

# EUROPEAN LABOUR BULLETIN

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## ABOUT THIS BULLETIN

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This bulletin is intended for trade union, labour and cooperative editors and education officers. It contains information about the new communities of Europe and the contribution and role which trade unionists and socialists on the Continent are making to them.

It will in future be produced every two months by Britain in Europe. Its object is to provide authoritative material on European developments for use in the publications and educational activities of the Labour Movement.

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The Editors will be pleased to supply photographs for publication and to provide additional facts and special articles as required. Material in this bulletin may be reproduced with or without acknowledgement though in all cases a voucher copy of the publication containing the reproduced material would be appreciated. The Editors would also be pleased to receive from readers items of news of British Labour's views on Europe, for inclusion in future issues.



ANOTHER COMMON MARKET ON OUR DOORSTEP?

## The Nordic Common Market

The stalemate in the negotiations for a European Free Trade Area has given fresh impetus to the proposals for the closer economic integration of Denmark, Finland, Norway and Sweden. When delegates from the four Nordic governments meet shortly before Christmas they will consider plans for a Nordic Common Market and a number of complementary recommendations besides to further collaboration in production, education, research, trade and finance.

The proposals are largely set out in a Report giving the conclusions of a Committee of officials and published in October 1957. This advocated the creation of a Nordic Common Market within a wider European Free Trade Area, and went so far as to include a Draft Convention for a Common Market. A supplementary report has recently been brought out in order to meet Danish and Norwegian objections. Although some difficulties remain to be overcome, it seems likely that the scheme will now be decided independently of an agreement on a European Free Trade Area.

A Nordic Common Market would abolish customs duties and quantitative import restrictions on at least those commodities which made up four-fifths of the trade between the member countries in 1955. A low common tariff would be imposed on all commodities imported into the Market. The remaining one-fifth of trade, covering mainly fish, fishing and agricultural produce, will almost certainly be brought into the scheme. This trade, vital to Denmark and Norway, had been excluded pending an agreement on a European Free Trade Area. But it is almost certain that, if a Nordic Common Market is to come about, a joint marketing scheme for agriculture and fisheries will have to be adopted.

Since the Nordic countries have similar resources, the setting up of a Common Market and the expansion of trade between them will make industrial adjustments necessary. The Report adds, however, that this will not cause hardship if the existing level of prosperity continues. In any case the greater part of Nordic trade is, and must remain, with the outside world. The traditional exports, such as wood products, are meeting more intense competition and it is realised that greater industrial production will be needed to maintain standards of living - the highest in Europe. By creating a larger home market a Common Market can help the Nordic countries

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to meet this competition. As the common tariff will be low it is unlikely to distort trade and so increase costs in the Market to any great extent. It is clear that the success of the scheme depends on the Nordic countries obtaining a share of increased world trade.

After an initial period of transition no member of the Common Market would be allowed to reimpose tariffs or quotas as a remedy for unemployment, although they would be allowed to do so to combat an unmanageable trade deficit. This condition could become unacceptable if members pursued contrary economic policies, since the expansionist would be curbed by the restrictionist. It is hoped that such difficulties could be resolved by consultation between governments as no supreme authority is envisaged in the Common Market. The policy-making body will be a Council of Ministers whose decisions will require unanimity.

Co-operation between the Nordic countries in political, social and economic matters is already considerable. It would be extended and developed to include production at home and trading abroad. Despite the investment of a high proportion of national income there is a shortage of capital. It is proposed, therefore, to found an Investment Bank with a basic capital of £110 million. Loans and guarantees would be given primarily to projects important to Nordic co-operation and unlikely to find funds elsewhere.

Schemes for collaboration between industrialists are recommended. This is not new. The unified Scandinavian Airlines System (S.A.S.) is familiar in Britain. The Co-operative Wholesale Societies have a joint importing organisation. Private industries also are linked together. There may be a danger that monopolies will be formed, and it is a pity that greater agreement has not been reached on a policy to deal with them. Governments would be expected to take action against monopolies and restrictive practices but no lines for joint action have been decided upon.

It is worth noticing that a common labour market was established in July 1954 when, on the recommendation of the Nordic Council, residence permits were abolished. Employment exchanges deal with vacancies and applications throughout the Nordic countries. To-day, about 100,000 workers are employed in Nordic countries other than that of their birth. This has been possible because of

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the prosperity enjoyed in the post-war years. Wages paid in Denmark, Norway and Sweden are estimated to be the highest in Europe. Unemployment in Denmark and Finland has been paralleled by a labour shortage in Sweden.

The governments concerned, especially the Finnish, are not committed to the Common Market and a number of obstacles to its creation remain. Some opposition to the proposal has, moreover, arisen on the grounds that it may lead eventually to political integration. It is interesting to note that this criticism has come principally from the non-socialist parties who would expect on past experience to be in a minority in a Nordic union.

Against these factors, however, must be set the growing movement towards greater Nordic integration, and above all the need for these individually small but socially advanced countries to play a more united role in bringing about a European Free Trade Area.

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SOCIAL WELFARE IN THE COMMON MARKET COUNTRIES  
Report underlines recent progress

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"The essential purpose" of the Common Market, according to its Treaty, is the "constant improvement" of the living and working conditions of its 165 million people. This is a reasonable and praiseworthy intention; but many a good intention has perished in a diplomatic preamble. Are there any signs that this one is seriously meant?

The President of the Common Market Commission, Professor Walter Hallstein, gave an answer to this question when he presented the Commission's first Annual Report to the European Parliament this autumn.

"Everything we do in the Community is for the benefit of the individual, for the satisfaction of his material and intellectual needs, his welfare and his happiness. The Community therefore pays no less attention to the social than to the purely economic problems within its boundaries."

The Commission's first duty was to get a clear picture of the existing situation and the problems with which it had to deal. In fact, it has already published a preliminary study which sets out the main facts which form the starting-point for its own work. \* It is an encouraging and - for some British readers, perhaps - a surprising document. It shows that since the end of the war all the six countries of the Community have sought to maintain a policy of economic expansion, with high investments and a high level of employment. Productivity has increased steadily in the past five years, and - with the single exception of southern Italy - all countries have substantially the same level of real income per head.

More workers - and more jobs.

To take the employment situation first. At present the

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\* "Examination of Social Conditions in the Community on the entry into force of the Treaty establishing the European Economic Community." (Common Market Commission, Brussels, 1958).

population of the Community is three times larger than that of the United Kingdom, 165 millions. It is expected to increase by about one million a year in the near future, and to reach more than 173 millions by 1963.

This is a challenge to the Community to provide more jobs for an increasing working population, and all the evidence suggests that it will rise to the challenge. In recent years, for instance, the general level of employment has risen steadily by about 1.5 per cent a year. This means that a million extra jobs have been provided each year.

The greatest increase has been in the German Federal Republic, which has had to absorb over 12 million refugees, including women and children from the Eastern Zone. German unemployment, at less than 2 per cent, is now lower than in Britain for the first time since the war. Similarly in Italy, the government has made great efforts to deal with its unemployment problem, but these efforts in 1957 led to no more than a modest fall of a quarter of a million in the total number of unemployed workers. And this in spite of factors which threatened to send the number out of work still higher. For Italy, however, still with  $1\frac{3}{4}$  millions unemployed, full employment remains a long way off.

But the experts of the six countries who drew up the Report believe that employment possibilities will continue to rise. They point to the continuing high level of investment which has persisted in spite of the temporary slackening of economic activity this year.

#### Rise in Real Wages.

The Report also shows that there has been a general rise in real wages in all six countries in recent years. Increases in nominal hourly wages have more than kept pace with the rising cost of living, and have been particularly marked by increases of 47 per cent in the Netherlands and 42 per cent in France. Even in Italy nominal wages have risen nearly a quarter.

These gains have been accompanied by a steady tendency for working hours to fall. In the German Federal Republic a 45-hour week has been brought in for most sectors of industry, without any fall in earnings: in Belgium most workers also have a 45-hour week, and a number of them have negotiated agreements for fewer. In Luxembourg a 44-hour week is usual, and in the other three countries there has been a general move to reduce the length of the working week.

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### Advance in Social Security

One of the most striking parts of the Report shows how social security schemes have also improved in all Community countries. Recent speakers in a debate on British pensions in the House of Commons have pointed out the superior pension benefits now enjoyed by workers in the Federal Republic. This is only one example of the general trend in the Common Market.

In each of the six countries coverage is now given for sickness, maternity, death, disablement, old age, accidents at work, occupational disease, unemployment and family allowances. And, the experts note, there has been a steady improvement in the range and benefits available.

More and more sectors of the population now benefit from social insurance or social security schemes. Governments themselves are making increasing contributions to them, and in their administration trade union representatives are having a greater say.

### Improved Housing; More - and better - Houses

In all the Community countries herculean efforts have been made since the war to deal with the housing shortage caused by war-time destruction and increases in population. Not only have more houses been built, but even the smallest are more comfortable than before.

All the governments have been active in this field. Last year the German Federal Government financed the building of more than 50,000 houses for refugees from the Eastern Zone in areas where jobs were available. From the total of 550,000 houses built in 1957 about half benefitted from the State's financial help in the form of large loans at interest rates lower than those granted to local authorities in this country. The Italian Government has itself also financed the construction of some 95,000 houses for the homeless. In some cases special housing programmes have been sponsored to attract workers to a particular industry. This has been done in both France and the German Federal Republic; in the latter case 25,000 houses have been financed out of a special surtax on the price of coal.

### The Commission's Task

All these facts are an encouragement to the Common Market Commission which, like the High Authority, now has an administrative department devoted to social policy.

One of its big tasks is to study ways by which the aim of free

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movement - such as labour permits and so on - but also of seeing, for instance, that a person who moves from one country to another keeps his social security benefits. Already progress with this problem has been achieved.

A Social Security Convention for migrant workers, originally negotiated by the High Authority of the Coal and Steel Community with member governments, has been adopted by the Commission within the terms of the Rome Treaty. This is an important advance and means that the Convention can now be put into effect quickly, without waiting for parliamentary approval in each of the six states.

This, the Commission underlines in its Annual Report, is its first achievement in the field of social affairs. It has now joined its own efforts to those of the governments of the Six to see that the hopes expressed in the Treaty do not remain mere words. They are translating them into facts which will be of benefit to the lives of the workers throughout the Community.

WHAT THEY SAID .....

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- Equal Pay for Equal Work -

The Common Market has already become a factor in British wage negotiations. Under the Rome Treaty (article 119\*) the six Common Market countries (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) have given a categorical undertaking to introduce equal pay for women, in effect by the end of 1962, or at the latest 1964.

Mr. Carron, President of the Amalgamated Engineering Union, drew attention to this pledge when he presented the case this year for equal pay for women, to bring them up to the male wage rate. (About  $\frac{3}{4}$  million women would be affected in the industry.)

No longer, he maintained, could the employers argue that British engineering exports would suffer from the adoption of this principle, for the Common Market countries included at least four substantial or major competitors in this field. British employers would betray a lack of confidence if they felt unable to follow suit. "Such an attitude, we feel, would indicate an unjustified slur on the ability and initiative of everyone connected with the industry."

This new argument in favour of equal pay has, like others, .. been turned down, but it will clearly gain still greater force when the six countries implement the Rome Treaty in this respect, not to mention the possible consequences of a Free Trade Area Treaty, should one come to be negotiated.

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\* Article 119 says:-

"Each Member State shall in the course of the first stage<sup>+</sup> ensure and subsequently maintain the application of the principle of equal remuneration for equal work as between men and women workers.

"For the purposes of this Article, remuneration shall mean the ordinary basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the workers' employment.

"Equal remuneration without discrimination based on sex means:

- (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.

+ The first stage runs from January 1958 to December 1962, but may be extended by up to two years until December 1964.

WHAT EVERY TRADE UNIONIST OUGHT TO KNOW ABOUT THE  
EUROPEAN COMMUNITIES

What benefits has the European Coal and Steel Community brought the workers, and what representation have they in the Community organs?

Are there great differences between the Common Market and the Coal and Steel Community, and if so, what are they?

What would be the exact differences between the Common Market and the Free Trade Area, and how would each affect Britain?

How will Euratom work?

What are the prospects for my own industry if Britain goes into a Free Trade Area?

What do the Unions say about the new Communities?

These and many other questions are frequently asked by trade unionists, and all too often there is nobody on hand to supply a reliable answer.

The whole subject of the European Communities and organisations is exceedingly complex. This article attempts two things: first, to give a brief sketch of the main features and the benefits for trade unionists under the schemes for European integration, and, second, to give some of the main sources of information for those who wish to find out more details.

The European Coal and Steel Community was the first major step towards European integration. Established in 1952, the Community completed its five year transitional period early in 1958. A common market in coal and steel now exists in the six Community countries, namely Germany, France, Italy, Belgium, the Netherlands and Luxembourg. Coal and steel products move quite freely, without tariffs or discriminatory transport charges, between the "Six", and the countries have imposed a common tariff against imports of these products from other countries.

The High Authority of the Community, of which Paul Finet, a Belgian Trade Unionist, is now President, has carried out progressive social policies of great benefit to the workers, who are strongly represented on the Consultative Committee of the Community. A pioneer resettlement and redundancy scheme, called 'readaptation', provides for displaced workers being retrained for other jobs, receiving allowances in the meantime and having removal expenses paid if necessary. Standards of living and real wages have increased for the Community workers in all countries since 1952. Skilled workers in coal and steel may now move freely and take up work in any Community country.

The Common Market involves the same six countries and is intended to create the same free trade for all except agricultural  
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products as the Coal and Steel Community has done for its two industries. The first tariff cuts in the transitional period should be made on January 1st 1959. The full name of the Common Market is the European Economic Community. The treaties establishing the Economic Community and Euratom are frequently referred to as the Rome Treaties because they were signed there in March 1957. The six countries forming the Common Market are often called the Messina powers, after the town where the Ministers originally met and decided on the scheme.

The Common Market Treaty provides for equal pay for equal work for male and female workers, overtime payments will be levelled up to those of France, where they are at the highest rate, freedom of movement for all workers will be introduced, restrictive cartels and monopolies will be prohibited, readaptation schemes and funds will be set up and there will be efforts to harmonise social policies upwards. Workers will have up to fifty per cent of the representation on the Economic and Social Committee which advises the governing body, the European Commission.

Euratom - the European Atomic Energy Community - will co-ordinate and hasten the development of atomic energy for peaceful purpose in the same six countries. Special precautions are to be prescribed and special researches made to protect the health and well-being of workers in these new industries.

A European political assembly is acting as a 'parliament' to the three Communities. At present its members are drawn from the national parliaments, but eventually there are to be direct elections.

The Free Trade Area was an attempt, sponsored mainly by Britain, to create an association between the Economic Community of the "Six" and the eleven other member countries of the OEEC (Organisation for European Economic Co-operation). Unlike the Common Market, the Free Trade Area would not have been a customs union. In other words the member countries, including the "Six", would have allowed an unrestricted and duty-free flow of goods amongst each other, but would not have harmonised their tariffs against the outside world. Furthermore, no social programme, nor any elected political parliament was envisaged for the Free Trade Area. Each country would have been left to resolve its own social problems resulting from the Free Trade Area and the political relations between the member countries. From the beginning, nevertheless, the TUC has insisted that there had to be full employment guarantees and certain other safeguards.

The long-drawn negotiations for a Free Trade Area have, however, come to a halt as the French did not regard the safeguards offered by the British government as adequate. Some formula still

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has to be found therefore to avert an economic division between the members of OEEC. The trade union movement, nationally and internationally through the ICFTU, supports European integration in its various forms because it believes that it will bring increased wealth and living standards. But, naturally, guarantees for the workers, and representation on institutions at all levels for trade unionists are expected.

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A number of organisations specialise in providing information and literature on European integration questions, and some of the main ones are listed here:-

The European Coal & Steel Community, Delegation in the U.K. of the High Authority, 23 Chesham Street, London, S.W.1.

Britain in Europe, 61 Catherine Place, London, S.W.1.

The Federal Educational and Research Trust, 10 Wyndham Place, London, W.1.

Any of the above will be pleased to inform correspondents of their range of publications. Additional publications of help for background reading include:

from H.M.S.O. :-	Treaty establishing the European Economic Community (10/-)
	Treaty establishing Euratom (7/6)
	Freer Trade in Europe (2/-)
	The OEEC and the Common Market (1/6)
from TUC:-	Economic Association with Europe (1/-)
from PEP:-	Designs for Europe (2/6)
	Problems of Freer Trade in Europe (2/6)
from the Economist Intelligence Unit:-	Britain and Europe (16/- incl. postage)
from Britain in Europe:-	Britain, the Commonwealth and European Free Trade (6/- incl. postage)

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