

E U R O P E A N C O A L A N D
S T E E L C O M M U N I T Y

**Real Incomes
of Workers
in the Community**

INFORMATION SERVICE OF THE HIGH AUTHORITY

The European Coal and Steel Community has set in motion a number of far-reaching changes in Europe.

Not all of us are yet fully aware of what is going on, because the technical aspects of coal and steel problems often mask the scope and implications of these changes.

The object of this series of publications is to make the Community's work better known and understood in all its aspects.

The present booklet, compiled and published by the High Authority's Statistics Division, gives a brief account of the first studies carried out in connection with a problem which is still the subject of considerable controversy: the international comparison of real wages.

The full report on these studies which the High Authority conducted with the co-operation of experts representing the Governments, the employers and the workers, will be published in the series entitled "Studies and Documents".

Already published in English:

TOWARDS EUROPEAN INTEGRATION

First Results for Coal and Steel

WHAT IS THE COMMUNITY ?

EUROPEAN COAL AND
STEEL COMMUNITY
THE HIGH AUTHORITY

REAL INCOMES
OF
WORKERS IN THE COMMUNITY

LUXEMBOURG, JANUARY 1957

THE OBJECT OF COMPARING REAL INCOMES

It has often been said that what matters to a worker is not so much the amount of his nominal wages as the vital point — what goods and services can he in fact buy with the money he earns? It is this *real income* which matters to him.

This holds good within the national economy of any given country; it is just as true when we compare one economy with another. It follows then that to gain an idea of the cost and standard of living of the workers in Community industries, it is necessary, along with numerous other studies, to embark on a comparison of real incomes.

In accordance with its obligations under the Treaty, the High Authority of the European Coal and Steel Community has been working ever since its inception on the comparison of the real incomes of workers in the Community countries. In the following pages an attempt is made to summarize its findings to date. These can, of course, be given here only in a shortened form. For a fuller study of the question, the reader is referred to the detailed publication issued by the High Authority (1).

(1) *Comparaison des revenus réels des travailleurs des industries de la Communauté*. Luxembourg, 1956 (to be published in English in the near future).

Methods of comparing real incomes between one Community country and another

A comparison of real incomes in more than one country presupposes the existence of comparable data for the countries concerned. It is by no means safe to assume that this will be the case. Anyone who has ever tried to compare figures from different countries is aware that statistics vary considerably from one country to another, whether by reason of differences in legislation, or of differences in economic, financial and social policy, or again of differences in the importance of one social group in relation to another, and so forth. The first essential, therefore, in compiling statistics on real incomes is to obtain comparable, standardized data:

- 1) delimiting the industries and workers studied,
- 2) delimiting the nominal incomes, and
- 3) determining the purchasing power of the nominal incomes, expressed in the currency of the country concerned.

1. Delimitation of industries and workers studied

The figures shown are for the coalmining industry (pits proper, including ancillary services), the iron and steel industry (works producing pig-iron, crude steel and rolled products within the meaning of the Treaty establishing the European Coal and Steel Community together with certain of the auxiliary and ancillary services of these enterprises in so far as these fall under the Treaty) and the iron-ore industry (mines and ancillary services). The figures cover "all workers employed in the enterprise on a contractual basis and paid by piece-rates, by the hour, or by the shift"; supervisory staff, such as foremen and deputies, are not included among the workers.

For the sake of simplicity only *certain categories of workers* are taken into consideration for the studies that follow; these are:

in the hard-coal mines: the underground workers on the books of the colliery;

in the iron and steel industry: workers on the payroll;

in the iron-ore mines: underground workers on the books.

2. *Delimitation of incomes*

Unless otherwise stated, the figures for *income* refer to one calendar year, although this income may be based on a different number of working hours and days in each country.

They cover gross earnings and, in the coalmining industry, also certain allowances in kind, less social-security contributions by the workers and taxes on their income; family allowances have been included, but social-security benefits received have not. Information so far available suggests that the resultant *net income* represents, on the average, about nine-tenths of the total income of the family (1). This net income forms the basis of the studies recorded below.

3. *Purchasing power of incomes*

Finally, we must know how these incomes, which are expressed in different currencies, can be *converted into comparable purchasing power*.

(1) The remaining tenth consists of the income of other working members of the family, of annuities, pensions, supplementary income derived from keeping livestock or cultivating a garden or the like. This income can be disregarded for our purposes.

A simple example will show us the means of solving this problem. In 1954, a miner underground, married with no children and living in enterprise-owned housing, received the following amount as his net annual income (1):

in France	Ffr. 455,908
in Germany (F.R.)	DM 4,535

Is it possible to compare these figures directly? Obviously not. We must know how the franc and the mark compare as regards their power to buy consumer goods. This is the decisive factor in understanding the comparison of real wages, and so we must go rather more deeply into this question.

We know from an analysis of family budgets that if he spends his entire income on purchases, incurring no debts and accumulating no savings, the Ffr. 456,000 which the French miner received (net) in 1954 would enable him to buy a certain quantity of goods and services. The amount spent is conditioned by the variety of different commodities he buys, the quantities in which he buys them and the price he has to pay for each separate item of each commodity.

Let us picture these goods as being packed in a big *shopping basket*. In doing so, we will have to accept that some of the services for which the worker pays, such as radio programmes or haircuts, can only be put in the basket in some symbolic form such as coupons, as they do not exist until they are actually "consumed". This "French basket" is thus filled in part with such goods as are consumed in all the countries of the Com-

(1) The incomes given here are as defined in Section 2 above.

munity, but it also contains more French specialities than similar baskets in other countries, e.g. red wine, white bread, poultry, and the like. Now, if our French worker went to Germany and tried to fill his "French basket" there with the same quantities and qualities, he would have to pay a certain sum in DM. Inquiries made by the High Authority into consumer-goods prices reveal that this sum would be DM 5,426. Ffr 456,000 therefore correspond to DM 5,426 or, to put it more simply: on the basis of the "French basket" it would be necessary to spend in Germany DM 1.19 to obtain what in France can be bought for Ffr. 100. Conversely, you need in France Ffr 84,00 to buy what on the average costs DM 1 in Germany.

This is in technical language *the consumer purchasing power parity (P.P.P.) as between the French franc and the German mark $\left(\frac{\text{DM.}}{\text{Ffr.}}\right)$ on the basis of French consumer habits.* This consumer P.P.P., which is a purely abstract concept, is based on the prices prevailing in the regions where coalfields, iron-ore mines and iron and steel industries are situated, and applies to the workers employed in these regions (1).

Now we can, of course, also consider the same matter from the angle of the German worker. As we have seen, the worker in Germany received DM 4,535 net in 1954. With this money he can buy certain commodities in certain quantities at certain prices in Germany. This "German basket" of his probably contains a number of goods in much the same quantities and qualities as those contained in the French basket, but it will also include certain products which are the typical choice of the German worker, such as, for instance, bottled beer (instead of red wine), brown bread or black bread (instead of white bread), more pork than poultry, and so on. This "basket" costs DM 4,535 in Germany. Now, a

(1) The parities given here are applicable only to comparisons of real incomes of miners and of workers employed in the iron and steel industry.

German worker goes off to France and there tries to buy the same quantities and qualities of all the commodities which make up the "German basket".

According to the enquiries made by the High Authority he would have to pay Ffr. 431,596 for them. On the basis of the "German basket" then

DM 4,535 correspond to Ffr. 431,596 or
DM 1 corresponds to Ffr. 95.17 or
Ffr. 100 correspond to DM 1.05

This is the consumer P.P.P. $\frac{DM}{Ffr.}$ on the basis of the "German basket" or German consumer habits (1).

And here we make a discovery which may at first be surprising but on closer examination appears reasonable enough: for the purchase of consumer goods, there are two answers to the question on the purchasing power of the French franc in relation to the mark:

DM 1 equals Ffr. 95.17 on the basis of the *German* basket.
DM 1 equals Ffr. 84.00 on the basis of the *French* basket.

Similarly, Ffr. 100 equal DM 1.19 on the basis of the French basket, but only DM 1.05 on the basis of the German basket.

Whenever, therefore, we compare incomes expressed in different currencies and convert them into one particular currency, we must show clearly on which national "basket" — which national pattern of consumption — we have based our comparison. Comparisons of real incomes between different countries are meaningless unless these factors are borne in mind when interpreting the results.

(1) The parities given here apply to comparisons of real incomes of miners and of workers employed in the iron and steel industry.

There is *one further step* that must be taken before the details given below can be fully understood. We have so far spoken only of France and Germany, of consumer purchasing power parities between these two countries and of the consumer habits and “baskets” of these two countries. In fact, however, we have to compare six countries in so far as the coalmining industry is concerned (Belgium, France, Germany, Italy, the Netherlands and the Saar), seven when we deal with the iron and steel industry (the above plus Luxembourg) and only four when we consider the iron-ore industry (Luxembourg, France, Germany, Italy). For our Consumer P.P.s. we therefore have as many baskets as countries, which means *a very large number of parities as between all the different countries.*

Comparison of incomes, 1954

1. Inter-relationship of national baskets

If we work out in terms of Consumer P.P.Ps. the figures relating to net annual incomes, we arrive at a comparison of real incomes. But, as we have seen, there is not just one answer for each pair of countries; there are two, as differences in the patterns of consumption yield two different Consumer P.P.Ps. The example below shows what this comparison of real incomes, covering all six countries, looks like when applied to the miner underground, married, with no children and living in enterprise-owned housing.

Net income of miners underground, 1954 (in comparable purchasing power)

Income of the worker in	Net annual income expressed in					
	DM	Bfr.	Ffr.	Ffr.	Lire	Fl.
	based on the "shopping basket" of					
	Germany	Belgium	France	Saar	Italy	Netherl.
Germany (F.R.) (1)	4 535	51 476	381 092	423 832	596 710	3 149
Belgium	5 530	67 685	492 972	531 697	764 802	4 110
France	4 790	57 817	455 908	466 259	729 336	3 496
Saar	5 790	69 028	538 189	573 709	877 230	4 202
Italy	3 683	41 433	321 064	349 423	576 792	2 627
Netherlands	5 684	69 038	470 645	540 370	754 655	4 377

(1) All figures for Germany refer to the Federal Republic.

The first column read downwards shows the miners' real incomes on the basis of the Consumer P.P.P. in accordance with German consumer habits, the second column comparable figures on the basis of Belgian consumer habits, the third on the basis of French consumer habits, and so forth.

No one would suggest that the solutions found so far are particularly easy to grasp; but we are now in a position to simplify matters considerably. This can be done, firstly, by the use of percentages, and, secondly, by the use of a "European basket".

2. Percentage comparisons of incomes

Percentage calculations are easily comprehensible. The Treaty establishing the Community makes frequent reference to the "harmonization of conditions in an upward direction." We should, therefore, always compare the net income of the miner in any given country with that of the miner in the country with the highest income or, as the statisticians say, take the figure for the country with the highest income as 100. This is done for each basket in turn, and the example we have already used then looks like this:

Net income of miners underground, 1954

(in each case the country with the highest income = 100)

Income of the worker in	based on the basket of					
	Germany	Belgium	France	Saar	Italy	Netherl.
Germany (F. R.) .	78.3	74.6	70.8	73.9	68.0	71.9
Belgium	95.5	98.0	91.6	92.7	87.2	93.9
France	82.7	83.7	84.7	81.3	83.1	79.9
Saar	100.0	100.0	100.0	100.0	100.0	96.0
Italy	63.6	60.0	59.7	60.9	65.8	60.0
Netherlands	98.2	100.0	87.4	94.2	86.0	100.0

The significance of these figures now becomes clear if the table is read line by line, from left to right. For example, compared with the country with the highest income, the German miner (underground, married, no children, living in enterprise-owned housing) earned in 1954 78.3% of this maximum income or, depending on the shopping basket used as the basis of computation, 74.6%, 70.8%, 73.9%, 68.0% or 71.9%.

If these percentages are now arranged in numerical order, they show that in 1954 the real purchasing power of the German miner (underground, married etc.) was 68–78% of that of the worker in the country with the highest miners' incomes. The rest is simple enough:

Germany	68—78%	of country with highest miners' incomes
Belgium	87—98%	of country with highest miners' incomes
France	81—85%	of country with highest miners' incomes
Saar	96—100%	of country with highest miners' incomes
Italy	60—66%	of country with highest miners' incomes
Netherlands	86—100%	of country with highest miners' incomes

If we take families with two children, which is important in view of the differences in family allowances in the various countries, we obtain the following scale:

Net annual income of miners, underground, married, with two children, 1954

(in per cent of country with highest income)

Germany (F.R.)	65— 75
Belgium	91—100
France	92— 98
Saar	96—100
Italy	61— 69
Netherlands	86—100

A comparison of the two sets of figures shows that, as the number of children increases, the French miner in particular, as a result of family allowances, improves his position appreciably in relation to similarly placed miners in other countries.

These figures are, of course, no more than approximations. But *comparisons of real incomes can never be more than approximations and they are still of great value as a general guide to conditions.*

We are now in a position to go on to comparisons of real incomes in the iron and steel industry. To save space, instead of going through the

preliminary calculations, as was done for the coalmining industry, only the results will be set out; fuller details can be found in the High Authority publication already referred to.

The 1954 comparison of real incomes (of steelworkers on the payroll, married, not living in enterprise-owned housing) produced the following results:

Net annual incomes of steelworkers, 1954

(in per cent of country with highest income)

Country	Married, no children	Married, two children
Luxembourg	100	100
Belgium	87—89	85—88
Germany (F. R.).....	71—77	65—70
France (1)	68—76	75—85
Saar	68—74	66—71
Netherlands	66—75	63—71
Italy	60—73	58—70

(1) In France about 40% of married workers live in enterprise-owned housing. The income of these workers is 3—4 % higher.

The last table of this type covers the iron-ore industry, which exists in only four of the Community countries on any appreciable scale.

Net annual incomes of underground workers in iron-ore mines, 1954

(in per cent of country with highest income)

Country	Married, no children	Married, two children
Luxembourg	100	100
France (1)	82—92	85—95
Italy	42—52	42—53
Germany (F. R.)	43—50	39—45

(1) Workers in enterprise-owned housing.

3. *A further simplification: the “European Basket”*

As already stated, the various percentage calculations given in the preceding pages are a simplified form of comparison of real incomes between the Community countries. Another basic simplification can be achieved by using a European basket in place of the various national baskets. This basket contains commodities in quantities and qualities typical of the

various countries, each country being represented in proportion to the number of its workers. In this way we arrive at consumer purchasing power parities based not on the various national baskets, which produced two answers for every pair of countries, but on a uniform European basket.

The resulting figures of comparative real incomes now no longer show a range for each country (e.g. 70—80%), but simply *a single figure*, which is easier to follow. Experts will of course, be aware that this simplified result is by no means more accurate. The resulting percentage must be regarded as having an area of “play” of a few percentage points on either side of it, within which the “tone” figure lies. In practice, this area of play corresponds to the range we worked out above on the basis of the various national baskets.

The tables following summarize the comparisons of real incomes on the basis of the European basket.

Net annual incomes of workers in Community industries, 1954 (1)
— European Basket —

(for each industry in per cent of country with highest income)

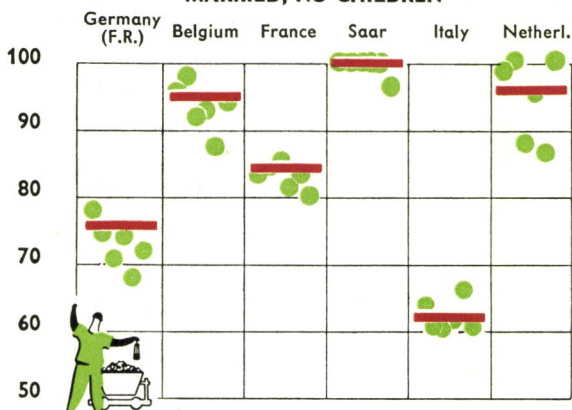
Country	Married, no children	Married, two children
MINERS UNDERGROUND		
Germany (F. R.)	75	72
Belgium	95	99
France	83	96
Italy	62	65
Netherlands	96	96
Saar	100	100
STEEL WORKERS		
Germany (F. R.)	74	67
Belgium	89	86
France	72	80
Italy	65	63
Luxembourg	100	100
Netherlands	69	66
Saar	71	69
IRON-ORE WORKERS UNDERGROUND		
Luxembourg	100	100
France	87	91
Italy	45	46
Germany (F. R.)	46	42

- (1) Coalmining industry: Workers on the books, living in enterprise-owned housing;
 Iron and steel industry: Workers on payroll, not living in enterprise-owned housing;
 Iron-ore industry: Workers on the books, not living in enterprise-owned housing (except for France, where they are living in enterprise-owned housing).

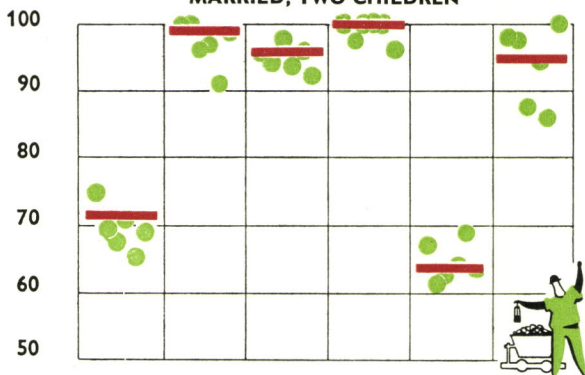
NET ANNUAL INCOME OF COALMINERS, 1954

Underground workers on the books, living in enterprise-owned housing
(Country with the highest net income = 100)

MARRIED, NO CHILDREN



MARRIED, TWO CHILDREN



■ European basket

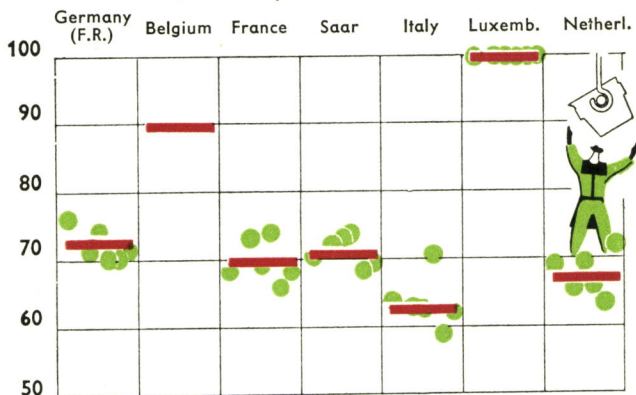
● National basket

(From left to right the German, Belgian, French, Saar, Italian and Dutch baskets)

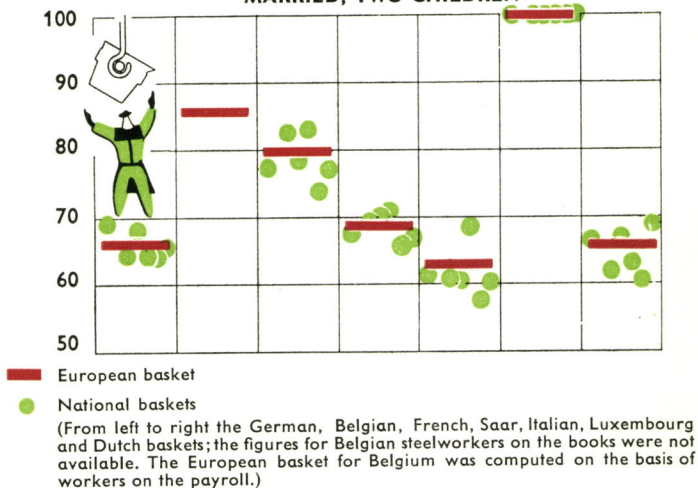
NET ANNUAL INCOME OF STEELWORKERS, 1954

Workers on the books, not living in enterprise-owned housing
(Country with the highest net income = 100)

MARRIED, NO CHILDREN



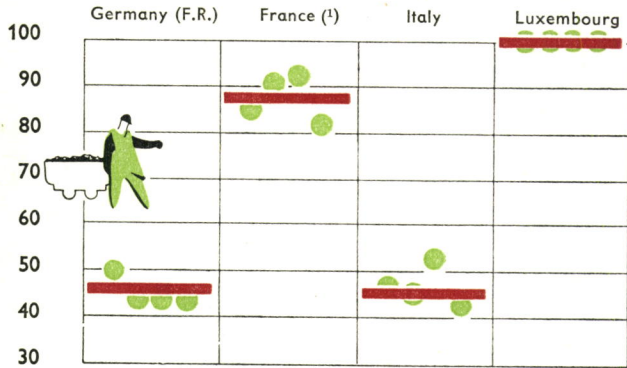
MARRIED, TWO CHILDREN



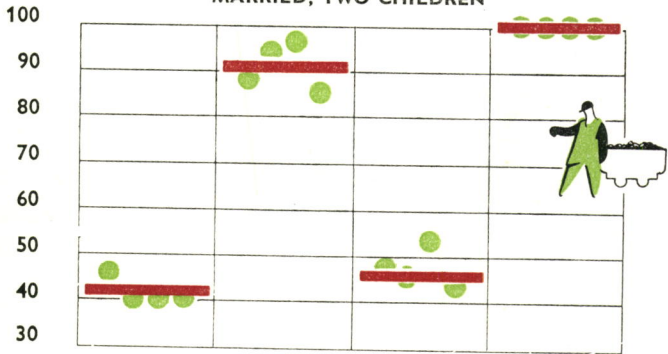
NET ANNUAL INCOME OF WORKERS IN THE IRON-ORE INDUSTRY, 1954

Underground workers on the books, not living in enterprise-owned housing
(Country with the highest net income = 100)

MARRIED, NO CHILDREN



MARRIED, TWO CHILDREN



■ European basket

● National basket
(From left to right the German, French, Italian and Luxembourg baskets)

(1) Living in enterprise-owned housing

Differences in real incomes — an essay in interpretation

In a matter so difficult as the international comparison of real incomes we cannot, of course, expect to find an immediate and complete explanation of the differences that exist between one country and another.

The pages following contain certain suggestions which have been elaborated in co-operation with the expert committee on “Methods for the Comparison of Real Wages”, which includes representatives of Government Statistical Offices and of employers’ and workers’ organizations. These provide at least some useful pointers.

1. Regional variations

In making country-by-country comparisons, it must, of course, be borne in mind that there may be considerable differences inside any given country as well as between countries — that is, regional variations.

The High Authority quotes an interesting example of this in the larger publication to which reference has been made. In the coalmining industry, statistics broken down by countries showed that in 1954 the married underground worker, with no children and living in enterprise-owned housing, had, in France, a net income amounting to only 80% of the income of his opposite number in the Saar. This contrast between incomes

must, however, be seen in the light of a comparison between the incomes of miners in neighbouring coalfields — say, the Saar and Lorraine. This reveals that the income per miner in these two coalfields was practically equal — particularly when due allowance is made for the number of shifts worked and the level of consumer-goods prices. Worked out per shift, and at comparable prices, the Lorraine miner had, in 1954, a net real income, computed on the basis of the Saar basket, of 99% of the income of his opposite number in the Saar.

It would be a mistake, therefore, to jump to conclusions solely on the basis of comparisons between one country and another.

2. Age pattern

Another aspect which plays a considerable role in the Saar, German and Dutch coalmining industries is the *age pattern of the personnel*. Here we must break the rule we made earlier that we would only consider miners underground; These show few variations in the age pattern from one country to another, but with surface workers it is a very different story.

In the Saar, 24% of the surface workers are under the age of 18, in Germany 19%, in the Netherlands 17%. The corresponding figure for France is only 4%, for Belgium 3%, for Italy (Sulcis) 0%.

In the relevant High Authority publications it was found necessary to calculate the gross earnings of workers by dividing the total wages paid out by the number of workers; only later was it possible to take account of taxes, social insurance contributions and family allowances. As we are thus comparing the *average* incomes of miners, it is evident that in the

Saar, Germany and the Netherlands the comparatively low incomes of youths must affect the average to a much larger extent than in the other countries. For this reason a comparison has been made between the average income of *all* surface workers and the average income of miners over 18.

Net annual incomes of surface workers, 1954
Married, no children, living in enterprise-owned housing

— European Basket —

(in per cent of country with highest income)

Country	All workers	Workers aged 18 and over
Belgium	100	100
France	81	98
Saar	87	81
Netherlands	81	89
Germany (F. R.)	77	85
Italy	69	68

These figures show that for miners over 18 the average incomes in the Saar, Germany and the Netherlands come closer to those at the top of the list.

3. Working hours

The figures come still closer to the realities of the situation when allowance is made for differences between one country and another in the time actually worked (hours or shifts per year). This point is of considerable interest for the worker. Just as he is more specifically interested in real income rather than in nominal income, he also wants to know what his income is *per unit of time worked*, i. e. per hour or per shift — in other words, what effort he has to make in order to earn a given income.

In the *iron-ore industry*, this aspect scarcely affects the relationship of the previously calculated scale of net incomes as between the various countries.

In the *steel industry*, we find that on the basis of the net income per hour, the Netherlands and Italy are the countries which move up most sharply towards the country with the highest income.

Real incomes of steelworkers in the Netherlands and Italy, 1954

— European Basket —

(in per cent of country with highest income)

	per year	per hour
Netherlands		
married, no children	69	76
married, two children	66	73
Italy		
married, no children	65	71
married, two children	63	66

In the other countries the iron and steel industry shows no great variations, whether or not we take actual working hours into account.

Differences between real incomes per year and real incomes per shift are greatest in the coalmining industry, owing to the differences in the number of shifts worked in the various countries. Calculating the real incomes of the underground worker per shift instead of per year, we find that the Belgian, Italian and French miners improve their position for 1954 by comparison with their opposite numbers in other countries. The reserve holds good for the other countries in 1954.

Real incomes of underground workers, 1954

— European basket —

(in per cent of the highest income in the Community)

	per yer	per shift
MARRIED, NO CHILDREN		
Netherlands	96	91
Germany (F. R.)	75	73
Saar	100	100
France	83	87
Belgium	95	100
Italy	62	66
MARRIED, TWO CHILDREN		
Netherlands	95	87
Germany (F. R.)	72	67
Saar	100	96
France	96	96
Belgium	99	100
Italy	64	66

It can readily be seen that the hours actually worked are an important factor in the calculation of differences in real income of miners and steelworkers as between one country and another, and that they affect different countries in different ways.

Although these various factors — regional differences, age pattern, working hours — to some extent correct the overall picture of real incomes, differences between the countries persist even after allowance has been made for them. They can be expressed as follows:

a) *In the coalmining industry, in 1954, the real incomes of miners in the Saar and in Belgium topped the list. Some 5 to 15% below came France and the Netherlands. The real income of German miners was only some 70—75% of the highest figure, and that of the Italians some 60—65%.*

b) *In the iron and steel industry, in 1954, Luxembourg was clearly in the lead. A good 10% behind came Belgium. The incomes of the French, German, Netherlands and Saar steelworkers were 20—33% below the highest incomes. The income of the Italian steelworker was, as regards its purchasing power, almost one-third less than that of steelworkers in Luxembourg.*

c) *The iron-ore industry revealed particularly substantial discrepancies between the levels of income of the different countries. This may be due in particular to technical differences in the type of ore mined and the extent and concentration of the deposits, as well as to the fact that in many areas the miners often work agricultural smallholdings which are an additional source of income. Here again, in 1954, the Luxembourg worker topped the list; some 10% behind came France and more than 50% down the Italian and German iron-ore workers.*

These data, relating to 1954, are only approximations, but are undoubtedly of some value as providing a preliminary picture of the situation.

Unfortunately, reliable quantitative comparisons of economic and social conditions between countries are still few and far between, as they always involve considerable difficulties as regards the methods to be employed. It can, however, be shown that *the differences in real incomes between one country and another are not infrequently considerably less marked than differences in wages within a single national economy.*

In the coalmining and iron and steel industries the country with the lowest real incomes was, in 1954, approximately one-third behind the country with the highest real incomes. We find, however, from German wage statistics that in November 1951, the average gross hourly earnings of male workers, according to the sector in which they were employed, varied from DM 0.92 to DM 2.00. The lowest hourly rate was, therefore, only 46% of the highest. The situation was similar in France and, as far as is known, also in other countries.

Of the factors determining differences in wages in any given country — branch of industry, size of enterprise, location, sex, qualifications, age, length of working week — the branches of industry and the sex of the workers are of no practical significance in the industries with which we are here concerned — the coalmining, iron and steel and ore-mining industries. This explains to some extent the relatively slight variation in real income from one country to another.

It should, however, also be borne in mind that in 1954 the differences in real incomes in the Community industries were, compared with figures for industry in general, relatively low — at any rate lower than the differences in private consumption per head of population (1). If we take private per capita consumption in the best-off country as equalling 100,

(1) "Private consumption" covers primarily expenditure by the whole population on food, clothing, household articles, travel, etc.

the average Italian's consumption worked out at only 41; the net annual income of the Italian coalminer and steelworker, on the other hand, came to about two-thirds of that of his opposite number in the country with the highest incomes.

This point is extremely significant, as it shows that *the basic provision in the Community Treaty requiring the "harmonization in an upward direction" of the real incomes of miners and steelworkers will not be quite so difficult to accomplish as has often been imagined.*

In fact, the last three years have already seen considerable progress in this direction.

Levelling-up from 1953 to 1956

The figures given are for 1954. There is reason to hope that the figures for 1955 will be available more quickly; but in order to obtain at least a rough idea as to further developments in the meanwhile, the High Authority is compiling a series of quarterly statistics. While these cover only wages per hour and per shift, they indicate fairly accurately the trend up to the middle of 1956.

Real wages per shift of miners employed underground

(Country with the highest wages in 1953 = 100)

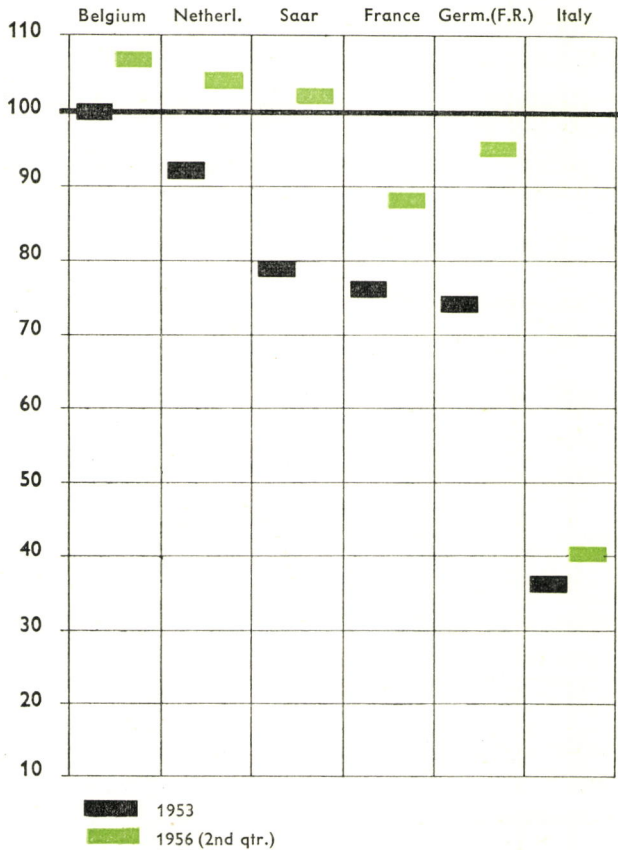
	1953	1956 (2nd qtr.)
Belgium	100	107
Netherlands	87—97	99—110
Saar	77—86	98—111
France	74—83	84—95
Germany (F. R.)	70—76	91—98
Italy	33—41	38—46

In the coalmining industry, all countries draw closer, though in varying degrees, to the country which in 1953 paid the highest wage rate, although even in that country (Belgium) there was an increase in real hourly earnings of approximately 7%.

**TREND IN REAL EARNINGS PER SHIFT
IN THE COALMINING INDUSTRY OF THE COMMUNITY
1953 — 2ND QUARTER, 1956**

Underground workers

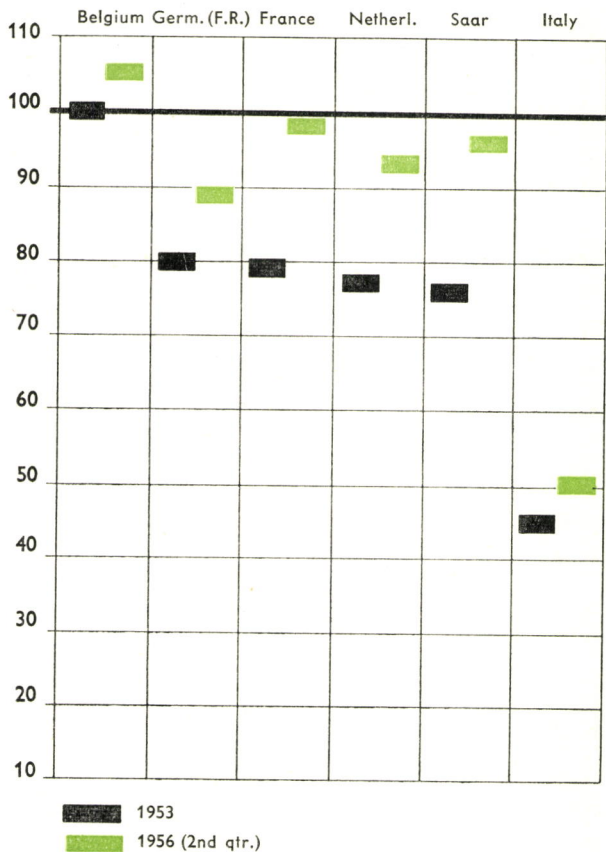
(based on the European basket; earnings in Belgium 1953 = 100)



**TREND IN REAL EARNINGS PER SHIFT
IN THE COALMINING INDUSTRY OF THE COMMUNITY
1953 — 2ND QUARTER, 1956**

Surface workers

(based on the European basket; earnings in Belgium 1953 = 100)



The trend in the steel industry was very similar.

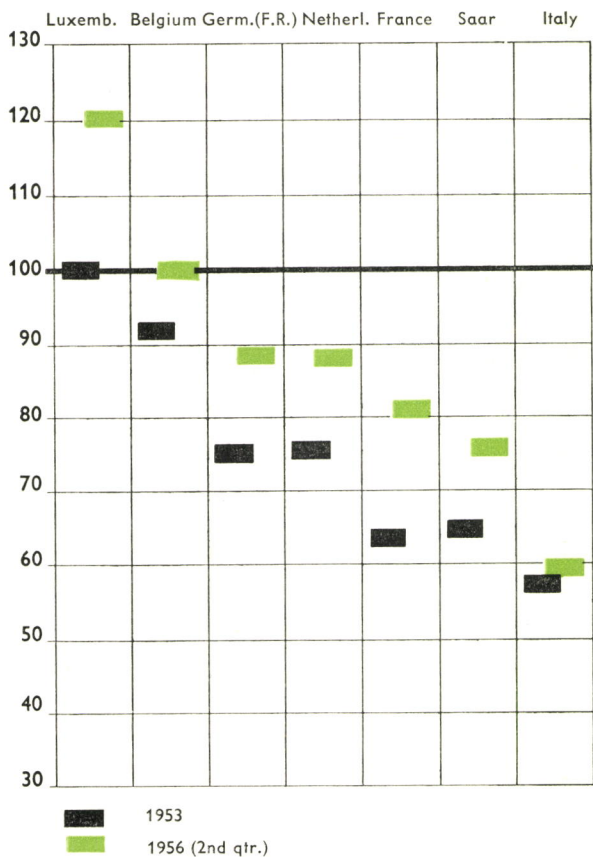
Real wages per hour in the steel industry

(Country paying the highest wages in 1953 = 100)

	1953	1956 (2nd qtr.)
Luxembourg	100	120
Belgium	91—94	98—102
Netherlands	71—80	83—93
Germany (F. R.)	72—78	85—92
Saar	62—67	72—78
France	59—67	75—85
Italy	53—64	55—66

TREND IN REAL EARNINGS PER HOUR IN THE STEEL INDUSTRY OF THE COMMUNITY 1953 — 2ND QUARTER, 1956

(based on the European basket; earnings in Luxembourg 1953 = 100)



Finally, the trend in the *iron-ore industry* was, on the whole, parallel (with the exception of Italy, which suffers from structural unemployment).

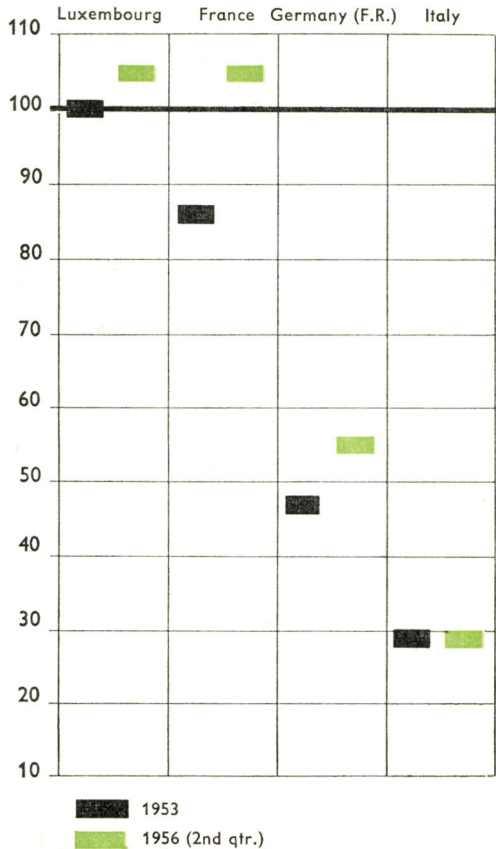
Real wages per hour in the iron-ore industry

(Country paying the highest wages in 1953 = 100)

	1953	1956 (2nd qtr.)
Luxembourg	100	105
France	73—82	89—100
Germany (F. R.)	44—50	50—58
Italy	30—37	30—37

**TREND IN REAL EARNINGS PER HOUR
IN THE IRON-ORE INDUSTRY OF THE COMMUNITY
1953 — 2ND QUARTER, 1956**

(based on the European basket; earnings in Luxembourg 1953 = 100)



We do not wish to suggest that these developments are due entirely to the influence of the Common Market, but there can be no doubt that by opening up new outlets and increasing trade it has done a good deal to bring them about.

The more the Community succeeds in co-ordinating its social, economic and financial policies, the more marked will be the levelling-up. Any differences in real incomes still persisting from one country to another will then be due essentially to real differences in economic productivity, such as, in particular, factors connected with location, natural conditions and also the occupational classification and qualifications of the workers.

The Future:

From comparison of real incomes to comparison of standards of living

The comparison of real incomes as outlined above is important in ascertaining the social situation of the worker, but it cannot in itself be regarded as providing a complete picture. *Income, as defined in this booklet, is a pointer to some of the circumstances in which miners and steel-workers live; it must however be fitted into the whole income pyramid of their particular society.*

Moreover, we should consider not only the incomes earned today, but also the prospects for assured income in the future and the connection between income and personal assets. Old-age pensions are a particularly important aspect; so are the housing conditions of the workers' families, the extent to which they are equipped with durable goods, and so forth.

Over and above these material questions, we have to consider natural factors such as the climate, and the general environment, as well as sociological relationships. Opportunities for recreation, education and entertainment, the enjoyment of human freedoms, and the degree to which workers are able to take part in the social activities of their community — all these are vitally important values which, even if they cannot always be expressed in figures, help to give life its savour and its value.

These considerations show how difficult it is to make any systematic comparison of the standards of living of wage-earners and salaried employees in the various countries. The High Authority is endeavouring to throw light on these problems by means of systematic surveys, and to pass on its findings to those concerned.

This will, of course, require a *good deal of time and effort*. But once the facts are brought to the knowledge of the people they affect, they can become powerful factors in social progress.

ANNEX

Notes on sources and methods

Background

The High Authority has provided comparisons of real incomes in the following publications:

1953: First Comparison of the Real Incomes of Miners and Steelworkers in the Community in 1953. — *Statistical Information*, 2nd Year, No. 5 (August/September 1955).

1954: *Comparaison des Revenus Réels des Travailleurs des Industries de la Communauté* (1954). — A statistical analysis published in the series "Studies and Documents"; Luxembourg 1956. (1)

I. Methods of comparing real incomes between one Community country and another.

The delimitation of the industries was, of course, carried out with much greater care than this booklet indicates. Details will be found in *Salaires et Prestations sociales dans les Industries de la Communauté — Houillères — Industrie sidérurgique — Mines de fer. Deuxième partie: Revenu annuel moyen en 1954*. Luxembourg, July 1956.

(1) To be published in English in the near future.

The number of categories of worker whose incomes are compared in this booklet has been reduced to a minimum. A considerably greater volume of information is provided in the larger publications. The figures given in this booklet generally refer to workers on the books; this was not possible for the iron and steel industry, as Belgium was unable to produce this information for the year 1954.

In point of fact, the actual category of worker considered, does not greatly affect differences in income between one country and another.

The *delimitation of incomes* presented some difficulty, particularly with regard to allowances in kind. So far it has been possible to calculate the advantage of enterprise-owned housing to workers in the steel industry for two countries only (France and Italy) and to those in the iron-ore industry only for one (France). Accordingly, the incomes of workers in the iron and steel and iron-ore industries compared in this booklet are those of workers not living in enterprise-owned housing.

The net incomes of workers do not as yet include *social-insurance benefits* in respect of sickness, etc., but these in any case probably represent only a small percentage of the incomes concerned.

To compute the *purchasing power of the different currencies* for the purpose of comparing workers' incomes, the High Authority carried out a special price check in the major centres of the Community. Some 20,000 spot-checks on goods and services were made in 2,000 shops, great importance being attached to the selection of comparable qualities in the different countries. (1)

(1) Cf. *Statistical Information* (special issue), Second Year, No. 5, August/September 1955 article on "Consumers' Purchasing Power Parities in the Community Countries." The latest figures will be found in *Informations Statistiques*, Third Year, No. 4, August/September 1956.

II. Comparison of Incomes, 1954

For the sake of clarity, the comparison was limited to a very small number of examples. Detailed tabulations will be found in *Comparaison des Revenus Réels des Travailleurs des Industries de la Communauté*.

The method adopted in computing a *European basket* need not be entered into here. A publication giving all details is in preparation under the title *Les Parités Économiques dans les Pays de la Communauté de 1953 à 1955*.

III. Differences in Real Incomes — an Essay in Interpretation

The figures for shifts and hours worked per annum are not very exact.

For the age structure in the coalmining industry, see *Informations Statistiques*, Third Year, No. 4, August/September 1956.

Figures on differences in the wage level within Germany are taken from *Statistik der Bundesrepublik Deutschland*, Volume 90. For France, see e. g. *Bulletin Régional de Statistique*, Direction Régionale de Lille de l'Institut National de la Statistique et des Études Économiques, 1st quarter 1956.

IV. From Comparison of Real Incomes to Comparison of Standards of Living

See the very important United Nations publication: *Report on International Definition and Measurement of Standards and Levels of Living*. New York, 1954.



