



# EUROPEAN COMMUNITY

## FOR COAL AND STEEL

R U L L E T I N

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### THE COMMUNITY'S LABOUR POLICY

The social aim of the Community is to equalize living standards upwards in an expanding European economy. Having taken the first steps toward that economic expansion in creating a common market for coal and steel across six countries where living standards and wages differ, though not radically, the Community has taken as one of its major objectives the gradual improvement and, in the Treaty's words, the "equalisation in progress" of labour's conditions of life and work.

The principle behind the Community's labour policy is that

social advance must be sought through economic progress with and for the worker, not apart from, and therefore often against, him. Thus, in the institutions of the Community, the Trades Unions participate by right, on an equal footing with the producers, and not as so often in the past, barely on sufferance (see p. 4 ).

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EMPLOYMENT			
(end 1953 in '000)			
	Community	U.K.	U.S.A.
Coal	933	709	316
Iron Ore	60	5	40
Steel (a)	557	308	655
(a) Excluding foundries			

Recognition of the same need has prompted the "readaptation" policy, designed to protect the worker from the risks of unemployment due to technical progress ( see p. 7 ).

Equal social conditions in the different states <sup>(1)</sup> can only be a longterm consequence of a united Europe not, as is the Coal and Steel

Community, the first step towards it. The High Authority, the executive of the Community, has no direct powers to fix wages, change social security provisions or modify tax structures. Its aim is more limited: to guarantee for labour the genuine opportunity to obtain better conditions of life and work on the common market. Thus, it can prevent a coal or steel firm from paying wages which are abnormally low for the area in which it is situated; it can stop the lowering of wages as a weapon of competition. It may encourage better housing conditions through its investment loans or help finance research into safety measures. It may equally press for the elimination of the barriers which now exist to the worker's right to move to the job of his choice, regardless of frontiers, inside the Community (see p. 9 ).

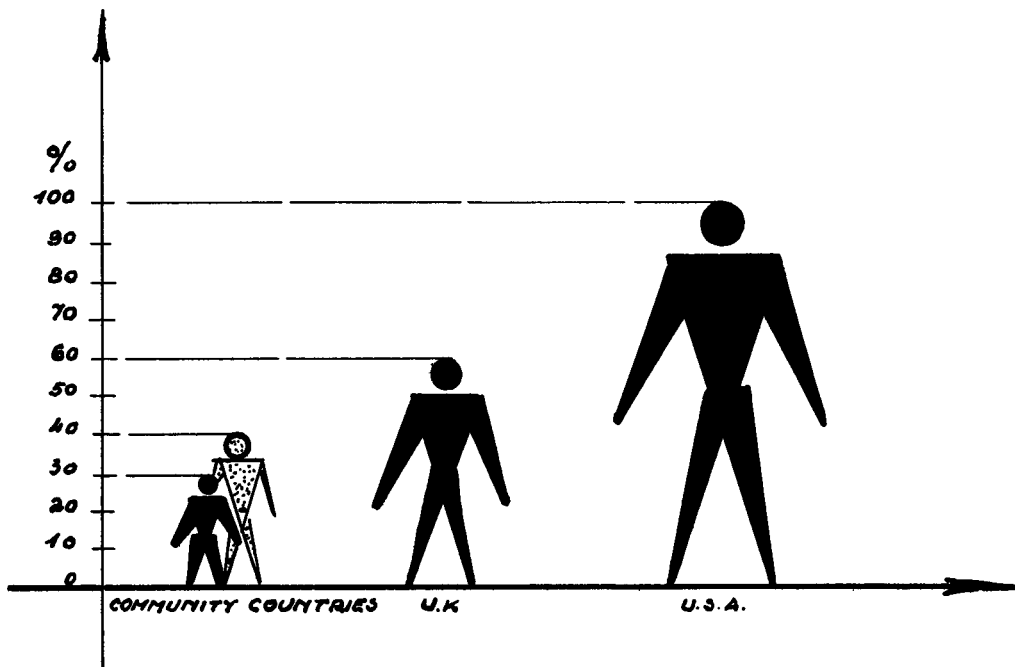
The Community is introducing important policies new to Europe, which aim at supplanting labour's present suspicion of management, and the forms which economic progress takes, by a fruitful relationship where labour can bring to, and take out of, the economic machine far more than it can at present. Labour's role must grow with the growth of the Community.

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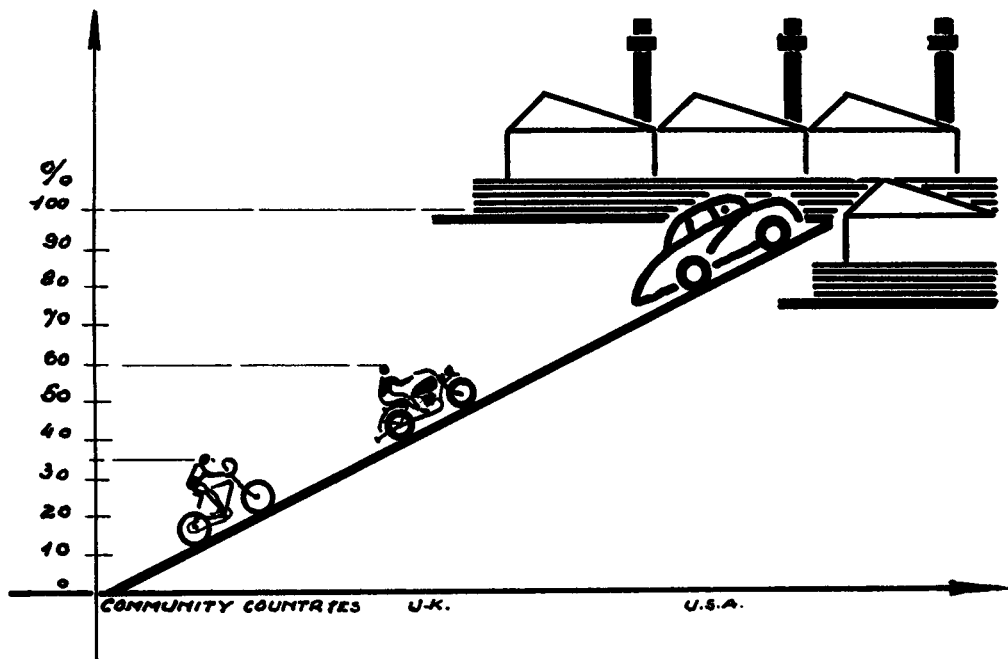
(1) The member states of the Community are Belgium, France, Germany, Italy, Luxembourg and the Netherlands, along whose 1.700 miles of common frontier the obstacles to coal and steel trade were removed by the opening of the common market in spring 1953.

# HIGHER PRODUCTIVITY PERMITS HIGHER WAGES

PRODUCTIVITY IN INDUSTRY PER HEAD OF EMPLOYED- (1950)



WAGES PER HEAD OF PERSONS EMPLOYED (1950)



There is a definite though not exact relation between productivity and wages: they are high - or low - together. The graphs show how far Europe has to improve its productivity to hope to raise its wage standards to American, or even British, levels. The Community figures stand in fact only for the Benelux states, France and Germany; were Italy included they would be lower.

The relations given in percentages since the dollar exchange rate does not reflect the real conversion rate of American into European purchasing power: absolute figures would convey a false exactness.

## LABOUR REPRESENTATION

One source of influence lies in being present when decisions are made. This has, too often in the past, been denied to the Trades Unionist. In the Community these dangers have been reduced to a minimum. Two members of the High Authority are Trades Unionists: Mr. Paul FINET, the Belgian Socialist steel worker and former President of the International Congress of Free Trades Unionists; and Mr. Heinz POTTHOFF, who has long been associated with the German Trades Union Congress.

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

In any case the vote matters less than the consultation. As Mr. Jean MONNET, President of the High Authority, has said, "the High Authority does not judge the merits of your opinions by the weight of the voting majority, which may at times express a momentary community of interests, but by the weight of the arguments, the concerns and the experiences which you put forward in the discussions". The Consultative Committee has already in 1 year's existence had 9 plenary sessions. Labour's representatives participate in the routine work of government in an atmosphere of equal opportunity with the producers.

## HIGH AUTHORITY ACTION SO FAR

The High Authority has, in the first year of its social policy, concentrated on housing; the free movement of labour; and "readaptation". A

beginning has also been made, however, in a number of other essential fields, such as professional training and job evaluation, research into safety measures and mining diseases (for instance, as a start a secretariat is being provided to translate and distribute the results of individual research teams); the comparability from country to country and plant to plant of jobs and wages etc.

HOUSING      The High Authority has, as one of its investment priorities (2) in the next five years, set a target of 100.000 dwellings for miners working underground. More efficient coal production in better conditions is one of the Community's urgent needs and it is among miners that housing most needs improvement. About 60.000 dwellings must be rapidly replaced. Another 40.000 homes need to be built round pits which are being developed.

A rough preliminary survey made in Autumn 1952 suggested that nearly 20% of the Community's 1 3/4 million workers then lived in homes that were inadequate or located too far from their place of work. At least 60.000 homes have since been built under the various national programmes. But the High Authority can increase this rate of building especially by helping to finance projects for faster and cheaper mass construction without loss of standards.

Better housing would, for instance in Belgium, induce many immigrant Italian miners, attracted by high Belgian wages, to settle with their families. As it is, the turnover there is exceptionally high. Between 1950 and 1952 one out of five miners signed on was still on the colliery books after a year. High turnover, in Belgium as in Germany, retards the formation of a skilled labour force; it lowers productivity; and contributes through the miners' inexperience to a high accident rate. Further, many miners live

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(2) The regular levy of 0,9% on Community production will raise about \$ 48 (£ 17) millions in 1954. There will probably be \$ 35 (£12 1/2) millions by 30 June 1954 in a guarantee fund for raising development loans. Talks for a U.S. government loan are due to begin shortly.

## INSTITUTIONS OF THE COMMUNITY

### II - THE HIGH AUTHORITY: CONSULTATIVE COMMITTEE

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The Consultative Committee is attached to the High Authority to make heard the views of the producers, workers and consumers of coal and steel on Community policy; to provide the vital contact between the executive and the industries.

The Consultative Committee must be consulted by the High Authority on certain subjects such as: production and investment programmes; readaptation; financing of research; establishment in times of « manifest crisis » of production quotas or allocation of supplies; actions against lowering of wages as weapon of competition etc. The High Authority may consult the Consultative Committee whenever it deems necessary.

The Consultative Committee may require 10 days to prepare its opinions when consulted.

The Consultative Committee is composed of 51 members equally divided among producers, workers and consumers. They are nominated by the Council of Ministers for a period of two years. The members sit in their personal capacity.

#### THE EXECUTIVE (1954):

André RÉNARD (Belgian steel worker)	President
Helmuth BURCKHARDT (German coal producer)	Vice-President
Albert METRAL (French consumer)	Vice-President
Alberto CAPANNA (Italian steel producer)	
Stanislaus DOHMEN (Dutch coal worker)	
Alphonse THEATO (Luxemburg consumer)	

far from their work; some spend over half as many hours again in travel as at the pits. The cost in transport for some collieries adds \$ 1 (7/-) to the price of a ton of coal. More houses are both a social and an economic necessity.

The High Authority is considering a pilot project for research into the better organization of building sites and new uses of steel for construction. This could also help to solve housing problems arising from the "readaptation" of workers in 1954 (see p.8 ). It is suggested that the High

Authority should grant money from its immediately available funds towards the building of 1,000 dwellings concentrated on sites of at least 50 houses. In this way, experiments could be made in various regions of the Community, as local building materials, standards problems of organization and prices differ considerably: the average cost of a new worker's house in 1952 in Germany was \$ 3275 (£ 1,150); in France it was \$ 6650 (£ 2,350).

READAPTATION      The readaptation clauses of the Treaty guarantee that the worker shall not bear the risks of shifts in production due to the establishment of the common market or to technical progress upon it (this excludes unemployment due to the trade cycle). "Progress in Europe" to quote Mr. Monnet's words to the Common Assembly <sup>(3)</sup> on Jan. 14th, "has often in the past been hindered by a desire to retain obsolete methods of production for fear of unemployment. Yet to maintain such methods both prevents the lowering of production costs and a rise in wages. The future European economy essentially depends upon the removal of this discrepancy between the desire for stability and the need for progress".

The High Authority may help, out of its resources, to tide workers over till they obtain new jobs, finance their reinstallation in new areas, retrain them in new skills; and even, in certain circumstances, provide investment loans for development absorbing labour outside the field of coal and steel. As a first allocation, a fund of \$ 7 (£ 2 1/2) millions is being put aside for readaptation costs. Governments must, however, contribute as much as the High Authority to each operation.

Two requests for readaptation aid have been received in December and January.

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(3) Assembly: The Community's Parliament. Consists of 78 members; elected by national Parliaments yearly from amongst their number. May overturn High Authority by no-confidence vote.

The first, from the Italian government relates to 6.530 workers dismissed in 1953 and 2.750 due to be dismissed from 1954-6 from the Italian state and private steel mills. The Italian steel industry has, since 1948, been modernising its steel industry and dismissing its labour force, which was very high. <sup>(4)</sup> The latest dismissals seem to constitute the final stage in this process. A delegation from the Italian government is due to arrive in Luxembourg on February 17th to discuss the problems involved and present its plans.

The second, from the French government, relates to a shift in production foreseen in the next three years from the high-cost mines of the South and Centre to those of Lorraine which have the highest productivity in the Community. The High Authority is asked to contribute to the reinstalling and rehousing of the bachelor miners (5.000 according to an estimate) willing to move to Lorraine. The total estimated costs to be shared by the High Authority and the French Government would be \$ 2 3/4 (£ 1) millions for reinstallation and \$ 19,6 (£ 7) millions for housing.

The High Authority is examining both requests.

The governments have made it clear in their requests for aid that the modernisation programmes had in any case been envisaged, though the establishment of the common market quickened them. It is of interest that the French government proposes in its latest plans to associate labour in its national development programmes outside coal and steel by applying "readaptation" measures of its own.

COAL STATISTICS (a)			
1952 and 1953			
		1952	1953
Production	(million tons)	239	237
Imports	(million tons)	22,3 (b)	13,6 (c)
Exports	(million tons)	4,5	5,9
Stocks	(million tons)	7,1	10,7
Trade between Community countries	(million tons)	15,8	19,3 (d)
Employment	(e)	948	933
Productivity (in Kgs. per underground worker)	(e)	1352	1361

(a) Steel Statistics not yet fully available  
 (b) including 16,4 from U.S.A. and 3,6 from U.K.  
 (c) including 6,5 from U.S.A. and 5 from U.K.  
 (d) an increase of 21,7 %  
 (e) Situation last week of December

(4) Whereas production between 1948 and the end of 1953 rose from 2,1 to 3,4 million tons a year, the labour force fell from about 56.000 to 43.000. Italian steel costs on the average some 15% more than the steels of the other regions of the Community.



FREE MOVEMENT  
OF LABOUR

An intergovernmental conference on the Free Movement of Labour is being convened towards the end of March by the High Authority. Its task will be to draw up a European Labour Card, allowing coal and steel workers to take jobs anywhere in the Community without undercutting local wage rates. The High Authority suggests that the Card should be given to workers who are technically qualified or have over 2 years' experience in the Community industries, when they apply to take jobs across a frontier. Suggestions for a full weekly distribution of information between the national exchanges on the labour demand and supply situation will also be tabled.

A second conference will be convened later to harmonize the various bilateral international social security conventions applying to migrant workers. There are already 15 different bilateral conventions between the 6 member states. 3 only (2 concern the Saar) are lacking to complete the links between them. Nevertheless, these conventions do not solve the social security problems of workers employed successively in more than two countries. Sometimes, also, discriminations exist. Thus, for instance, under the Belgo-French convention, periods of work in the Belgian mines are discounted by 1/3 in calculating rights under the French old-age pension scheme.

A multilateral convention is envisaged to harmonize and confirm these agreements. In this way the main obstacles to the free movement of labour within the Community would be eliminated.

The workers, immediately affected by these provisions will probably be few. Most of the present migration in the Community concerns Italian agricultural labourers employed in the Belgian mines. About 40.000 of the 150.000 miners in Belgium are Italians, the proportion at the face being still higher. But most of them return home with their savings after a short stay. The other main group of migrants are about 12.000 workers living near frontiers who cross them to go to work and encounter no practical obstacles.

Nevertheless, the fact that workers will have the right to transfer to

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

The High Authority's role at the conference will be to preside over and guide the government negotiations.

## THE MONTH PAST

- 1954 Jan 12 High Authority receives request for readaptation aid from French Government (see p 8 ).
- Jan 14 - 16 Common Assembly unanimously votes resolution in support of High Authority investment targets aiming at lowering of costs, notably of raw materials to steel industry; raising steel capacity to 50 million tons by 1957/8; and construction of 100 000 housing units in Community industries.
- Mr. Jean MONNET, President of the High Authority, announces allocation of High Authority funds accumulated till June 1954 to following purposes:
- |   |                           |
|---|---------------------------|
| credit fund for raising development loans:      | \$ 35 (€ 12 1/2) millions |
| readaptation:                                   | \$ 7 (€ 2 1/2) millions   |
| technical research:                             | \$ 1 million (€ 350,000)  |
| administration between 1 Jan. and 31 June 1954: | \$ 5 (€ 1 3/4) millions   |
- Jan 22 Mr. Dirk SPIERENBURG, Member of the High Authority, tells Economic Affairs Commission of the Consultative Assembly of the Council of Europe that « the High Authority will ensure that equitable prices are maintained on the export market, as the Treaty requires. If export prices were to become inequitable, the High Authority would intervene using the powers conferred on it by the Treaty ».
- Feb 1 New rules of price publication (see Bulletin No. 1, p. 8) go into effect. The first revised price lists put out notably by Belgian steel producers register a drop to present real prices. (The price lists of other firms are in process of being received).
- Feb 6 - 9 Mr. MONNET travels to Berlin to discuss with Mr. John Foster Dulles, U.S. Secretary of State, progress of Community and methods of launching a U.S. government development loan to Community. Confers also with Mr. Eden and Mr. Bidault, British and French Foreign Secretaries.
- Feb 10 French Government lodges appeal with the Court of Justice against High Authority's new rules of price publicity.

## THE WEEKS AHEAD

1954 March 4 - 5

Consultative Committee

consulted by High Authority on

- coal (whether and how to review regulations applied in March 1953 at beginning of common market; rules included price ceilings and first stage of elimination of subsidies in establishing common market. Second stage is now envisaged).
- indirect exports (should rebates on the price of steel be accorded by Community firms to engineering industries which need to lower their prices to compete on world markets ?).
- scrap (whether and how to revise present system of price ceilings and equalisation fund on imports).

March 8 - 9

Council of Ministers

consulted by High Authority on coal and indirect exports (as above).

March 10 - 12

Court of Justice

First public hearing (appeal by German shipping companies against High Authority decision of March 31, 1953 to end rebates on coal prices formerly accorded them).

around Mar 22

Council of Ministers

consulted by High Authority on scrap ( as above) and on regulations concerning concentrations of industrial power liable to become monopolies.

towards end of March

Intergovernmental Conference of the member states of the Community on the Free Movement of Labour.