federal solution, but to permit an exchange of views and agreements on principles to be followed if the individual state governments accept them. In 1953 the Conference of Ministers set up a committee of experts to make proposals for reform of the structure of education. The result of this work was the *Rahmenplan*, put forward in 1959 (see Fig. 6).

The main lines of this scheme are as follows:

Primary education is provided by the *Grundschule*, with a four-year course on a non-selective basis. Children then attend either the *Hauptschule*, the *Realschule* or the *Höhere Schulen* (*Gymnasium* or *Studienschule*). The *Studienschule* represents a form of classical "A" streams and entry to it is by competitive examination at the end of the *Grundschule*. Selection of pupils for the three other schools is made as a result of studies during a two-year trial and observation period (*Förderstufe*).

The *Hauptschule* provides a five-year course which can lead to vocational training.

The *Realschule* caters for children who are more suited to practical than theoretical studies. It provides them with a general education which will enable them to take up intermediate posts in industry and commerce. These schools, also known as *Mittelschulen*, offer a 3 to 6 year course, this period varying from one *Land* to another. Children attending the *Realschule* obtain a *mittlere Reife* certificate to show that they have completed their intermediate school studies. If successful in an entrance examination they can transfer to the *gymnasium*, the education in this type of school differs from that given by the *Hauptschule*. The grounding it provides is more thorough, particularly where mathematics are concerned; one foreign language is compulsory and a second optional. The programme is supplemented by optional courses and joint study cycles.

The *Gymnasium* can be either classical, modern or scientific. The course lasts seven years, normally beginning at the age of 12 years. The *studienschule* provides a nine year classical course, beginning at age 10, for children who pass an entrance examination. The last two years at the *Höhere Schulen* lead to the *Abitur* examination, which gives an automatic right to university entrance. A lower level leaving examination is taken by those pupils not wishing to follow the final two-year course.

In some *Land* it is the intention that bridging classes should make it possible to move from the *Hauptschule* to the *Realschule*, and from the *Realschule* to the *Gymnasium*, but only if pupils pass an entrance examination.

The *Rahmenplan* has been accepted and implemented to different degrees in different *Länder*. Nevertheless, the *Länder* did agree in 1964 on certain common basic points, notably compulsory schooling for at least nine years (ages 6-15), though ten years has been introduced in some *Länder*. There has however been criticism of the *Rahmenplan* as an unworkable compromise between tradition and innovation. Various more radical changes have been proposed, the most significant being the *Bremen plan* of 1964. This plan, based on a completely non-selective system, involves compulsory schooling to the age of 18, though the two last years may be part-time: four years in the *Grundschule*, two in the *Förderstufe*, four in the *Oberschule* (secondary school), followed by at least two years in the part-time professional school or three years in the *Studienstufe* (leading to university).

The Free Cities of West Berlin, Hamburg and Bremen, and *Land* Schleswig-Holstein have partially reorganised their school systems, adopting some of the Bremen plan proposals. General education has been re-arranged into two

grades—primary and secondary. Primary education is provided by the *Grundschulen*; it lasts six years and is compulsory for all children. Secondary education is provided by the *Oberschulen*, which are in three distinct streams: a practical one (*praktischer Zweig*), lasting three years, to complete compulsory schooling; a technical one (*technischer Zweig*), which is a four-year course; and a cultural one (*wissenschaftlicher Zweig*) lasting seven years and arranged in various sections (Humanities, Modern-Latin, Modern-English, Mathematics-Science, Commercial).

One feature common to both the pre-reform system and the *Rahmenplan* is that the generous provision of technical education for young people after leaving school, which is compulsory until the age of eighteen and may be part-time or full time, does mean that everybody has an education extended into the tertiary stage and, for some, access even to a university course from the *Ingenieurschulen*.

Belgium

After the revolution against William of Orange, by the constitution of 1831, liberty of education was assured and there grew up two parallel systems: an official one subject to State control and a "free" system controlled chiefly by the Catholic Church. The law of 29th May 1959, while recognising the continuance of these parallel systems, has facilitated a general structure which is common to both. The type of secondary education to which a pupil is directed is decided by his performance in the primary school (in state schools all education is free). There is a common syllabus for all pupils in the first two years of the secondary stage and a possibility of transference from one school to another, although this is not very easy. For those children who do not complete the primary stage satisfactorily by the age of twelve there are two further years of primary education with a third year which includes some vocational training in accordance with the local economy. (See Fig. 7.) It is hoped that in time there will be no need for primary education after the age of twelve.

Holland

Here the problem of the reform of the school system was complicated by the sectarian groupings of the people: about 40 per cent Calvinist, about 40 per cent Catholic and about 20 per cent secularist. The principle has been adopted that each of these groups may set up their own schools, which must conform to certain regulations, but which are a charge on state funds. The Mammouth Law of 1963 introduced by Education Minister Cals sought to give every child the opportunity of realising his full potential by making a wide choice of courses possible at the age of twelve, entry to these courses being based partly on an entrance examination and partly on primary school teachers' assessments. The reformed system (see Fig. 8) is not so very different from the previous one except that the *Hogereburger School* with the middle class connotation in its name has disappeared, the *Lyceum* is now more comprehensive in that after a year of a common syllabus a pupil may choose between the classical *Gymnasium* kind of course and the modern course such as is offered at the *Atheneum*. Similarly in both of these there is one year of a common syllabus which is used as a period of orientation for the pupils.

The child who fares badly at the primary school may still go at the age of twelve to the *Uitgebreid lager onderwijs* (upper primary school) after which he may go on to a trade or technical school. In some areas there are sectarian schools which provide the general course which may lead to a teachers' training college, or some other professional course. These schools may fairly be described as "middle schools".

Compared with the systems in France and Italy the structure of Dutch secondary education does not permit an easy change from one course of study to another after the age of thirteen.

Luxemburg

There has been little democratisation of the secondary school system: once a pupil is committed by an entrance examination to a particular type of education, orientation means only the choice of options. In some ways, by the law of 1962, the government changed to a system which had been found to be out-moded elsewhere, for example, the adoption of "les classes complémentaires" for those not considered suitable for the *lycées* or any other form of secondary education. There has however been good progress with the setting up of trade, technical and agricultural schools which take pupils for up to three years from the age of fourteen.

Conclusion

There are certain conditions which must apply if there is to be a fully democratic system of education. Firstly all education must be free, and compulsory until the age of

fifteen or sixteen. Secondly both parents and children need to be motivated: they must want the most suitable form of education and be prepared for the demands of the discipline. Thirdly pupils should be taught in such a way that not only is their potential realised but so that they and their parents are well aware of the type of education it is right for them to choose. Fourthly the point at which they have to make a choice must not be too early in their school career. (In France the choice is made at the age of fifteen, and in Italy at fourteen, whereas in Holland and Luxemburg there is no real choice at all).

It will have been seen from the review of the educational systems above that all these desirable advantages are not present in any one country, although France and Italy are near the target.

In addition to these factors, however, there is the question of the curricula: at each stage the curriculum should be not only the best preparation for the next, but it must permit a transference to another course of study so that success can be consolidated or failure retrieved.

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Trade Unions in Britain and the Common Market

Most trade unions in the Common Market have for many years been ardent advocates of European integration—political as well as economic integration—and of British membership of the European Community. In the British trade union movement most people have, until relatively recently, been much more cautious in their attitudes—reflecting of course the attitudes of public opinion generally. These differences reflect differing historical backgrounds, though it is probable that they are today fewer than ever before.

The origins

The conception of the trade union as a collective bargaining agent negotiating wages and conditions on behalf of an aggregation of individuals, thus adjusting the imbalance of power which would otherwise exist between any single one of them and their collective employer seems self evident in Britain. The divisions along religious and ideological lines which exist among the unions of most continental countries come as a surprise to the British reader. Yet they are as much the outcome of a different cultural and historical experience as the divisions in the British trade union movement, based on craft status, which many continentals find it difficult to understand.

British trade unions, the first, and for many decades the most powerful in the world, grew up as a mutual defence against the cruelties and hardships of the industrial revolution. Through most of the 19th century the leaders of Britain's early unions shared the 'laissez faire' outlook of the ruling business élite. The relative freedom of operation accorded the unions, largely composed of a skilled "aristocracy of labour", encouraged a tacit acceptance of the status quo. The turn of the unions towards socialism did not begin until the 1890's. Its final outcome was an allegiance not to marxism but to the ideology of "Labourism" in which the unions themselves, through the operation of the Labour Party Constitution, had a dominant voice.

On the Continent by contrast, the industrial revolution arrived decades later and was carried out to a far greater extent under conditions of "étatisme". Political democracy was a great deal less developed, the unions suffered far

more from employer hostility, legal constraints and direct state coercion. Socialist organisation tended to precede the growth of trade union consciousness, in a fashion which was the inverse of the British model. The trade unions which emerged were heavily imbued with anti-capitalist ideology and as a rule closely linked with socialist parties.

The rise of socialism, which they considered a serious threat to the spiritual allegiance of those elements of the working class confided to their pastoral care, caused great alarm amongst the Catholic hierarchy. The foundation of Christian unions which sought to insulate Catholic workers from the rising influence of socialism amongst the masses was a direct result. Thus the fragmentation of European unions into confessional and non-confessional organisations dates from the end of the 19th century or even earlier. The Communists similarly split the labour movement and set up their own trade union organisations after the Russian Revolution. It is only since the Second World War however that the major union federations in France and Italy have fallen under Communist control.

The unions of the Six are divided into three groups. The first and by far the largest comprises unions affiliated to the International Confederation of Free Trade Unions (ICFTU) which enrol some 11,000,000 workers in Community territory. The International Federation of Christian Trade Unions, now renamed the World Confederation of Labour (WCL), organises some 2,300,000 members, in France, Belgium and the Netherlands. The Russian dominated World Federation of Trade Unions (WFTU) claims allegiance in only two countries, France and Italy. Its affiliates, the CGT and CGIL claim to organise over 4,000,000 members.

Table 1

Trade-union membership and affiliation

| | |
|---|-----------|
| <i>ICFTU: International Confederation of Free Trade Unions</i> | |
| <i>FGTB: Fédération Générale du Travail de Belgique (Belgium)</i> | 760,000 |
| <i>CGT-FO: Confédération Générale du Travail - Force Ouvrière (France)</i> | 500,000 |
| <i>DGB: Deutsche Gewerkschaftsbund (Germany)</i> | 6,400,000 |
| <i>CISL: Confederazione Italiana Sindacati Lavoratori (Italy, Catholic)</i> | 2,000,000 |
| <i>UIL: Unione Italiana del Lavoro (Italy, socialist)</i> | 500,000 |
| <i>CGT: Confédération Générale du Travail (Luxembourg)</i> | 29,000 |
| <i>NVV: Nederlands Verbond von Vakverenigingen (Netherlands)</i> | 560,000 |
| <i>TUC: Trade Union Congress (UK)</i> | 8,875,000 |
| <i>WCL: World Confederation of Labour (former International Federation of Christian Trade Unions)</i> | |
| <i>CSC: Confédération des Syndicats Chrétiens (Belgium)</i> | 760,000 |
| <i>CFDT: Confédération Française Démocratique du Travail</i> | 700,000 |
| <i>CGD: Gewerkschaftsbund Deutschlands Christlicher (Germany)</i> | 200,000 |
| <i>LCGB: Confédération Luxembourgeoise des Syndicats Chrétiens (Luxembourg)</i> | 11,000 |
| <i>NKV: Nederlands Katholiek Vakverbond (Netherlands, Catholic)</i> | 430,000 |
| <i>CNV: Christelijk Nationaal Vakverbond (Netherlands, Protestant)</i> | 240,000 |
| <i>WFTU: World Federation of Trade Unions (Communist)</i> | |
| <i>CGT: Confédération Générale du Travail (France)</i> | 2,000,000 |
| <i>CGIL: Confederazione Generale Italiana del Lavoro (Italy)</i> | 2,500,000 |

Note: Please note that it is difficult to find accurate statistics of membership in all countries. These figures should then be treated as only a rough indication of comparative union strengths. The figures are all to the nearest 1,000, and relate to 1966, 1967 or 1968. A number of other smaller unions also exist in most countries, catering mainly for white-collar workers, civil-servants, teachers, etc.

Organization and role

Britain

The bulk of Britain's over 10,000,000 organised workers are affiliated through their national unions to a single national centre, the Trade Union Congress (TUC), which in its turn is affiliated internationally to the ICFTU. Although a few white collar organisations stand outside the TUC, these do not in any sense claim to be a rival national centre. Of great moral significance and usually accepted by all affiliated bodies, the TUC's decisions have no disciplinary force behind them. The TUC's power is that delegated to it by affiliates and not power wielded on its own account.

The unions affiliated to the TUC fall into three main categories, craft, industrial and general. The craft unions, such as the Amalgamated Society of Woodworkers, originally organised skilled workers in one trade alone, although in recent years they have been going over to a somewhat broader base. Industrial unions, such as the National Union of Railwaymen and the National Union of Mine-workers have sought to organise all the workers within a given industry irrespective of craft or grade. General unions, the product of a drive to organise the unskilled, now stretch across all craft and industrial boundaries. The largest, the Transport and General Workers' Union, enrolls

over 1,500,000 members. Although there are 160 unions affiliated to the TUC, the largest eight aggregate some five million of the TUC's total membership of 8,725,000.

A dense and complicated industrial relations system enables trade union negotiations to set the general level of wages even in sectors of the economy where the density of organisation is low. National agreements are general, but shop floor negotiations hold an important place. Some 140,000 rank and file shop stewards are engaged in plant negotiations, on a day to day basis, whilst continuing to work at their trade.

Although the TUC remains a fully autonomous organisation most British unions are independently affiliated to the Labour Party. The unions by their collective affiliations, comprise over five million of the Labour Party's six million members, and thus exercise a decisive say in the formulation of Labour Party policy. This fact goes far to explain the continuing absence of serious splits in the British Labour Movement.

Germany

The German unions, reconstructed very rapidly after the military defeat of Nazism, are the strongest, most unified and most powerful in Continental Europe. Enrolling some 6.5 million members in sixteen industrial unions, the DGB (Deutsche Gewerkschaftsbund-DGB) possesses as many members as the unions in France, Belgium, the Netherlands and Luxemburg combined. Originally a dependency of the German Socialist Party (SPD) the DGB is now fully independent and stands somewhat to the left of the SPD on a number of issues.

Although as in Britain the individual unions retain their autonomy the DGB is in reality a great deal more powerful than the TUC. The fact that the leaders of each industrial union sit on the directing board of the DGB makes it a great deal easier to establish and execute a unitary strategy. The German unions pay higher dues than their British counterparts, based on a percentage of earnings. An important proportion goes to the DGB which as a result is wealthier and better staffed than the TUC.

The wage policy of the German unions has been consistently moderate. There are two distinct types of industrial agreement, the "Manteltarif", a kind of basic structural agreement, renewed at three to four year intervals, and the narrower "wage agreements", negotiated annually, usually at both industry and regional level, and which are accommodated within the Manteltarif framework.

Christian Democrats and Socialists despite political differences collaborate amicably within the DGB. Their support for a unified federation owes much to two factors; a consciousness that working class disunity materially eased Hitler's rise to power, and the presence of the Ulbricht regime across the eastern border. The German Communist party, once the most powerful in the world outside Russia has now little importance in either union or national affairs.

As a result of union pressure the workers and their unions have a 50 per cent representation on the Supervisory Board of all large coal, iron and steel companies. In effect they also appoint one of the three working directors. The DGB is at present calling for the extension of this Mitbestimmung (Co-Determination) law to key firms in the rest of German industry and insisting that similar provisions be written into any future European Company Law. Since in this last demand the German unions have the support of all the other ICFTU affiliates it is clear that any final draft will have to take most serious note of their demands.

Italy

Unions in Italy are relatively weak. Formerly united in a single centre, the CGIL, comprising socialists, communists and catholics, founded in 1943, the contending factions burst apart under the partisan stresses of the Cold War in 1947-1948. At the present time the Italian unions are

divided into three centres. The CGIL, the largest, is controlled by communists and left wing socialists. The CISL, led by Christian Democrats, affiliated not to the Christian International but to the ICFTU, comes close behind. The smallest, but powerful in certain limited fields, UIL, is controlled by Social Democrats who refuse to merge with either CISL or CGIL. At present the Cold War wounds are healing. The degree of inter union co-operation is greater than at any time since 1948.

All three confederations are organised on industrial lines. The failure of members to pay consistently even a low level of union dues means that unions lack funds and are notoriously understaffed especially at regional and local level. Financial weakness and political ties have meant that until recently all unions have been dependent on outside subventions.

In the 1960's the rise of the "check off" system, especially in engineering, has increased union financial viability and political autonomy in equal degree.

Post-war Italian collective bargaining took over a system of nationwide, across the board, confederal contracts, which originated in the era of Mussolini's corporate state. The late fifties and early sixties have seen a marked shift towards more realistic, industry, trade and category negotiations. The state employer confederation, Intersind, has acted to some extent as a wage and condition leader in this regard.

Italian unions, generally have no shop floor bargaining rights. Commissione Interne, elected by all plant workers, union and non-union alike, were established by law in the post war years. In the absence of strong union organisation these were widely utilised by employers as substitute bargaining agents and a means of manipulating work force loyalties. The Italian unions have now succeeded in excluding the commissione interne from contract negotiations and hope in the forthcoming years to be able to take big steps towards "in plant" recognition.

Netherlands

The Netherlands, like Italy, possesses three trade union federations. Yet these, despite differences, have managed an astonishing degree of close collaboration in the last decades.

Dutch society has deep religious fissures, the origins of which go back to the struggle of the Protestant United Provinces against Spanish Catholic rule in the 16th century. Protestant and Catholics each have regions of concentration, and each have created a nationwide network of community organisations, as indeed have the socialists as well. The Netherlands has for that reason been described as a three column society and it is not surprising to find that these three columns, Socialist, Catholic and Protestant manifest themselves in the union field as well.

The socialist NVV is the oldest of the Dutch trade unions centres and remains the most powerful. However, shifts in industrial structure which have favoured the confessional unions, and the more liberal attitude of the hierarchy, have combined to narrow socialist predominance in the post war years. As seems to be customary in most countries, the socialist NVV has more members amongst the wage earning working class, the Christian NKV and CNV amongst white-collar employees.

Professionalisation of trade union leadership has gone farther in the Netherlands than elsewhere in the Six. Union dues are high and paid regularly, offices are well staffed, industrial bargaining centralised to an exceptional degree.

The Netherlands suffered particularly heavy damage in the closing months of the Second World War. In the aftermath there emerged a high degree of union-management-government collaboration designed to aid recovery.

United in a Council of National Trade Union Centres, the NVV, NKV and CNV joined with the employers in a National Foundation of Labour established in 1945. Under a policy of tight governmental controls, of which the Foundation of Labour was an integral part, wage scales

were fixed down to plant level, salary demands held in check for a number of years. Some re-allocation of income between sectors of the work force, although not between capital and labour was achieved. In the late 1950's this tight hold broke. Since that time market forces have exercised somewhat more freedom than formerly.

Concentration on national bargaining has meant that workplace unionism is weak in the Netherlands. Legislation passed in 1950 making the formation of elected works council with limited powers compulsory, has so far exercised little influence on industrial relations. All three union centres are committed to further advances somewhat in the manner of Germany's Mitbestimmung. These proposals are not yet due to appear on the bargaining table.

France

The French unions, like those of the Netherlands are divided, but on somewhat different lines. The Cold War splits of 1947-1948 left the Communist in control of the CGT, France's most powerful union federation. The socialists control a much smaller organisation, Force Ouvrière (FO), with its main base in government and white-collar employment. A more serious rival to the CGT is the CFDT, a former Catholic organisation which de-confessionalised in 1964 and is now the most militant of the three main union centres in France.

Although industrially organised, the French unions remain weak. There exists a tradition of episodic, spontaneous militancy, interspersed by a chronic unwillingness to pay union dues which has left both the CGT and the FO dependent upon subventions from outside sources. The CFDT has fought consistently for autonomous, self financing unionism, and in this has achieved an important measure of success.

The French unions, more than outmatched by a powerfully organised employers federation, have sought to achieve by legal enactment gains that they have failed to win by collective bargaining. The general structure of industrial negotiations is far less complete than in Britain, far more dependent on external political pressure to bring results.

The French unions first won recognition on a significant scale as a consequence of a spontaneous semi-insurrectional worker occupation of the factories which took place in 1936. The events of May 1968 repeat this pattern although the docility of the Communist unions, the absence of a Popular Front Government, has meant that the gains achieved have been fewer and more ephemeral than in 1936.

As in Germany there exist two forms of contract one of which must include a series of obligatory provisions, the other which may be a more limited simple wage agreement.

The strongly organised Paris region tends to set the pace of industrial bargaining. Since the legal provisions for union recognition stipulate that contracts may be signed by the "most representative organisations" and not a sole bargaining agent, the continued union fragmentation has some roots in the legal code.

Although there exist legal provisions for elected "comités d'entreprise" and "délégués du personnel" in the plant, these due to the general lack of effective shop floor organisation have failed to have any great impact on working life.

The original post war pattern of national agreements has shifted slightly towards local and plant bargaining following a precedent voluntarily set by Renault in 1955. Motor plants like Peugeot, and the nationalised aircraft factories, have been amongst those involved in such deals. There exists in France no counterpart to Britain's rank and file shop steward organisation.

Belgium

The Belgian unions, by comparison with both French and Italian are strong and powerful and this despite the division into confessional and non-confessional organisa-

tions. Due to shifts in the economy from coal and steel into newer growth industries, the Catholics CSC probably now for the first time exceeds in size its socialist rival the FGTB.

Belgium was the first of the Six to industrialise and is the closest to the British in organisation and outlook. Yet surprisingly the socialist unions have been distinguished by a unique willingness to use the general strike for such diverse political purposes as the granting of universal suffrage and the abdication of King Leopold on account of his war time record.

Organised largely on industrial lines, their members accustomed to pay dues regularly, the Belgian unions are strongly centralised. The leaders of the Catholic CSC have perhaps the greatest power since they control a central strike fund which may be used only at their discretion.

The general level of organisation is high. Official Social Security figures register 70 per cent of engineering workers organised, and over 85 per cent in textiles. The socialist FGTB predominates in heavy industry and large scale enterprise, the Catholic CSC in smaller plants and to some degree in white collar employment.

Linguistic divisions between Dutch speaking Flemings and French speaking Walloons which overlap areas of differing industrial concentration have in recent years placed considerable strains on union organisation as indeed upon society as a whole. One result has been a tendency towards a greater de-centralisation intended more easily to accommodate localist and linguistic divisions.

Luxemburg

Present day trade unionism in the Grand Duchy of Luxemburg owes its origins to the growth of a large scale coal, iron and steel industry in the closing decades of the 19th century. The single trade union centre formed during the First World War was subsequently split by Catholic and Communist secessions.

The Communists rejoined the majority socialist organisation in 1965/1966 so that at the present time there are only two main union centres, the socialist CGT and the Catholic LCGB.

Whilst both CGT and LCGB have links with rival political parties, this does not prevent a large measure of practical cooperation on immediate issues of the day. The CGT is committed to a degree of co-determination somewhat on the German model and with this the LCGB is substantially in agreement. The Luxemburg unions exist in a hostile legal environment in which up to the present time the right to strike remains severely circumscribed. It may be that through co-determination the unions are seeking standard ends by alternative means.

Table 2

Strikes 1958-1967
Days lost through industrial disputes per 1,000 workers
(salaried employees and wageearners)^a

| | 1965 | 1966 | 1967 | Average 1958-1967 |
|-------------|------|-------|------|----------------------|
| Belgium | 25 | 188 | 58 | 117 |
| France | 68 | 173 | 286 | 151 |
| Germany | 2 | 1 | 19 | 13 |
| Italy | 577 | 1,207 | 699 | 891 |
| Netherlands | 13 | 3 | 2 | 21 |
| UK | 126 | 103 | 122 | 144 |
| USA | 382 | 390 | 642 | 486 |

^a The figures give only a rough comparison as definitions used for collecting statistics vary from country to country.

Source: ILO.

The Unions and European integration

The leaders of the non-communist continental unions, many of whom served in the Resistance during the Second World War, came to accept that the small independent nation-states of Europe—small compared with Russia and the USA, that is—were unable to guarantee either the security or the prosperity of their citizens. Consequently the unions in the Six have supported European integration as much for political reasons as for the economic advantages which they felt it would bring for their members.

The unions affiliated to the ICFTU and the WCL take almost identical viewpoints. They favour much closer integration, including the further democratisation of the European Community by direct elections to a European Parliament with far wider powers than at present, and a Community as opposed to a national approach to such problems as employment policy, agriculture and industrial and regional development policy. They have in fact frequently criticised the Community precisely for not progressing rapidly enough in this direction. They also strongly support the enlargement of the Community to include Britain and other democratic countries of Europe.

The unions have a formal voice in Community affairs through the ECSC Consultative Committee and the Economic and Social Committee of the EEC and Euratom (see the Institutions of the European Countries, European Studies No. 1, 1968). These are consultative bodies on which the unions, employers and other interest groups are represented, though the unions claim they do not have sufficient power.

Both the free and Christian trade unions have set up organisations in Brussels—the European Confederation of Free Trade Unions in the Community (ECFTUC), and the European Organisation of the WCL—whose task is to co-ordinate the actions and policies of their affiliates and represent them at the Community level.

The two affiliates in the Six to the Moscow dominated WFTU, the Italian CGIL and the French CGT, initially followed the official communist line of opposing the whole idea of integration in western Europe. But as early as 1957 the CGIL was beginning to change its attitude, accepting that its members' interests would be better served if it had a voice in Community affairs. The CGT however took much longer to move to this position, and it was only in 1967 that the two unions set up a joint liaison office in Brussels and asked for representation on the appropriate Community institutions. This has still not been formally granted.

The British TUC still remains cautious in its attitude. It supported the British applications for membership in both 1960 and 1967, but demanded a number of important safeguards. Since 1967 the TUC has sent representatives, as observers, to all meetings of the ECFTUC and in 1968 took the initiative in setting up the Trade Union Committee for the European Free Trade Association (EFTA-TUC), bringing together the free trade unions of Britain, Denmark, Norway, Sweden and Austria. This body has the double task of liaison between its member unions, and with the Community's unions. In the event of Britain and the other countries joining the EEC, ECFTUC and EFTA-TUC would presumably amalgamate. Such a merger would create a united free trade union movement of considerable strength and influence favouring a more positive social policy in a more democratic Community.

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Energy in the EEC (II)

The energy resources used by the Six have been described in Energy I; here we are concerned with the development of these resources and the implications of the development. The essence of the discussion is that energy policy is crucial to economic and social growth.

Efficient use of power resources is one of the keys to industrial expansion. In the nineteenth century the availability of cheap coal determined the location of those industries which employed large numbers of people. Coal was needed to produce steam: steam generated power. Coal is still needed for this purpose

but its primacy has been challenged so that the alternative fuels of oil, natural gas and uranium, have become more important as primary sources of energy. It is the substitution of these fuels for coal which has demanded new energy policies and has created a new range of problems for economic planners.

The decline of coal

Table 1 Share of each primary energy product in gross domestic consumption

| Country | Coal | | Brown coal | | Crude oil | | Natural gas | | Primary electrical energy | | Total energy | |
|--------------|-------------|-------------|------------|------------|-------------|-------------|-------------|------------|---------------------------|------------|--------------|------|
| | 1958 | 1967 | 1958 | 1967 | 1958 | 1967 | 1958 | 1967 | 1958 | 1967 | 1958 | 1967 |
| Germany (FR) | 65.7 | 37.2 | 15.9 | 10.8 | 14.6 | 46.6 | 0.4 | 2.2 | 3.4 | 3.2 | 100 | |
| France | 56.9 | 32.0 | 1.3 | 1.0 | 29.2 | 53.1 | 0.6 | 4.3 | 12.0 | 9.6 | 100 | |
| Italy | 19.2 | 10.1 | 0.7 | 0.8 | 40.3 | 67.4 | 11.6 | 8.6 | 28.2 | 13.1 | 100 | |
| Netherlands | 56.6 | 21.0 | 0.9 | 0.1 | 41.4 | 67.0 | 0.8 | 12.1 | 0.3 | -0.2 | 100 | |
| Belgium | 71.1 | 45.1 | 0.2 | 0.1 | 27.9 | 53.0 | 0.4 | 1.4 | 0.4 | 0.4 | 100 | |
| Luxembourg | 91.7 | 61.6 | 2.3 | 1.3 | 5.9 | 27.1 | — | — | 0.1 | 10.0 | 100 | |
| EEC | 57.4 | 30.2 | 7.7 | 4.7 | 24.6 | 54.1 | 1.9 | 4.7 | 8.4 | 6.3 | 100 | |

¹ Production by refineries, and from other sources, of energy products other than gas.
² Natural gas and manufactured gas, incl. liquefied petroleum gas and refinery gas.

In table 1 we can see the reduction in the percentage of coal in the total Community consumption of primary energy. This reduction may be viewed as economically good in the long term provided that it is possible to avoid social dislocation. The substitution of a low cost energy source for a high cost energy source should

benefit the economy which effects such a change. Persons employed in the production and distribution of coal, and communities dependent on coal mining, suffer a reduction in their standard of living, if only temporarily, as a result of the change. The significance of the "energy revolution" to the observer varies

according to whether he adopts a regional, national or community viewpoint.

A reduction in the demand for coal has led to the closure of some collieries and the expansion of others. The collieries which have closed are those which are least efficient. Clearly some of these collieries would have closed because of the exhaustion of the coal seams or the difficulties encountered in mining badly faulted or thin seams. Others produced types of coal which were no longer in demand. Generally the high cost mines were the first to be closed.

The remaining collieries are located in those areas where good supplies of steam coal and anthracite are available. To these collieries redundant miners from other areas have moved e.g. Belgian miners have transferred to mining areas in the Ruhr. Technological

advance has, however, reduced the demand for manpower in the larger mines. The use of coal-cutting machinery, electric underground transport, automated surface sorting and transport of coal and other developments have resulted in the employment of fewer persons and these persons generally are more highly skilled. Production per man shift has increased; production in parts of the coalfields has increased but large numbers of coal miners have become redundant. Special government assistance has been authorised by the ECSC for the persons involved and this is reflected in the abnormally heavy social insurance charges borne by the coal industry. Half the cost of retraining and re-deploying ex-miners is borne by Community funds. In 1968 the Community spent 26 million UC¹ for this purpose.

Table 2

Personnel employed in coalmining industry '000s, 1958-1968

| | 1958 | 1959 | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|-------------|------------------|------|------|------|------|------|------|------|------|------|------|
| Germany | 593 ^a | 543 | 493 | 470 | 438 | 414 | 400 | 382 | 279 | 296 | 267 |
| Belgium | 149 | 131 | 111 | 98 | 91 | 89 | 90 | 80 | 69 | 62 | 55 |
| France | 237 | 230 | 227 | 205 | 200 | 194 | 186 | 180 | 173 | 161 | 144 |
| Italy | 5 | 4 | 4 | 4 | 3.5 | 3 | 3 | 3 | 2 | 2 | 2 |
| Netherlands | 64 | 62 | 59 | 57 | 57 | 56 | 56 | 55 | 49 | 40 | 34 |
| Community | 1 047 | 970 | 884 | 833 | 788 | 756 | 735 | 700 | 637 | 561 | 502 |

^a Including Saar territory.
Source: ECSC Annual General Reports.

At the same time as redundancy in coal mining in some areas is a serious problem, in the expanding mining areas there are problems of recruiting persons to the coal mining industry. The recruitment problem has been partially solved by the movement of persons from other parts of the Community e.g. from Southern Italy to the Ruhr and by the employment of immigrants from more distant parts of Europe e.g. Turks, also to Germany and Belgium especially.

It should be emphasised that the coal industry is not declining as quickly as strictly economic forces might have dictated. Each nation in the Six has employed methods of government support in order to reduce the social problems consequent upon colliery closure. Thus in Germany the pressing need of German industry for cheap power has been seriously prejudiced by the prolonged subsidization of the coal industry which requires publicly owned power stations to utilize coal, and the imposition of a tax of DM 25 a ton on heavy heating oil.

While the governments of the Six adopted individual policies regarding the coal industries it should be recognised that the problems are different in each country. (Italy does not have a major coal mining industry and for this country the problem does not exist.) The differences are the result of the variations in the size and quality of the coal resources.

From the Community point of view the coal industry is seen in terms of the total energy-supply picture. However, the fact that coal is an indigenous resource, even though an expensive one compared with coal supplies from the USA, raises the question of security

of supply in the strategic sense. We shall return to this point later.

Oil

The primary energy sources are concentrated within a limited geographical area. Reliance upon these sources alone could lead to a concentration of future industrial growth in those areas which were based upon coal. The problem of future economic growth must be seen against the background of the whole economics of the relevant countries. Rural depopulation and the run-down of provincial centres is balanced by congestion and decay in older urban industrial centres. Both types of environment require rejuvenation; in both environments a vital element in the rejuvenation is the supply of power.

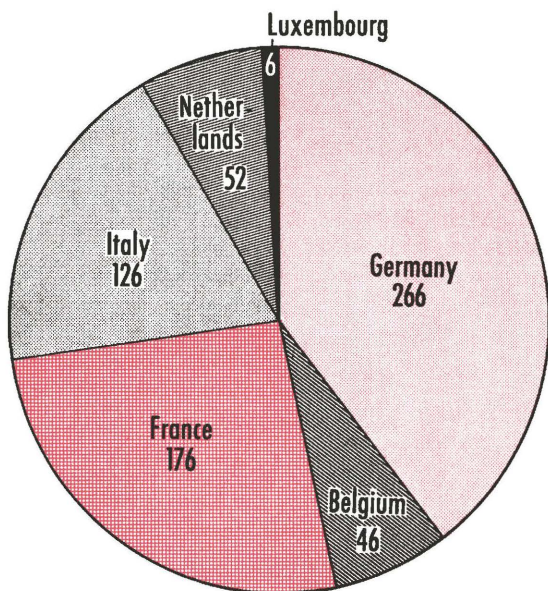
Unlike coal, electricity is more flexible as a source of power. Through the effective use of pipelines, oil can be carried to places where it would be uneconomic to transport coal. Electricity, associated with oil-fired (and nuclear) generating plants, introduces a new element to regional planning.

The percentage of oil in the supply of energy to the Community increased from 24.6 per cent in 1958 to 56 per cent in 1968. The year 1965 saw a 16 per cent increase in oil supplied for domestic heating (coal deliveries in the same year were 14 per cent less). Whole industries are moving away from coal and are using oil or natural gas e.g. cement, pottery and glass making.

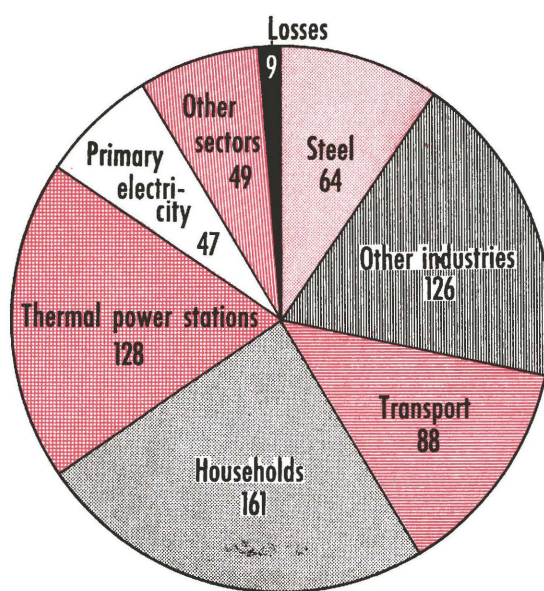
¹ 1 UC = 1 dollar.

CONSUMPTION OF PRIMARY ENERGY IN THE COMMUNITY YEAR 1968

CONSUMPTION
BY COUNTRY

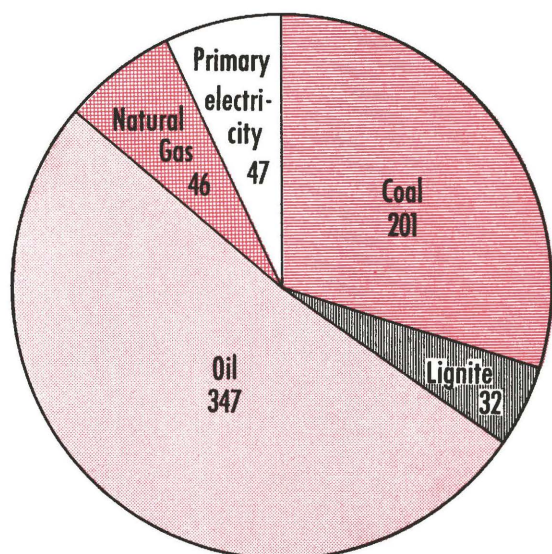


INLAND CONSUMPTION
BY SECTOR

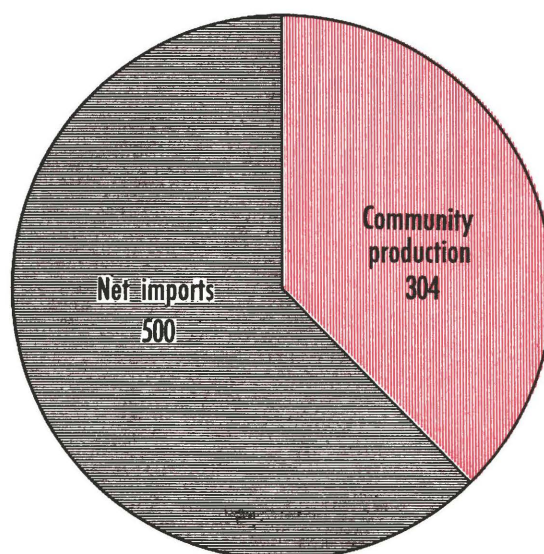


TOTAL
672

SHARE
OF CONSUMPTION



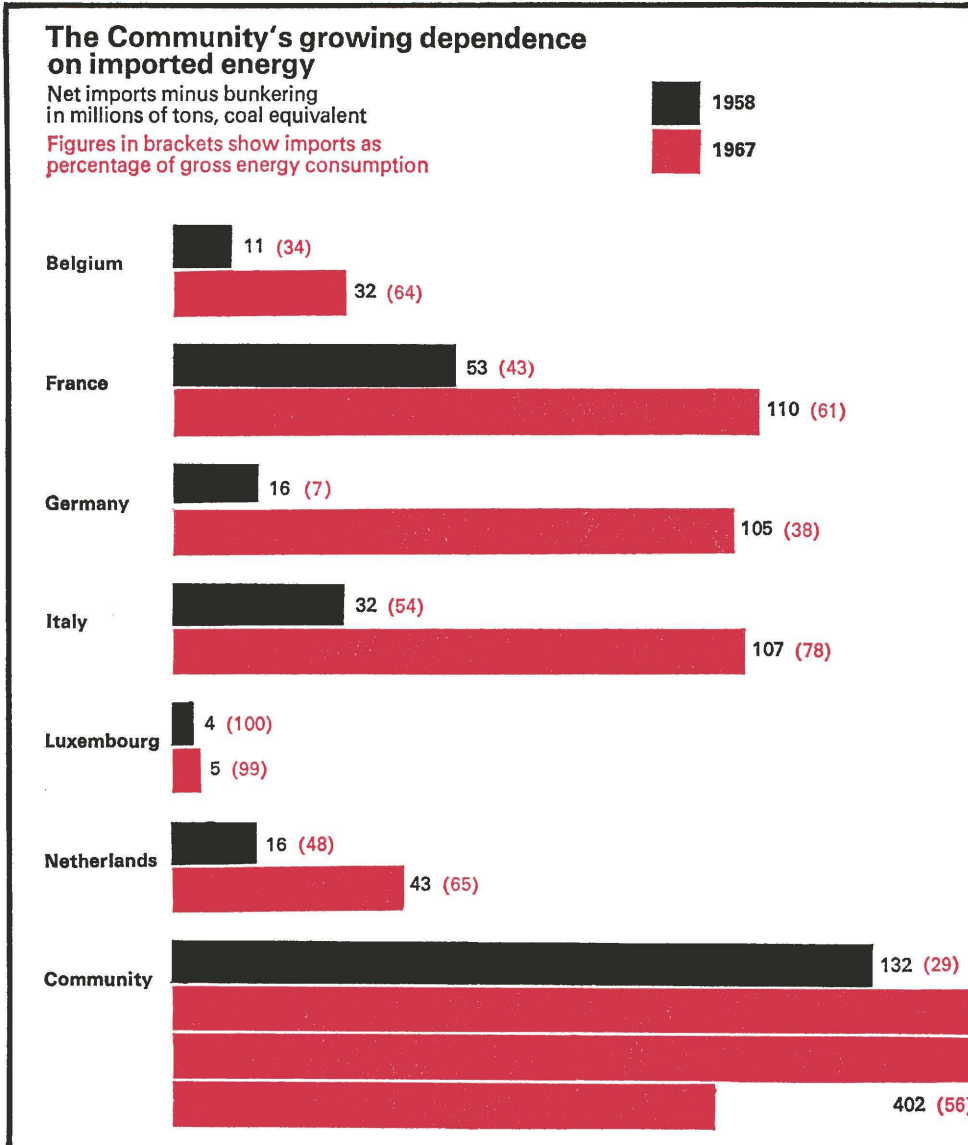
ENERGY SUPPLIES



Absolute value in millions of t.e.c.

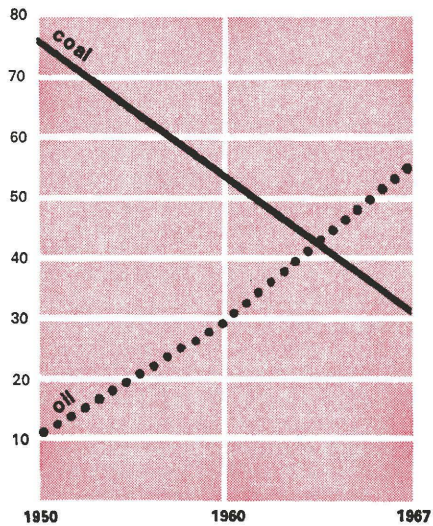
SOURCE: LA CONJONCTURE ÉNERGÉTIQUE DANS LA COMMUNAUTÉ - BRUXELLES - FÉVRIER 1969

Energy in the EEC



Coal's decline, oil's rise

Percentage of total Community consumption of primary energy



The major implications of the changing role of oil in the Community's energy picture are firstly, the strategic effects of dependence on external supplies, and secondly, the effects of oil supplies on industrial location.

The growing dependence on imported energy is clearly seen in the accompanying diagram.

This dependence means that the price of imported energy is the most important element in determining the cost of energy in the Community. Most imported supplies are distributed within the Six by foreign companies. In Germany, for example, German-owned refineries supply only about 28 million tons of some 109 million tons of refinery products used annually. The exploration, recovery and transport of oil sometimes rests with the same companies. This situation contrasts with the coal-supply situation.

The threat of political interference to oil supplies can be countered by diversification of dealings with supplying countries. Such flexibility is required given the changing oil supply situation within supplying countries. Deposits are constantly being depleted; new deposits are being discovered. The pie-charts indicate clearly the response of the Communities to such changes. Technological advance (e.g. improved pipeline technology and tanker developments), results in radical re-thinking about the role of oil.

Incidentally, the vulnerability of internal long distance pipelines such as the trans-Alpine pipelines from Northern Italy to Bavaria should be considered from the strategic point of view. This too contrasts with the coal transport situation. Potential threats to imported oil supplies partially explain the attention given to supporting the national coal industries and to the intensive research for indigenous supplies of other fuels.

Dependence on external supplies is affected by the world supply and demand situation for oil. The over-simplified division of the globe into have and have-not industrially developed nations is only a temporary phenomena. In terms of fuel supplies there is a different arrangement of have and have-not nations. In the long term the industrially underdeveloped nations will be seeking increasing amounts of fuel and requiring these in competition with the industrially advanced nations. Political considerations are vital in this context. One may refer to the current Suez problem, the Israeli-Arab conflict, and the Biafran situation. These "internal" crises are of grave consequence to the economic policies of the Six and Britain.

The introduction of super-tankers as the most efficient form of transporting large amounts of oil across the seas, and the use of pipe-lines for trans-continental oil transport, has led to basic changes in the location of industry. Examples of these changes are the expansion of Europort, at Rotterdam, as the heart of a massive industrial complex, and the increasing attention to industrial expansion in Southern Italy and Bavaria. In Europort an industrial complex of oil refineries, petro-chemical plants and steel mills is rapidly being established. Firms from the Six and from outside the Six are involved in this growth. The pricing policies adopted by individual governments for oil and the attempts at establishing a common policy for the Community may be seen to be in conflict in this situation. Thus the big three German chemical companies, Farbenfabriken Bayer AG, Farbwerke Hoechst AG and Badische Anilin Soda Fabrik AG, threatened to locate plants outside Germany if cheaper power supplies were

not forthcoming, and have established new production plants in Antwerp and Flushing.

The availability of oil, brought by pipeline to areas, such as Southern Bavaria, which were distant from fuel supplies, has led to the expansion of oil refining and associated industries. Similarly in the Italian Mezzogiorno and the Naples area plants such as the steelworks at Bagnoli and at Taranto and other large industrial establishments have been promoted here as the result of government pressure and the new ease with which power can be obtained.

Natural gas

The exploitation of indigenous resources of natural gas in the Netherlands and in the off-shore areas beneath the North Sea has provided an alternative fuel to coal and oil. Further supplies have been imported from North Africa and more recently plans have been drawn up for importing natural gas by pipeline from Siberia. The terminus of such a pipeline would be in Bavaria. Austria already imports Russian natural gas.)

The planning of natural gas utilisation has been on a national basis. France bases her policy on gas from the south-western gas fields. Italy has her own pipeline network. The Netherlands supplies gas to Belgium and Germany. The location of the vast Netherlands on-shore and off-shore gas fields so near to the traditional heartland of Western European industry could lead to a re-location of industry within the area and to the promotion of projects here rather than in the provincial development areas.

Nuclear energy

By the middle of 1969 Euratom had spent \$650 m on research into nuclear power. This money was spent on attempting to encourage a unified Community nuclear energy programme. At the same time individual governments of the Six have developed their own national nuclear programmes. For the Community the major priority is to get a common procurement policy among member governments so that orders for nuclear power stations would be placed with European contractors and some tangible pay-off obtained from the joint research expenditure.

The location of nuclear power stations poses no serious problem. Raw materials are of small bulk; the transmission of electricity to consumers is a more serious issue. Proximity to consumers is a more important consideration than proximity to raw material supplies.

The Community's energy policy

The Community has faced three major difficulties in planning a common energy policy:

- Responsibility for energy was shared between the European Coal and Steel High Authority, the Euratom and the EEC Commission. There is a need for a single treaty to replace the three separate treaties. The merger of the executives in July 1967 was a step towards this.

- The wide variations in national policies have made it difficult to find common ground.

- The changes in the structure of the energy market e.g. the substitution of oil and gas for coal, have hindered progress towards establishing a common policy.

In a recently published report the Commission made a series of proposals aimed at creating an energy policy. These fall into three broad categories.

Setting up a general framework

The Commission advocated the drawing up of forecasts and medium-term guidelines and an annual examination of the economic situation in the energy sector, Petrol, gas, and electricity should have guidelines similar to those already in existence for coal.

Creating a common market for energy

It advocated a plan to make it easier for governments to remove commercial and structural obstacles to free movement of fuel products. It advocated the abolishing of national monopolies.

The Commission set four goals in the field of competition:

- equal access to energy supplies,
- Commission supervision of projected mergers,
- notification to the Commission of fuel and power price changes,
- harmonization of national fuel and power pricing provisions.

Ensuring cheap and stable energy supplies

A successful common supply policy would involve joint action in the fields of trade, investment and industrial structure. The Commission recommended a co-ordination of coal import policy and a joint programme for oil and gas and nuclear fuel supply.

The Commission wished to be allowed to recommend alternative action to member states if it saw that they, in preparing their investment policies and projects, were over-investing.

It proposed that coal output should be reduced to meet demand, and that production be concentrated on the most efficient pits. A system of Community aids to mining should be introduced and existing Community aids should be coordinated with national aids to the coal industry.

For oil and gas the Commission called for tax measures which would eliminate disparities between the competitive position of Community companies and that of firms established elsewhere. Community oil companies must be helped to acquire their own crude-oil resources. A joint-enterprise status with tax concessions, similar to that provided by the Euratom Treaty, should be introduced to encourage joint prospecting and production.

For nuclear energy the Commission proposed the building of a Community isotope separation plant to meet the need for enriched uranium.

Other proposals related to investment in projects likely to benefit the Community and the encouragement of research into new techniques.

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Farming in the European Community (II)

The common policy

The formation of a common market for agriculture in Europe could not be achieved, as in the industrial sector, simply by removing customs barriers and by adopting common rules about such matters as competition. Agricultural policies among the Six were not only too varied but were also frequently in opposition to one another. These national policies conferred protection on farming through guaranteed prices, subsidies for exports, restrictions on imports, and other procedures. It was therefore impossible to reach agreement about a new agricultural economy for the European Economic Community on the basis of market forces alone. The task was to reshape in one agricultural market the farm economies of the Six, at the same time seeking solutions to the problems facing farming in an industrial society.

The agricultural policy developed in the EEC has made an effective contribution to Community integration. The barriers which separated the Six markets have been abolished for practically all agricultural products. Intra-Community trade has grown. The prices for farm produce are now set by Community bodies responsible for the management of markets, within and outside the EEC. All this has been accomplished in a field where governments have been accustomed to intervene on a large scale, and where the former national policies often ran counter to one another.

Although pricing policies in the Community have had some favourable effect on farm incomes, more in some sectors than in others, they are still lagging behind the incomes of other socio-economic groups.

It has become clear that market and price support policies alone are insufficient to solve the deficiencies of European farming. The key to the problem is to change the structure of production to form "modern agricultural enterprises". Hence the Commission of the European Communities, in the *Mansholt Plan* of December, 1968, has launched a far reaching programme of reform for its agriculture.

The aims of the EEC farm policy as set out in the Treaty of Rome were:—

- To increase agricultural productivity through technical progress and rational development to attain the optimum use of the factors of production, particularly of labour.
- To ensure a fair standard of living for those in farming by raising their earnings.
- To stabilise markets, eliminating gluts and scarcities.
- To guarantee adequate supplies of foodstuffs at reasonable prices to consumers.

Agricultural policy thus covered two broad spheres:—marketing and pricing arrangements, and commercial activity on the international side, as well as structural and social change in farming itself. Up to 1968, market and price considerations tended to predominate. There were major

discrepancies in levels of efficiency and output in agriculture as the Six encompassed both technically advanced and backward systems of husbandry. There were also divergences between those members whose agriculture was geared to exporting and those who were importers of farm products. The Netherlands and Italy were leading exporters, with France a close third, while West Germany was the major importer.

Pricing and financing policy

Different types of marketing arrangements depending on the nature of the product were formulated. The intention was firstly to remove tariffs and harmonize prices within the Community, thus creating a single free trade market—this has now been largely realized; secondly to enable EEC producers to compete in that market; thirdly, to provide a guaranteed common price to farmers throughout the Community.

Protection against cheap imports

For products from outside the Community, each country's import duties and restrictions have been gradually replaced by a common system of variable levies (though customs duties are retained for a few products). The levy is not a percentage charge, as customs duties usually are, but a variable charge added to the importer's price to bring it up to the Community price. Gluts and deficiencies in world agricultural output cause sharp fluctuations in world prices; countries with a surplus try to sell it to others at low prices, a practice known as "dumping". By using the levy system to bring the price of imported farm produce up to the Common Market level, protection is afforded to EEC farmers. Most products from other temperate-zone countries are subject to the levy system.

Joint financing

Both price support (through the authorities buying certain products when prices fall below a fixed level) and the subsidizing of exports of farm produce to non-member countries are financed by a special common fund. This is the *European Agricultural Guidance and Guarantee Fund (EAGGF)*; it carries out the financial aspects of the common agricultural policy. It has two sections:—

1. The guarantee section meets the cost of price support on the internal EEC market, and of exports rebates.
2. The guidance section finances expenditure on structural reform in farming, such as the consolidation of holdings, land drainage, and reforestation, as well as the alteration and improvement of production and marketing facilities (e.g. the construction of silos, abattoirs, auction markets and refrigeration plants).

The EAGGF at present derives its resources from two sources: the six governments pay into the Fund 90 per cent of their revenue from the levy on imported farm produce; and the balance needed to cover Fund expenditure is provided by the governments according to a percentage key.¹ This is however a provisional arrangement due to expire at the end of 1970. The Commission in fact proposed in July 1969 that the procedure be extended for a further year, and then be replaced by a new system giving the Community genuinely independent resources (derived from levies, customs duties, and certain other charges which are imposed by the Community as a whole rather than the governments individually). These independent resources, which would be subject to the budgetary control of the European Parliament, would be used to finance all Commission activities, including that of the EAGGF.

The breakdown of contributions to and repayments by the Fund up to the end of 1968 is given in the table below.

Table 1 **EAGGF contributions and payments to 31-12-1968^a**
(\$ millions)

| | Contributions | | | Repayments | | |
|--------------|---------------|------------|--------------|--------------|------------|--------------|
| | Guarantee | Guidance | Total | Guarantee | Guidance | Total |
| Belgium | 156 | 23 | 179 | 95 | 15 | 110 |
| France | 436 | 82 | 518 | 875 | 44 | 919 |
| Germany | 538 | 87 | 625 | 168 | 56 | 224 |
| Italy | 413 | 64 | 477 | 306 | 150 | 456 |
| Luxembourg | 5 | 1 | 6 | 1 | 3 | 4 |
| Netherlands | 200 | 27 | 227 | 303 | 16 | 319 |
| Total | 1,748 | 284 | 2,032 | 1,748 | 284 | 2,032 |

^a Excluding special payments made in 1967-1968 totalling \$208 m to German, Italian and Luxembourg grain producers.

Common prices and market arrangements

One of the principle elements in the common farm policy is that price levels should be roughly the same throughout the six countries. Otherwise free trade would be impossible. Common prices are now effective for all major types of farm produce. The fixing of these common prices has been one of the Community's most difficult achievements, since it has involved all member countries having to make sacrifices. The common prices are fixed in the "unit of account"—the unit used by the Community for all its accounting, and equal to the US dollar at its present value—and not in the different national currencies. It should be remembered, however, that these common prices are the prices which the farmer receives, not those the consumer pays. Retail prices may vary considerably according to transport costs, marketing methods, middlemen's and retailers' percentages, and so on.

The common marketing systems naturally differ from product to product. There are however several basic elements found in most sectors which are best illustrated by the arrangements for grains. The system here is based upon a *target price*—an agreed reference price calculated for the area of the EEC which produces the lowest proportion of its grain requirements, and where prices will therefore tend to be highest. The target price is not a guaranteed one, but is estimated to offer a fair return to efficient producers. The market price may fall below the target price, but if it should fall as low as the *intervention price* (set 5 to 7 per cent lower), the national farm support agencies must intervene to purchase supplies of EEC produced grain in order to keep the price up. The EAGGF then reimburses these national agencies.

A third constituent is the *threshold price*, which is the price level to which imported grains are raised by imposing a variable import levy. It is based on the target price less transport costs between the port of entry and destination.

The price which a farmer receives will be somewhere between the target price and the intervention price. Should the price on the open market fall below the intervention price, the farmer can sell to the public authorities at that price. On the other hand, the market price is unlikely to go above the target price, because of the intense competition from imported grains.

Similar procedures are applied to most other types of agricultural output, though common customs tariffs are used, instead of levies, for beef and for horticultural products, and in the latter common quality standards are also central to the marketing mechanism.

Under this marketing policy, agricultural production in the Community has been rising by about 3 per cent p.a. At the same time, 4.5 million persons have left farming since 1958. The output per person employed has increased by nearly 7 per cent p.a.—much more than in industry.

Producer prices which were rising in the years 1962-1965, have since declined in Germany, Italy and Belgium. Elsewhere in the EEC, the price rises appear to have slackened. For many farm products, consumption is now increasing more slowly than is production—hence the gap between the value of the farmer's output and the consumer's expenditure on food is widening.

¹ France 32 per cent, Germany 31.2 per cent, Italy 20.3 per cent, Netherlands 8.2 per cent, Belgium 8.1 per cent, Luxembourg 0.2 per cent.

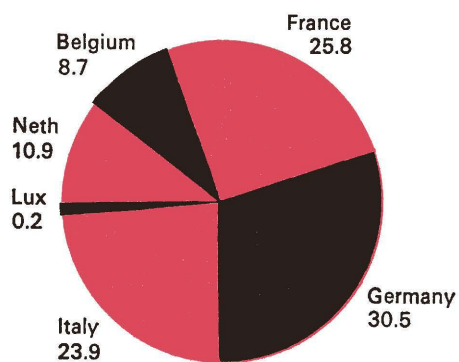
European Agricultural Guidance and Guarantee Fund (EAGGF)

Member states' contributions and repayments up to December 31, 1968

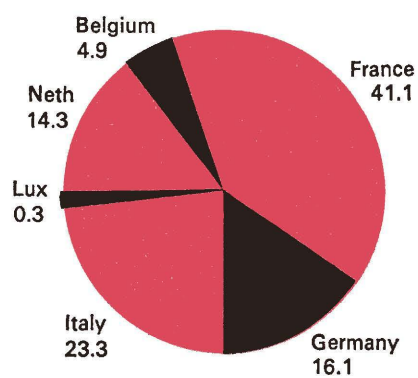
Percentage shares

Including special payments

CONTRIBUTIONS



REPAYMENTS



Balance

\$ millions

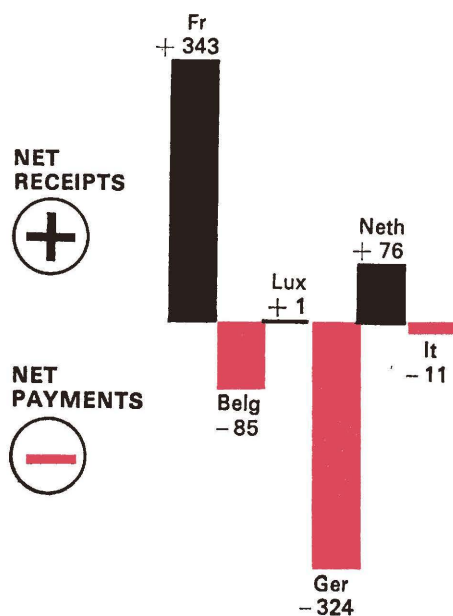


Table 2

Growth in agricultural production in the Community

| | Production 1 000 t | | Percentage increase |
|----------------|--------------------|-----------|---------------------|
| | 1952-1956 | 1962-1966 | |
| Cereals | | | |
| excluding rice | 44,700 | 57,500 | 30 |
| Sugar beet | 21,200 | 39,800 | 30 |
| Tomatoes | 1,800 | 3,900 | 115 |
| Apples | 3,400 | 5,300 | 55 |
| Beef | 2,700 | 3,700 | 35 |
| Pork | 3,200 | 4,700 | 45 |
| Poultry | 500 | 1,200 | 140 |
| Milk | 54,200 | 68,600 | 25 |
| Butter | 800 | 1,200 | 50 |
| Cheese | 1,000 | 1,500 | 50 |
| Eggs | 1,300 | 2,000 | 55 |

These trends are significant in view of the substantial degree of self sufficiency which the Community has achieved. It provides more than 90 per cent of its temperate food requirements. For several products—pigmeat, poultry and eggs—self-sufficiency is nearly complete. Large imports of feeding stuffs, beef and veal are purchased, but the EEC has growing surpluses of wheat (European grades), dairy products and sugar, with an overabundance of certain fruits and vegetables developing. The surplus of butter has now reached around 300,000 tons. Despite the export refund scheme the products in surplus cannot readily be sold on the world market.

These surpluses, promoted by price guarantees to EEC producers, have involved Community agencies in mounting expenditure for market support. It is estimated that this will increase to around £960 million for 1969, quite apart from the £1,040 million which will be spent on farm improvement (£920 m by the member governments, £120 m by the EAGGF).

Production quotas are no solution, as they are difficult to apply, and are contrary to the specialisation which is one of the main benefits of a common market (though they are in fact used for sugar). Any cutback in output means a lower income for a producer, which would in turn have to be offset by still higher prices. It has become clear that more is needed for agriculture in the Community than marketing policy alone can bring; the pattern of production must also be adapted to changing conditions. Hence the guarantee section of the EAGGF will have to allow demand to guide and limit production via the price mechanism thus permitting agricultural markets to work in a more "normal" way. It is envisaged that the fund will spend less on price support.

An agricultural policy which affects the selling prices of products but not their costs of production cannot secure adequate standards of living within a reasonable time for many engaged in farming. High prices can do little to solve the fundamental problem of numerous too small and sparsely mechanised holdings. In West Germany, France, Italy and Luxembourg farmers earn on the whole less than those in other occupations; their position is however more favourable in the Netherlands, Belgium, and the United Kingdom. Together EEC farmers contribute 8 per cent (roughly £1 out of every £12) to the Community's gross product. Although the EEC comprises one of the world's most technically advanced and industrialised regions, agriculture has not kept pace with other sectors, and hence the Mansholt Plan, entitled "Agriculture 1980" has been drawn up.

Structural policy

The EEC and its member states have already made investments to improve the structure of agriculture. Yet farming is slow to change. The average size of holdings of more than 1 ha. has increased by only 1 ha. in France over 2½ years, and in West Germany over 10 years. Of more than 4 million dairy farmers, only about 75,000 keep more than 20 cows. Pig and poultry production is also predominantly small scale.

About 80 per cent of the farms in the EEC are too small to provide enough work for one man on a modern rational basis. The Mansholt Plan states that with up-to-date facilities and equipment, one farmer can easily cope with 30 to 40 ha. (75 to 100 acres) or 40 cows. People will therefore have to be induced to leave farming—some 4.7 million will have left between 1960 and 1970, and a further 5 m will need to leave by 1980, of whom half will retire and half will go to jobs in industry.

Since the output potential of so many farm units is so limited and farmers have often no opportunity to earn additional income, the majority have to apply highly intensive production methods in order to make a minimum return, producing as much as their techniques will permit without reference to market conditions. Surveys have shown that well managed farms with sufficient productive capacity (land, stock and capital) do earn incomes comparable with those in other sectors of the economy, but in the Community, too many yield incomes far below a satisfactory level. The Commission urgently wants to remove economic and legislative barriers in the Six which are obstructing the increase in farm size, and to improve the mobility of labour and land use.

Implementing a far reaching policy to modernise farming will require resourcefulness and adaptability from the farming community. Structural reform, as set out in the Mansholt Plan, will work only if cooperation is voluntary. Farmers, both as individuals and in their trade organisations will have to do much to help themselves. The Commission makes the following recommendations:

- Production should be concentrated on efficiently run farms of a size to allow an optimum combination of the factors of production. These units, "modern agricultural enterprises", would give better investment outlets, justify the application of new techniques, and provide a working week and income for farmers similar to those of other employments.

- The new enterprises would consist of not less than 80 ha. (200 acres) of arable land and for grain cropping, or at least 40 head of dairy cattle, or 10,000 laying hens. These production units would be formed by expanding existing holdings, or by amalgamation. Financial assistance, providing initial grants for individual farmers to join such enterprises, or to change from dairying to beef production will have to be provided. Member countries' spending through grants and loans will have to be directed to the same ends.

- The new farm units would employ fewer persons than present holdings. Older people will have to receive financial assistance towards their retirement, and compensation would be given to farmers over 55 who offer their land for the structural reform programme. Younger farmers will also have to leave farming, helped by financial aid and retraining for other employment for themselves and their families.

- To adapt the total agricultural area to the pattern of demand in the EEC, and in export markets, no new land should be farmed, and marginal land will have to be abandoned. The Community's farm land may be reduced from 70 m. to 65 m. ha. (175 to 162.5 m. acres) between 1970-1980. The area going out of farming would meet the

growing need for recreational land use, and secondly, the afforestation of 4 m. ha. (10 m. acres) would compensate for the extreme scarcity of timber forecast for the Community.

• Certain short term measures will also be required. The number of dairy cattle is to be reduced, with a compensatory payment to farmers. Member states have been asked to stop measures to augment dairy stocks in order to reduce milk and butter surpluses. As such a large number of farmers depend on income from milk sales, no immediate change in milk prices was proposed, but a severe cut in butter prices was recommended. If no action were taken, the EEC butter surplus could rise by 300,000 tons p.a. making storage facilities inadequate. Fattening subsidies were suggested to encourage beef and veal production. The situation for grains and sugar is also critical, and sugar output should be curtailed. In horticulture, the production of apples, pears and peaches was rising faster than consumption, being complicated by seasonal surpluses. A ceiling on quantities grown and marketed was proposed, with processing arrangements for products in glut. Oil seed prices would be reduced. The price level for oils and fats involves international markets, since the EEC is the biggest importer of these commodities for preparing margarine. Here the interests of developing countries associated with the Community are at stake, and the Commission proposed to charge a tax on products made from vegetable oils with financial compensation going to Community associates in Africa to ensure adequate export earnings. Such measures are intended to reduce or remove marketing difficulties for the products at present in surplus.

Furthermore the market structure and distribution system need radical overhaul if full benefit is to be derived from the Common Market. Efficient information services on the supply, demand and stock position are essential for producers, whether acting in farmers' societies or cooperatives. Community wide organisations for each commodity or group of products would be advantageous in spreading information. The Mansholt Plan thus shows that "drastic reform is the only means of ending the financial, economic and social chaos which is called 'the agricultural problem'." Effective measures will have to be taken under the 'Agriculture 1980' programme to restore equilibrium to the Community's farming economy.

The cost of implementing these new proposals will be high. But, the Commission maintains, to continue as at present, with ever mounting surpluses of some products, would be even more costly. During 1969 agriculture will probably cost the Community some £2,000 million, as is explained above. The new proposals will mean slightly higher expenditure initially, but the average annual cost over the ten years 1970-1980 would be around £1,040 m., and by 1980 it would have fallen to not more than £830 m., being £310 m. for price support and £520 m. on modernisation. To this must be added the cost of attracting new industry into many farming areas and of retraining labour. But unless a programme of reform is undertaken it is difficult to see how the Community will ever have an efficient agricultural industry.

Differences from the British farm support system

All Western European countries have to protect their farmers from the more efficiently and cheaply produced

temperate-zone food products which come from such countries as the United States, Canada, Australia, New Zealand and Argentina.

Under the British system of protection, imported produce is allowed into the country free of duty, so that the ruling market price in Britain is basically the same as the world price. Since the British farmer could not possibly compete on this basis, he receives from the government (i.e. from the taxpayer) a subsidy known as a deficiency payment. The deficiency payment, added to the price he receives for his produce on the open market, covers the production costs of the farmer and is intended to assure him what is considered a reasonable income. The amount of the deficiency payment on each product is fixed each year by the government in the Annual Price Review.

None of the EEC countries has ever operated this system, and the levy system which has now been agreed upon for the whole area is very different. Indeed, the British system would have been prohibitively expensive for the EEC since it would have involved their subsidising about 16 per cent of their working population, whereas the British have to subsidise less than 3 per cent.

Under the EEC's variable levy system, instead of keeping domestic prices artificially low at the world market level by subsidising the home farmer, the price of imported farm produce is artificially raised to the domestic level by imposing the levy.

Conclusion

With common prices and market organisations in force for all main and most minor products, one can say that a common market for farm produce is very nearly complete. However, market situations are still far from uniform in the six countries; taxation and customs legislation, plus veterinary, food and plant protection laws are not fully integrated, frontiers can still be closed between member countries of the EEC for health reasons based on national regulations. But work on the task of harmonising all these is progressing, and many of them are in any case relatively minor and uncontroversial matters, especially compared with pricing and financing policies. It must be admitted that the level of prices agreed for certain products—notably grains, dairy produce and sugar—is too high and has consequently led to over-production. This is because the farming community is large, and some governments have in the past felt either unable to risk angering a powerful lobby or disinclined to reduce the incomes of a less favoured section of the population by agreeing to lower prices. But, in line with the proposals of the Mansholt plan, emphasis on price support will almost certainly lessen in future. Furthermore, the devaluation of the French franc in August, and the revaluation of the German mark in October 1969, led to the Community's agreeing temporarily to isolate, in different ways, both France and Germany from the common agricultural market.

Nevertheless, despite these setbacks, agriculture is the field in which the Six have moved closest together and where integration has proceeded farthest. Decisions on prices and marketing and financing policies are no longer taken unilaterally by the individual governments, but jointly in the Community institutions.

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