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**Labor  
in  
the  
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Community**

# EEC Labor Market Attests to Social Change

Labor developments in the European Community, as elsewhere, cause and reflect more fundamental and extensive social changes. This issue of Labor in the European Community reviews major labor events during 1965 and their impact on living and working conditions. It attempts to place these occurrences in perspective for the American reader by presenting similar (though not always fully comparable) data on labor in the United States. This issue contains:

\* EEC Social Policy in 1965, page 2. Highlights of the Social Report which the EEC Commission appended to its Ninth General Report.

\* Vocational Training in the EEC: Luxembourg, page 9. The last of six articles on the member states' vocational training programs.

Requests for further information on the European labor situation may be sent to the European Community Information Service, 808 Farragut Building, Washington, D. C. 20006.

# EEC Social Policy in 1965

Europe's "economic progress," in social terms, means more jobs, better working conditions, more leisure time. It means a yearly income large enough to feed, clothe, and house a family and large enough for parents to encourage and allow their children to continue their educations beyond the lawful age to take jobs.

The 1965 Social Report by the Commission of the European Economic Community reviews each of these human indicators of economic progress. Employment, basic to social well-being, occupies much of the report.

## LABOR FORCE EXPANDED LESS THAN IN 1964

Total population rose from 181.7 million on January 1, 1965, to 183.6 million on January 1, 1966. The civilian labor force expanded by 140,000 workers to 74.6 million at the end of 1965, a smaller addition than in 1964.

During 1965, the EEC countries (excluding Italy) placed 300,000 more people in newly created jobs. Including Italy, where recession reduced employment, the EEC had 73,000 fewer jobs to fill than in 1964. Acute labor shortages in some countries drew more women into the labor force. More employers had to fill vacancies (particularly jobs requiring unskilled workers) with immigrants. Most unskilled workers came to the Community from Turkey, Spain, and Morocco. In 1965, immigration expanded in every country, though more slowly in Germany. Still, Germany employed 525,000 workers from outside the Community.

## 75% OF LABOR FORCE ON SALARIES

The number of hourly-wage-earners continued to recede. More than 75 per cent of the work force, 54 million workers, received weekly or monthly salaries. The number of self-employed also continued to diminish, as more agricultural workers left the land. The exodus during 1965, however, was less marked than in 1964.

Employment in the service sector increased more sharply than industrial employment, but the share of each sector in total employment remained unchanged at 39 per cent and 44 per cent respectively. In

the service sector, banking, insurance, and business (employing between 5 per cent and 6 per cent more workers than in 1964) registered the sharpest growth in employment during the year. Industrial employment decreased most noticeably in mining, textiles, shipbuilding, and in some cases, iron and steel. In France, employment in the textile industry responded to the general recovery of economic activity.

Unemployment increased slightly, though tensions in the labor market persisted. For the Community as a whole, unemployment ran at an annual rate of 1.7 per cent of the civilian work force during 1965, varying from a high of 3.7 per cent in Italy, to .5 per cent in Germany, and zero per cent in Luxembourg. Younger workers who lost jobs in industries such as shipbuilding had less trouble finding jobs in other sectors than did older workers.

#### LABOR DEMANDS INCREASINGLY LINKED TO ECONOMIC SITUATION

The tendency for labor to relate demand for better working conditions and wages to the general state of the economy strengthened in 1965. Collective bargaining won benefits for manual workers more closely aligned with white collar employees', and narrowed the wage-gap between men and women performing the same work. Fringe benefits improved. Paid vacations lengthened. Bonuses paid at vacation were established or raised. Among collective bargaining innovations, the Commission mentioned two contracts concluded in the Netherlands; both cover periods longer than a year and contain escalator clauses.

During 1965, where the length of the week worked in industry changed at all, it shortened slightly, except in Germany. For the first time in ten years, the German industrial worker spent more time at the plant - 44.3 hours instead of 44.1 hours as in 1964. Data on the first four months of 1965 indicate that the industrial work week for the Community as a whole averaged 40.2 hours, compared with 41.1 hours in 1964, when there were fewer holidays. (The work week in U.S. manufacturing establishments during 1965 averaged 41.2 hours, including 3.6 hours of overtime.)

Relatively few labor disputes occurred during the year. Working days lost because of strikes and shutouts amounted to 8 million, for the Community as a whole, compared with 16 million during 1964. (In

the U.S., 3,963 strikes and lockouts involving 550 workers, resulted in 23,000 man-days idle during 1965.)

COST OF LIVING ROSE SLIGHTLY LESS THAN WAGES

During 1965, actual hourly earnings continued to rise in all countries, and more sharply than negotiated wage increases. Increases in monthly or weekly salaries were less pronounced. Price rises also accelerated, especially for food and rentals. In most countries, purchasing power expanded less than in 1964.

Negotiated increases in industrial workers' fixed hourly wages varied between 7 and 8 per cent (Belgium, Germany) and 5 per cent (France, Italy). Women's wages improved more substantially than men's, except in Italy.

Average hourly earnings of workers in manufacturing industries compare as follows:

	<u>April 1964</u>	<u>April 1965</u>
Belgium	\$0.78	\$0.86
France	0.70	0.73
Germany	0.92	1.00
Italy	0.56	0.63
Luxembourg	1.16	1.23
Netherlands	0.74	0.81

The accuracy of these wage rates may appear questionable, if compared with the annual average hourly wages paid to U.S. production workers in manufacturing: \$2.53 in 1964 and \$2.61 in 1965. However, U.S. workers have more taxes deducted from wages and often bear full or partial costs of private health insurance. European workers, besides fixed wages, receive family allowances from their Governments. European employers pay a higher share of social welfare taxes, part of which help to finance comprehensive health services offered by the state. Industrial employers also maintain health facilities at their plants, as required by law in some EEC countries.

Real income kept a slight lead over cost-of-living increases. The table below compares cost-of-living increases, assigning 100 per cent value to 1958:

	Annual Average 1964	Annual Average 1965	Dec. 1964	Dec. 1965
Belgium*	111	115	113	117
Germany	114	118	115	120
France	129	132	130	134
Italy	124	129	127	128
Luxembourg*	108	112	110	115
Netherlands	119	126	120	128
United States	107	109	108	110
*(Excludes rent)				

Substantial increases in family allowances contributed to a bare increase in Italian industrial workers' real incomes. Real income rose 1 per cent in Luxembourg, between 2 and 3 per cent in France and the Netherlands, 4.5 per cent in Belgium, and 7 per cent in Germany. By the end of 1965, German industrial workers had almost caught up with their colleagues in France, Belgium, and Luxembourg who had had the highest real incomes in the Community. For German industrial workers with several children, however, the wage gap in real terms did not narrow. Germany pays lower family allowances than Belgium and France.

SOCIAL WELFARE SERVICES EXTENDED

All social welfare services continued to expand during 1965, with further increases in government subsidies and social security benefits. The costs of social security, however, have risen faster than insurance contributions, the main source of financing. The widening gap between costs and contributions has caused uneasiness and uncertainty about the future development of social security.

Italy made the only extensive changes in social security laws. The Italian reform exemplifies present trends (both inside and outside the Community) towards extending social security coverage to all workers and establishing a degree of similarity in the benefits each receives. The Italian reform distinguishes between social pensions, paid out of public funds and gradually extended to cover all citizens, and supplementary contributory pensions, covering different types of workers.

The Commission devoted special attention to reviewing efforts to improve living conditions and leisure facilities for older people and to provide for special needs of migrant workers. The Commission noted efforts, coordinated at the national and local levels, to help migrant workers' families feel at home by providing necessary medical and social facilities and services.

#### FRINGE BENEFITS RAN UP LABOR COSTS

Higher wages, social security taxes and contributions to old age and retirement funds, new holidays, and lengthier vacations and sick leaves added substantially to employers' labor costs during 1965. Fringe benefits accounted for a large but uncertain proportion of the cost increases. Available data enabled the Commission only to estimate probable labor costs.

Labor costs increased most in Belgian industry. Employers paid 10.5 per cent more for each hour of work. Direct wage increases accounted for 9 per cent of the increase. The Commission estimated gross hourly labor costs in industry (including mining) at \$1.64 in Luxembourg and at \$1.52 in Germany, the two high-cost countries.

#### INDUSTRIAL SAFETY AND HEALTH, STILL A PROBLEM

On-the-job safety, both accident prevention and health protection, continues to challenge EEC social policy. To deal with the unending succession of industrial safety problems, the member states have enacted laws, within the framework of the Commission's safety program. They have also conducted safety campaigns in industry and agriculture.

Germany and France have done extensive work on safety of machines within the context of Convention 119 of the International Labor Organization. The Benelux countries too are working to extend their regulations on some aspects of industrial machine safety.

Belgium now has state-run industrial health services. The Netherlands has extended the employer's legal obligation to provide industrial health facilities to cover a wider variety of firms. Italy, in 1965, passed laws to promote the safe use of solvents and to protect agricultural and construction workers.

All member states have tried to coordinate accident prevention campaigns. France has started a drive to prevent accidents in agriculture. The Italian national institute for accident prevention (ENPI)

and its regional and provincial committees have also conducted publicity campaigns. Luxembourg plans to establish a similar institute.

ADULT EDUCATIONAL PROGRAMS INTENSIFIED

All EEC countries are reforming their educational systems, particularly at the secondary level, though a teacher shortage has hampered plans to expand education. Vocational training and adult education programs also made progress during the year.

Compulsory schooling starts at a child's sixth birthday and continues for eight or nine years. France has decided to require school attendance for ten years beginning in 1967. Belgium, Germany, and the Netherlands also plan to raise the school-leaving age soon. The number of children attending schools, particularly at the secondary level, has already risen in all member states. Higher family incomes and increased importance of education and occupational skills have helped to prolong school attendance. In 1965, Germany introduced an allowance for students between the ages of 15 and 27 continuing academic studies or vocational training.

Post-school vocational training has intensified and now includes more trades. Facilities for training adult workers have multiplied, especially for re-training rural workers for industrial employment. More adults have enrolled in courses.

As more women take jobs outside the home, there is a growing awareness of the need for more kindergartens, nursery schools and other child-care services.

LOW-COST HOUSING ASSUMED BIGGER SHARE OF TOTAL CONSTRUCTION

According to provisional figures for 1965, the share of low-cost housing in total construction rose 1.5 per cent, to 45.1 per cent of the total, though completions fell from 1.59 million in 1964 to 1.58 million in 1965. Belgium, France and the Netherlands showed marked growth in total construction activity. Low-cost housing made considerable advances in Italy and the Netherlands.

The price of land for construction continued to rise, as did building costs. Both rents and selling prices reflected these developments. Some countries further encouraged workers to save to buy their own homes. Germany, in particular, passed a second and more liberal law in 1965 to promote home ownership.



TRADE AND PROFESSIONAL ORGANIZATIONS MORE ACTIVE AT EEC LEVEL

The European secretariats of employers' and workers' organizations were active during 1965. The Committee of the European Organization of the International Federation of Christian Trade Unions (IFCTU) published an action program for an EEC social policy, examining in detail employment, incomes, wages and working conditions in specific industries. It emphasizes the necessity of promoting labor-management cooperation in studying and solving joint problems at the Community level. The International Confederation of Free Trade Unions (ICFTU), has also created a committee of experts to study improvements in working conditions and wages through collective bargaining in the member states. The Union of Industries of the European Community (UNICE), the Committee of Agricultural Organizations (COPA), and the Committee of Commercial Organizations (COCCEE) continued to coordinate their positions on European problems and to bring pressure on various national organizations.

# Vocational Training in the EEC: Luxembourg

Luxembourg faces a steadily increasing shortage of qualified workers. Recognizing the role vocational training can play in arresting this established trend, the Government plans to reorganize its professional and vocational training system as part of an extensive reform of its entire educational system.

Since 1963, starting at the nursery and the primary school levels, the Government has used legislative, administrative, and financial means to adapt education for young people living in a modern, technological society. During 1966, the Government will complete plans to revise the secondary school system by adding a middle school and then make proposals to the legislature for the reorganization of professional and vocational training systems.

In 1965 a single intra-departmental Committee on Professional Training was formed, bridging the Ministries of Education, Labor Economy, and Middle School Education. It replaces four previous consultative committees (from industry, crafts, trades, and hotel management) to coordinate and harmonize efforts.

## PLACE OF VOCATIONAL TRAINING IN SCHOOL SYSTEM

Children must attend school for nine years, starting at the age of six. After six years of primary schooling, children preparing for the university enter a secondary school to pursue a classical academic course. (These students will continue their education outside of Luxembourg. Apart from postgraduate faculties in international law and comparative economics, Luxembourg offers no university training.)

The others continue to attend the primary school, beginning a three-year "complementary" program, similar to the commercial course in U.S. high schools or to the programs offered in U.S. vocational and trade schools. The complementary classes include workshops. To complete their practical and theoretical training, as an alternative to the third year of complementary classes, students may elect to:

\* Attend a full-time vocational school for one year, then serve an apprenticeship of one year. (For careers in business, below

the management level, two years of attendance is required.) In 1962-63, 1,917 pupils chose this alternative.

\* Serve an apprenticeship of three years during which eight hours of vocational education per week are also required. In 1962-63, 3,310 pupils chose this course.

#### THE APPRENTICESHIP: REQUIREMENTS AND TRAINING

Every prospective apprentice takes an aptitude and achievement examination, administered by the Office for Vocational Guidance, an agency of the National Labor Office. Guidance counselors advise him of manpower needs in different branches of commerce and industry.

An apprenticeship contract, normally for three years, governs the relationship between employer and apprentice. During the three-month trial period, however, either party may cancel the contract without penalty. The contract itself is a standard form, approved by the Chambre professionnelle patronale (Chamber of Employers in the Trades) and the Chambre professionnelle (Chamber of Tradesmen). Both organizations, though private, perform public services in much the same way as the U.S. Better Business Bureau does in its own sphere.

The Chambre professionnelle patronale enrolls the apprentice in a vocational school for the mandatory eight hours of formal education weekly. Many employers give their apprentices the opportunity to take additional courses. In some trades, the vocational school has taken over much of the practical training formerly given by the employer.

The employer pays the apprentice for his classroom hours as well as for his work on the job at rates determined by the competent administration.

The first year, the apprentice receives 12 days of paid vacation. The second year, and until he becomes 18, the apprentice receives 18 days.

The appropriate Chambre professionnelle regulates the apprenticeship. Some test periodically during the first year. All must do so after the second year of apprenticeship. Upon completing the training, the apprentice must pass examinations -- one on skills, administered by a mixed commission appointed by the Government and one on theory, administered by a commission composed of vocational school teachers.

PART-TIME VOCATIONAL TRAINING FOR ADULTS

Until 1966, Luxembourg did not have a program for adult vocational training. By June, 250, adults had registered for the new course, offered for the first time this fall. This program supplements the traditional adult education courses, organized by the vocational training schools and private interests, with strong support from the Government.

The Chambre des métiers (Chamber of Trades) and vocational training schools sponsor refresher courses. These classes attempt to improve productivity and raise competitive standards in the crafts and trades by helping workers to adapt old skills to new processes and management techniques.

Participation in adult vocational training has steadily increased. In 1954-55, 740 adults enrolled in 45 courses. In 1963-64, 2,342 adults enrolled in 84 courses.

BASIC STATISTICS FOR LUXEMBOURG		
	1958-59	1964-65
<u>Population</u> <sup>1</sup>	317,800	330,000
Male	160,600	165,000
Female	157,200	165,000
Aged under 15	61,700	72,000
Aged 15 to 64	223,500	220,000
Aged 65 and over	32,600	37,000
<u>Labor Force</u> <sup>1</sup> (monthly averages)	147,000	138,000
Self-employed	50,000	36,900
Wage-earners	97,000	101,600
Agriculture	31,700	18,700
Industry	(115,300	63,500
Services	(	56,300
Unemployed	154	46
<u>School Attendance</u> <sup>2</sup>		
Primary schools	29,155	35,146
Secondary schools	5,250	6,991
Vocational and technical schools	3,207	5,459
<u>Apprenticeships</u>	2,931	2,388 (1962-63)

<sup>1</sup> Exposé sur l'évolution de la situation dans la Communauté, Commission de la Communauté Economique Européenne, 1959 and 1966.

<sup>2</sup> Annuaire Statistique 1965, Service centrale de la statistique et des études économiques (STATEC), Ministère de l'Economie Nationale, Grand-Duché de Luxembourg, 1965.

ORGANIZATION AND FINANCING OF TRAINING

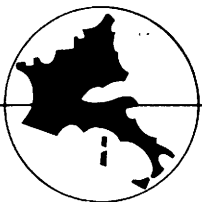
The Government plays a decisive part in vocational training. To a large extent, the state owns the schools. In 1965, 4,049 students were enrolled in vocational schools, 302 in agricultural schools, and 1,108 in private schools. All schools follow uniform programs.

The state pays the construction costs of public vocational schools. Communities may be charged for the upkeep.

State expenses for vocational training (primary and secondary) in 1962 amounted to \$14 million, about 10.5 per cent of the national budget. The Government refunds expenses of organizing apprentice examinations to the professional organizations. The employers, on the other hand, defray all costs of practical training.

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