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NOVEMBER 1965

**Labor
in
the
European
Community**

Progress in Community Social Policy

Progress on social policy in the European Community was slowed this year by the crisis which broke out the night of June 30 over further financing of agricultural policy, increased powers of the European Parliament, and Community revenues accruing from agricultural levies and customs duties. The failure to reach agreement in the EEC Council of Ministers led to the withdrawal of French representatives from the Council and most Community institutions and prevented the taking of important decisions in many sectors, including that of social policy.

Nonetheless, Community work on social problems continued in many fields such as readaptation, vocational training, and the harmonization of national laws. This issue of Labor in the European Community reviews some of that work and several aspects of the social situation in the Community. Articles are:

- * Wage Equality for Women Workers, page 2. A study of wage discrepancies between men and women workers in the Community.
- * Commissioner Discusses EEC Social Policy, page 7. A commentary on the EEC Commission's role in social policy.
- * Social Security Expenditures in the Community, page 10. Comparisons of spending in Europe and the United States.
- * Vocational Training in the EEC: Belgium, page 12. The fourth of six articles on member countries' vocational training programs.
- * Sixth ECSC Housing Program Approved, page 15. Financial aid for workers' housing allotted by the High Authority.
- * Readaptation Assistance Granted, page 16. New sums for retraining and support of ECSC workers.

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Wage Equality for Women Workers

All of the EEC countries have made considerable progress toward the goal of equal wages for men and women, although this principle has not been fully realized in the member states.

The Rome Treaty, establishing the EEC, prescribes the principle of wage equality in Article 119 which states: "Each Member State shall. . . ensure and subsequently maintain the application of the principle of equal remuneration for equal work as between men and women workers." The article also defines lack of discrimination as meaning "a. that remuneration for the same work at piece-rates shall be calculated on the basis of the same unit of measurement; and b. that remuneration for work at time-rates shall be the same for the same job."

RESOLUTION OF MEMBER STATES

On December 30, 1961, a conference of the EEC member states passed a resolution formulating more specifically the principle of equal pay for men and women. The six countries were required to apply the principle directly in the public sector and generally to ensure legal safeguards for its application in all sectors. Labor and management organizations were obliged to guarantee equal pay in bargaining agreements.

In particular, the resolution foresaw the abolition of the following practices:

- a. The application to men only of compulsory minimum wages or the establishment of such wages at different levels for men and women.
- b. Different levels of minimum wages according to sex where collective bargaining, pay scales, or wage agreements so provide.
- c. Fixing of time-or piece-rates on different bases for men and women.

- d. Establishment of distinct categories for men and women or application of different classification criteria when wages are fixed by a trade classification system.

The resolution established a three-stage timetable according to which the differences between men's and women's wages would be reduced progressively in the six countries. By June 30, 1962, no divergence greater than 15 per cent was to exist, and this gap was to be reduced to 10 per cent by June 30, 1963. All discrimination was to be abolished by December 31, 1964. The governments also agreed not to recognize as binding collective agreements which did not comply with this timetable and to take action against discriminatory practices violating it.

COMMISSION REPORT SUBMITTED

The resolution also requested the EEC Commission to draw up a report based on a statistical inquiry into the wage structure of the six countries and on other inquiries into collective agreements and job classifications. This report has been presented to the Council of Ministers and reviews the situation existing on December 31, 1964. Information for the report was supplied by the six countries through the governments as well as labor and management groups.

The Commission reaffirms in its report that the principle of equal pay should include the elimination of all measures involving direct or indirect salary discrimination. In particular, the Commission rejects the contention that the principle should apply only to technically identical jobs. It also disapproves of those measures which result in the systematic down-grading of women workers, the adoption of different qualifications for men and women workers, and the use of job evaluation criteria not related to the real conditions in which the work is done.

In assessing the degree of wage equality the Commission used the criteria that minimum compulsory wages should be the same for men and women, that categories in job gradings shall

be identical for both sexes, and that factors affecting the cost of labor or output of female labor shall not be taken into consideration when piecework is involved.

CONSIDERABLE PROGRESS MADE

The Commission pointed out that wage discrimination based on sex existed in most of the member states at the time of the conference in 1961. Considerable progress toward equality has been made in recent years, and women's wages have risen faster than those of men. But the Commission concludes, "The principle of equal pay for men and women workers has been applied increasingly, and in some sectors it has been applied in full. Despite the headway made so far, it has to be placed on record that Article 119 and the December 30, 1961 resolution have not been applied in practice in any Community country. In all the member states either the governments or both sides of industry still have leeway to make up before it can be said that they are complying with their obligations. . ."

On a purely formal level, that is, on the basis of legal guarantees, four countries could be said to have fulfilled their obligation - Germany, Italy, France and Luxembourg. However, the report points out that in practice substantial discriminations continue to exist in these countries. In the Netherlands and Belgium, where legal protection is not complete, equal pay is being progressively achieved through bargaining and collective agreements.

SITUATION IN MEMBER COUNTRIES

The situation in the individual countries of the Community is as follows:

Belgium

Labor and management groups have made considerable progress in achieving the principle of wage equality, but there is still no legal recourse for women assuring them of the general

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right to equal pay. A number of collective agreements are still in effect which continue salary disparities between men and women, and other agreements interpret Article 119 as applying only to identical duties carried out in the same factory or shop. The Commission therefore warns that the legal enforceability of such collective agreements does not relieve the Belgian government of its obligation to establish laws guaranteeing equal pay.

The system of standard job classification in Belgium has been included in many collective agreements, thus enabling direct measures of discrimination against women to be abolished. The Commission points out, however, that this system should not be used as a loophole for classifying jobs normally done by women at a lower rank and, consequently, lower salary.

Germany

In principle, the application of the equal pay requirement has been assured in Germany by Article 3 of the Federal Basic Law. Women workers who believe their right to equal pay is not being respected may appeal to the courts. Labor unions agree that the principle is being properly applied, with the exception of a few cases now under negotiation.

Nonetheless, explicit wage discrimination still continues in some industries, and women's jobs in many industries have been down-graded by the creation of categories of light work. The December 31, 1965 deadline has therefore not been universally complied with, in spite of legal recourse.

France

The principle of equal pay is supported in France by both the Constitution and by statutes and has been applied for some time in collective agreements and in practice. The Commission indicated in its report, however, that some categories of work are not covered by collective agreements and women doing these jobs lack adequate legal protection. French authorities have announced that a bill

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will be introduced soon to fill this gap.

Italy

Article 37 of the Italian Constitution provides the basis for salary agreements assuring equal pay for men and women. The government and labor and management organizations have worked together to accomplish much progress through the standardization and reduction of job classifications. Pay equality has been achieved in most sectors with a resultant increase in women's salaries. A few fringe activities such as certain crafts are not covered by collective agreements or are governed by old contracts which retain wage disparities.

Luxembourg

A secure legal guarantee exists for application of the equal pay principle in Luxembourg except for sectors not covered by collective agreements or by minimum wage legislation, in particular, agriculture, aviculture, and horticulture. The Commission's report urges the government to take appropriate measures ensuring pay equality in those areas where it is not yet practiced.

The Netherlands

Considerable progress has been made toward the elimination of wage disparities in the Netherlands, and classification systems are clearly defined and objectively applied to men and women. The Commission found, however, that difficulties have arisen in many sectors and that wide disparities still exist. It concluded that the Dutch government should introduce laws enabling the equal pay principle to be upheld in the courts and that the government should also declare non-enforceable any clauses in collective agreements departing from the wage equality rules in the 1961 resolution. The Commission pointed out that labor and management organizations, which are now mainly responsible for fixing wages, have not fully used the opportunities provided by recent pay raises to speed up increases in women's wages.

Commissioner Discusses EEC Social Policy

Lionello Levi Sandri, member of the EEC Commission responsible for social policy, called for a wider use of the Community's supranational powers to help the establishment of a comprehensive social policy. He said in a speech to the European Parliament in Strasbourg on November 24 that eight years' experience proved the validity of the supranational method over the intergovernmental method which are both provided by the EEC Treaty as means for improving social conditions.

"Greater progress and better results have always been obtained where a Community procedure has been provided for, whereas the most pronounced shortcomings and the most disappointing results occur in the fields left to cooperation between governments," he said. "Here we have additional proof, if additional proof is needed, that intergovernmental cooperation is not the right instrument for the construction of Europe."

TREATY IMPRECISE ON SOCIAL POLICY

Mr. Levi Sandri pointed out that the lack of precise Treaty aims and Commission powers present major obstacles to the application of social policy. As an example he cited Article 117 of the Rome Treaty which stresses the need to promote "improvement of the living and working conditions of labor so as to permit the equalization of such conditions in an upward direction."

The second difficulty, he said, results from the inadequacy or, in some fields, inexistence of the Commission's legal powers to achieve the above mentioned objectives. This default is enhanced by the almost complete lack of funds designated for social legislation. "These difficulties alone suggest how the social provisions of the Treaty could be usefully revised," he said.

IMPORTANT RESULTS OBTAINED

However, the Community's social policy has developed steadily despite these difficulties. Important results have been achieved, he said, especially in sectors where the Treaty established binding rules and time limits and when the Commission was given necessary powers.

"Here we can claim successes in the fields of free movement of workers, the social security of migrant workers, and the European Social Fund." He also said that legislative and administrative practices have been progressively harmonized to improve the living and working conditions in the Community.

"From this we may conclude. . . that the Commission's social policy is already a reality. The Commission can claim fairly that, within the framework and limits of the Treaty, it has carried out properly and punctually the tasks entrusted to it."

COMMON EMPLOYMENT POLICY NEEDED

Mr. Levi Sandri urged the effective coordination of national employment policies in the Community as one of the three main requirements for the future development of a common social policy. "Although the expression 'common employment policy' does not appear in the Rome Treaty, the components of this policy are supplied by numerous provisions of the Treaty which explicitly or implicitly concern employment."

Secondly he said that the Commission must tackle the problem of harmonization of social systems as required by Article 118 of the Treaty. He pointed out that the Commission does not consider that the means to attain this harmonization is limited by Article 118 solely to intergovernmental cooperation.

Consequently, the Commission does not intend to deprive itself of the additional opportunities for action offered by other Treaty articles and will continue pressing for fuller and more effective cooperation between labor and management. "With this in view, every effort will be made to render more democratic

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the organs and instruments that contribute to the progressive harmonization of the social systems."

SOCIAL ASPECTS OF MEDIUM-TERM POLICY

The Commissioner said that the third requirement would cover the social aspects of the other common policies, particularly the medium-term economic policy. "The Council's decision to prepare a tentative program for the coordination of the member states' general economic policies may have a decisive effect on social trends. It would establish a general pattern into which governmental and Community action must fit in matters of employment, vocational training, working hours, incomes, social security, and, in particular, collective amenities."

Social Security Expenditures in the Community

Expenditures by the six member countries of the Community for social security are more than double the amount spent by the United States. This comparison was made in a study paper of the Joint Economic Committee of Congress, published in September, which reviews the social security programs in England, Sweden, and the EEC countries along with a description of the United States system.

The study pointed out that the Community countries spend between 12 and 14.4 per cent of national income on social programs while the aggregate outlay of the United States represents 4.8 per cent. "The narrow range of differences (between the Six) reflects the close similarity of the programs in these countries," the report said. The United Kingdom spends 10.6 per cent of national income on social programs, while Sweden's expenditures amount to 9.2 per cent.

The difference between the United States and European outlays is attributed by the report to the inclusion in European programs of more elaborate sickness and maternity insurance benefits compared to the very limited ones in the United States. The European countries also have family allowances which the United States lacks. "The addition of medicare to the U. S. programs is likely to reduce the differential between its expenditure-income ratio and those of the European countries," the report said.

Germany, as shown by the table below, devoted the highest percentage of its national income to old-age, survivors, and disability insurance. In contrast, France spent 3.9 per cent of its national income for this purpose, slightly above the United States ratio of 3.6 per cent. Sickness and maternity benefits in both France and Germany exceeded 4 per cent,

while the United Kingdom showed the highest relative expenditure of 5.1 per cent. Social security expenditures of Community countries, Sweden, the United Kingdom, and the United States were listed by the report as per cent of national income according to major types of coverage in 1962.

SOCIAL SECURITY EXPENDITURES AS PER CENT OF NATIONAL INCOME, 1962

Country	Total	Old-age, Survivors Disability Insurance	Sickness and Maternity Insurance	Unem- ployment Insurance	Work Accident Insurance	Family Allow- ances
Belgium.....	13.4	4.7	3.6	1.1	1.0	3.0
France.....	13.4	3.9	4.1	0	1.1	4.3
Germany (Federal Republic)....	14.4	8.1	4.5	.4	.8	.6
Italy.....	¹ / ₁₂ 2.0	4.7	2.9	.6	.6	2.9
Luxembourg.....	13.7	6.3	3.1	0	1.8	2.5
Netherlands.....	12.0	5.7	3.6	.6	.4	1.7
Sweden.....	9.2	5.1	2.2	.2	.2	1.6
United Kingdom.....	10.6	4.2	² / ₅ 5.1	.3	.3	.6
United States.....	4.8	3.6	³ / ₁ .1	.7	.3	---

¹/ For 1961; total includes 0.3 per cent for expenditures not classified under any of the 5 branches.

²/ Includes expenditures for National Health Service as well as cash benefit expenditures under the National Insurance Act.

³/ Temporary disability insurance in 4 States and for railroad workers.

Vocational Training in the EEC: Belgium

Vocational training begins at an early age in Belgium. After six years of primary education to the age of twelve the pupil can elect to begin vocational training immediately in special schools, or he can continue his general education until the compulsory age of fourteen and then apply for an apprenticeship. For students desiring to go to the university, a third possibility is an additional six years of general education in a high school.

Two types of schools are available for the pupil who wishes to begin vocational training immediately after his primary education. The technical vocational school gives a theoretical basis, whereas the practical school is oriented more toward use of a vocation. In both types of schools the training period is divided into two cycles of three years each. Completion of both cycles is marked by the awarding of a diploma, although students may also acquire a certificate of vocational ability after a fourth year spent in the first cycle. Those students finishing the technical schools may continue their education at the university level, a choice which is not open to the graduates of the practical schools.

SMALL ROLE FOR APPRENTICESHIPS

As seen in the table below, apprenticeship plays a very small role in Belgian vocational training. Over ninety per cent of such training is provided in the schools, although in recent years the government has been encouraging the system of apprentices. In 1962, over 227,000 pupils were enrolled in the practical and technical vocational schools, whereas the number of apprentices was only about one-tenth of that.

One reason for the relatively few apprentices is that this system of training is virtually unknown in industry and

is practiced primarily in crafts and commercial trades in Belgium. Efforts are being made to increase the number of apprentices in industry, particularly in metalworking factories; but the lack of laws covering industrial apprentices has been a factor in the deemphasis of this kind of training.

CRAFTS AND TRADES APPRENTICES

The principal aim of the system of apprenticeships in crafts and commercial trades is to train students for places in the management of a firm. The first stage of apprenticeship lasts for four years, beginning at the age of 14, and a contract between the employer and the trainee is required. This contract foresees the number of classroom hours and subjects which the apprentice must complete as well as the practical courses and work, all of which have to be approved by the Belgian government.

In addition to his apprentice training, a pupil is also entitled by his contract to counseling services for all aspects of his education. These services are organized by a national committee through local units which are also responsible for assuring that the obligations of both the employers and the apprentices are fulfilled.

After passing an examination the apprentices may pass to the second stage where he receives particular training in management skills. No contract is prescribed for this stage, and the apprentice is free to choose the type of education he considers necessary to pass the final examinations. There are, however, schools organized by trade unions to provide training for the various vocations and to prepare the candidates for the examinations.

PART-TIME VOCATIONAL TRAINING

There is another type of vocational training in Belgium which consists of part-time education, primarily in special schools. Originally intended for young workers who were unable to obtain the necessary training in the regular schools, this method of

training is now particularly popular with adults who wish to increase the level of their technical knowledge. In 1962, enrollments in part-time schools and courses were 118,000 and have remained relatively stable in recent years.

ORGANIZATION AND FINANCING OF TRAINING

The national government takes very little direct part in vocational training; state schools amount to only about 8 per cent of the total number. However, state control is exercised over the local and private schools to assure uniformity of courses and examinations. Financial aids are given only to those vocational schools which meet the requirements established under national law. Nonetheless, the local and private schools have a large degree of freedom in their programs and methods.

BASIC STATISTICS FOR BELGIUM (1963)

Population	9,178,000
Working population	3,590,000
Population by age group	
Under 15	2,174,000
15 to 64	5,973,000
65 and over	1,035,000
Working population by sex	
Men	2,454,000
Women	1,136,000
Working population by main sectors of activity	
Industry	1,615,000
Services	1,680,000
Agriculture	230,000
Unemployed	2,000
Working population by status	
Employers and self-employed	769,000
Wage earners	2,756,000
Enrollments in full-time vocational schools (1962)	227,626
Technical and practical schools	210,259
Second-cycle technical schools	11,349
Second-cycle commercial schools	2,168
Other	3,850
Enrollments in part-time vocational schools (1962)	118,038
Technical and practical schools	115,114
Courses	2,924
Apprenticeships (Estimate, 1962)	30,000

In addition to supporting its own schools the state contributes to the operation of local and private schools, including teachers' salaries, equipment, and fixed amounts for each student. Construction and enlargement costs must come from other sources. Full-time vocational schools have been built primarily by the provinces, some larger towns and, in the private sector, a national federation of Catholic churches. Many smaller towns as well as trade unions, employers associations and other private organizations have established part-time vocational training schools.

Sixth ECSC Housing Program Approved

The High Authority of the European Coal and Steel Community has decided to undertake a sixth program of financial aid for the construction of workers' housing in the Community.

A total of 20 million dollars has been approved for the period from January 1, 1966 to December 31, 1968. The funds, which will come from the High Authority's special reserve, will be loaned at a low rate of interest and will be used to help finance housing together with funds raised on capital markets or provided from other sources.

The sixth program has three major objectives:

- * Construction of housing made necessary by growth of industries, particularly in areas where new industry is planned or underway;
- * Help for miners who have moved from one pit to another as a result of industrial redevelopment;
- * Reduction of social problems caused by housing shortages, e.g. workers separated from their families, overcrowded living conditions.

In the first five programs for construction of workers' houses, the High Authority has raised 206 million dollars. A total of 97,187 homes are planned under these programs. By January 31, 1965, 64,179 houses had been constructed.

Readaptation Assistance Granted

The High Authority of the European Coal and Steel Community has approved financial aid amounting to two and one-half million dollars for worker readaptation projects in Germany, Belgium, Italy, and the Netherlands. This sum will be met by equal contributions from the governments concerned.

In Holland, \$700,000, the first funds given by the ECSC in that country for readaption, will be used to retrain and temporarily support miners laid off by the partial closing of the Hendrik coal mine. About two-thirds of the total number of workers, 2,700, will be put out of work by the end of 1967 due to rationalization measures.

One thousand German workers will receive assistance including temporary support and vocational retraining costs. These miners will be put out of work due to mine closures in the Ruhr and Saar and a rationalization program at the Hannibal pit which will increase productivity by 5 to 7 per cent.

Over one-half million dollars will be spent in Italy for retraining workers to be employed in the modernized Carbosarda coal mines. Additional aid will be given miners made jobless by three closures.

Community financial assistance will go for vocational retraining to Belgian miners without jobs as a result of the closing of the Batterie and Bonne Fin mines in the Liege coal fields. These two mines shut down this year due to growing difficulties in selling coal for domestic heating. A third Belgian mine in the Centre field will rationalize production necessitating additional funds for retraining.

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