

European Labour Bulletin

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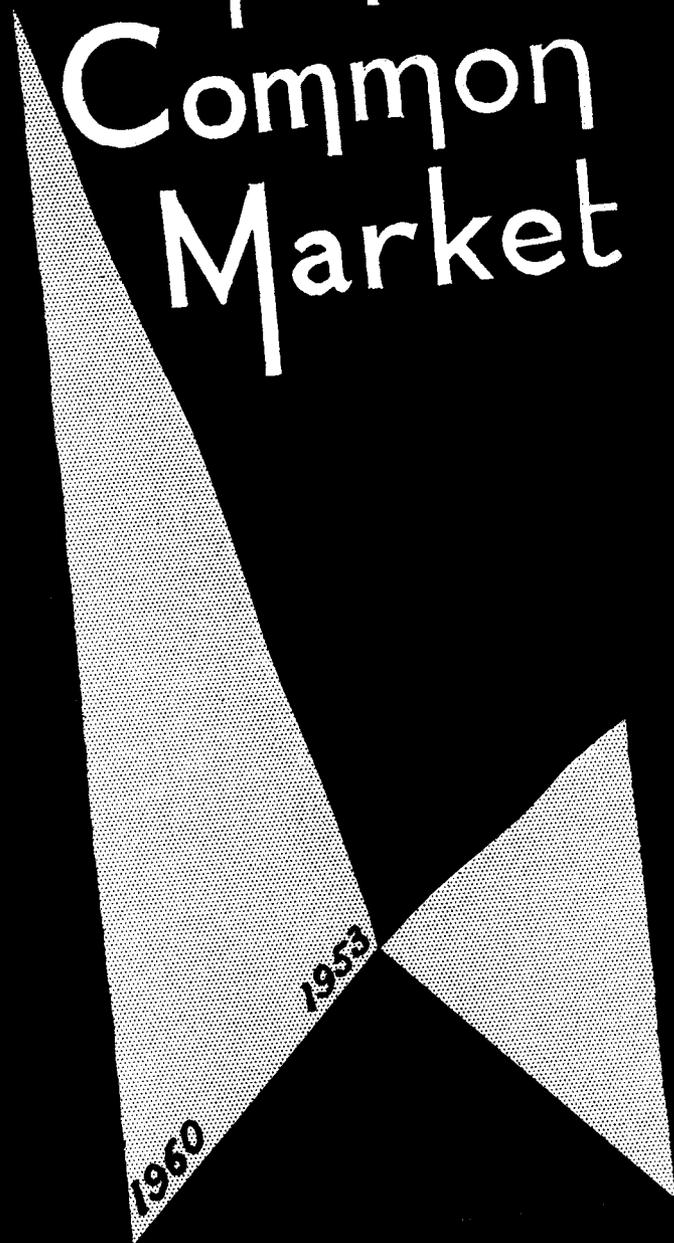
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IN THE SIX AND THE SEVEN

Note: The Editor assumes full and sole responsibility for the views expressed in this publication, other than those clearly emanating from other sources.

U. W. Kitzinger

The Challenge of the Common Market



The Challenge of the COMMON MARKET

The Common Market is the biggest challenge to British foreign policy since Hitler set out to unite Europe. Here is an analysis of the historical background and the achievements to date of the Six. Objectively and sometimes acidly the author examines the Rome Treaties and the institutions of the Economic Community. He measures the degree to which the Six have surrendered their sovereignty to supra-national institutions, and devotes a special chapter to their relations with Africa. He examines the impact entry into the Community would have on British industry, the farmers, the Commonwealth and on Britain's whole position and influence in the world. Finally he poses the questions, never more acute than at this time of negotiations: on what conditions should Britain go in or stay out? And on what conditions will the Six have her?

This is not an academic book but an attempt to explain as clearly and impartially as possible the intricacies of the Common Market. It is for manufacturers and trade unionists, for businessmen and investors, for politicians, for teachers, for students, for everyone who is concerned about the Common Market and Britain's decision.

The author, a Fellow of Nuffield College and an ex-President of the Oxford Union, was for six years the British economist at the Council of Europe, and is a leading authority on the subject.

Publication date, September 4th

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Will Britain Join the European Communities?

A warm welcome has been voiced in almost all quarters of the Common Market to the Government's decision to open negotiations for full membership. Many of Britain's best friends on the Continent had come almost to despair of this step ever being taken.

'Historic' is the most common description of it. "No issue which has come before the House in my life time has been of greater importance" was how Miss Jennie Lee summed it up. But the decisive step - that of actually joining - has yet to be taken. This depends on the outcome of the negotiations which will open early in October.

If they prove successful, Britain is likely to enter the European Communities at the beginning of 1963. The negotiations, however, will not be easy. Everyone realises this.

The six Common Market countries are united in their determination not to allow any weakening in the bonds of their Community. Yet they know full well this can hardly be avoided if Britain enters, along with Denmark and Ireland who have also applied, not to mention Norway who may well follow suit. "Yeast or watered wine?" was the apt heading in one German paper which discussed this difficulty with commendable candour.

The Six can therefore be counted on to look very closely indeed at the concessions we will be inviting them to make. They will expect to see compelling evidence that Britain is ready to assume the obligations of membership as readily as its rights.

But Britain will not - cannot - provide this until there is a clearer picture of what is involved. The Government has laid down certain broad conditions which must be satisfied first. These are, to make satisfactory arrangements to meet the special interests of:

- * The United Kingdom, and in particular of the farming community,
- * The overseas Commonwealth countries,
- * Our partners in the European Free Trade Association, of whom three - Austria, Sweden and Switzerland - being neutrals raise delicate political issues.

While endorsing all these, the TUC has gone further, and has specified additional conditions in the interests of the labour movement:

- * Protection for the poorer sections of the Community against the higher food prices resulting inevitably from the adoption of the Common Market's planned system of agricultural support;
- * Definition of the aim of full employment for the whole Common Market, coupled with a statement of the methods by which members acting individually and collectively expect to attain this;
- * The right to restrict imports in the event of a foreign payments crisis as an alternative to being forced to adopt deflationary policies;
- * The reform of the Common Market's rules for labour mobility in the direction of the British system;
- * The reform of the Common Market's Economic and Social Committee to provide especially for equality of membership between representatives of workers and employers.

Several of these points are not in fact matters for negotiation at this stage. They chiefly concern the kind of policy that British governments would be expected to pursue once we were inside the Communities. The TUC effectively faced up to the problem in its concluding statement:

"... if Britain was to join the European Economic Community the need to plan the full and effective use of all our resources would be even more imperative than it is now."

It is some time yet before such a situation will arise, if it ever does. The essential task now is to examine the alternative courses of action open to this country, always bearing in mind that it is premature to reach any firm conclusion until the outcome of the negotiations is known.

THE EUROPEAN COMMUNITIES OF THE SIX

<u>Formal title</u>	<u>Abbreviated or popular name</u>	<u>Headquarters</u>	<u>set up on:</u>
<u>The European Coal & Steel Community</u>	ECSC	Luxemburg	25.viii.1952
<u>The European Economic Community</u>	Common Market or EEC	Brussels	1. 1 .1958
<u>The European Atomic Energy Community</u>	Euratom	Brussels	1. 1 .1958

As a contribution to the debate, whose intensity is bound to mount in the coming months, the main part of this issue of the European Labour Bulletin is devoted to two statements of the case in favour of British entry into the Communities from the Labour standpoint. Both deal mainly with domestic economic problems. The next issue of the Bulletin will weigh up the political questions and those affecting the Commonwealth.

The Editor takes no sides and invites contributions arguing the opposite conclusion with a view to their publication in future editions of the Bulletin.

J.C.H.

Additional information and publications on the European Communities and the European Free Trade Area Association may be obtained free from:

The Information Officer
THE EUROPEAN COMMUNITIES
23 Chesham Street,
London, S.W.1.

The Information Department
EUROPEAN FREE TRADE ASSOCIATION
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THE SIX — E.E.C.

population 171 million

Belgium
France
German Federal Republic
Italy
Luxemburg
Netherlands

associate: Greece

THE SEVEN — E.F.T.A.

population 90 million

- Austria
* Denmark
* Norway
- Portugal
- Sweden
- Switzerland
* United Kingdom

associate: Finland

OTHER WESTERN EUROPE

Iceland
* Ireland
Spain
- Turkey

	<u>population</u>
U.S.A.	183 million
U.S.S.R.	214 million

* applicants - actual or probable - for membership of European Communities
- countries seeking or likely to seek associate status.

THE CHALLENGE TO INDUSTRY

By Roger Broad

No one knows precisely what the effects of joining the Common Market would be on British industry and trade. This is partly because economic prediction is at the best of times hazardous, and partly because the exact conditions under which this country would join the Community are not yet known.

But certainly there is no need to fear that all tariff barriers would come down at once, and that British industry and agriculture would be faced immediately with quite different trading conditions from those to which they are accustomed. In the first place the general lowering of customs duties will be extended over some years (probably until 1968 at the earliest). In the second, the Rome Treaty makes special provision for member states to defer the lowering or raising of tariffs in certain circumstances. This could give particular British industries or other sections of the economy an even longer breathing space; an important proviso, however, is usually attached to such exemptions, particularly to those under Article 226. Effective measures must be taken to restore the strength of the industry concerned.

We may also take comfort from an examination of the effects of tariff reductions within the Common Market. The chart opposite highlights the rapid growth of trade within the Common Market since the beginning of 1959. Admittedly the period in question has been one of boom, but its dynamism has obviously been enhanced by the systematic lowering of trade barriers and the encouragement it has given to industry to plan operations on a long-term basis. The rather less dramatic effects of the easing of trade within the EFTA, brought out in the bottom half of the chart, may be put down to a number of factors. One of the most important is that the trade of most EFTA countries is traditionally channelled in large measure towards the EEC. The division between the Six and the Seven has therefore had more painful effects for the latter.

 This helps to explain why the urge to reach agreement between the two groups has become so strong.

Opportunities for Trade

Western Europe offers one of the fastest growing markets in the world. Between 1951 and 1960 its overseas import bill has risen by 64% to over £19,000 m, while intra-European trade has more than doubled. Our own trade with the Six alone has grown by over 50% during the same years. It is true that that with the United States has increased by 60% but the latter (as the motor industry well knows) can be a fickle market.

By contrast, our trade with the rest of the Commonwealth has increased by only 10% in the same period. Of course, as the chart on page 7 below shows, the Commonwealth still accounts for a major proportion of our total trade though now only two fifths of it.

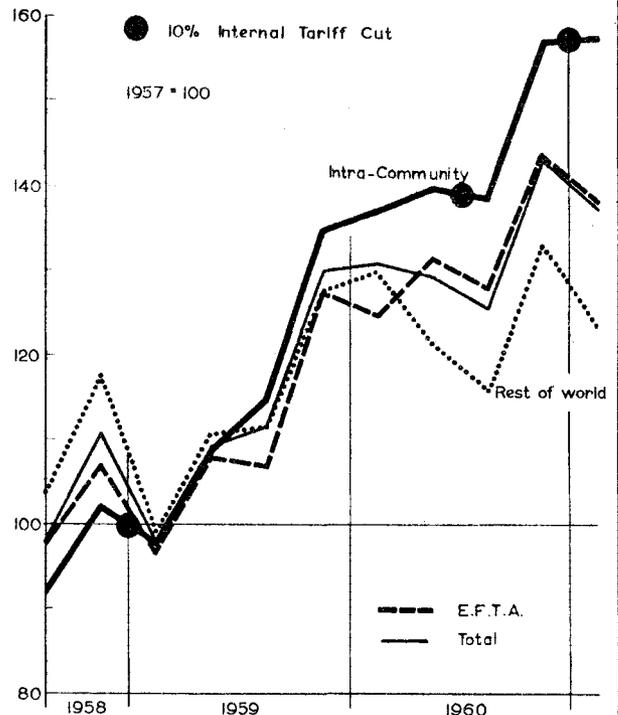
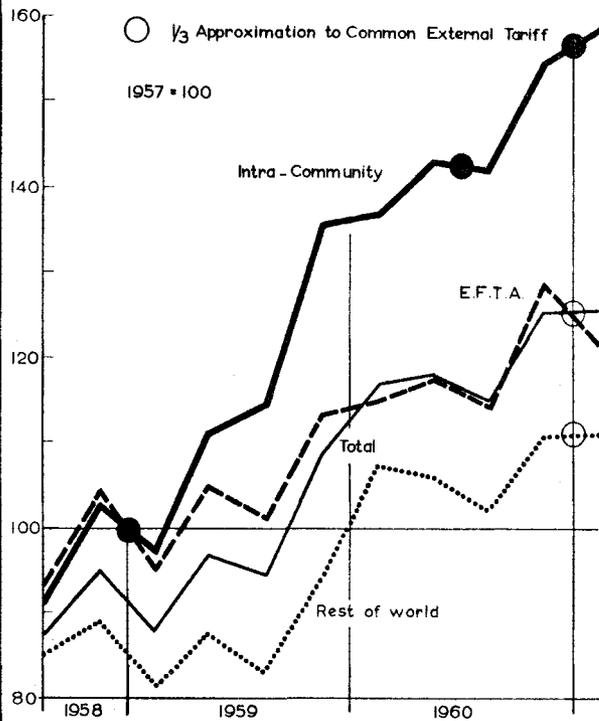
TRADE DIVERSION IN EUROPE

EUROPEAN ECONOMIC COMMUNITY

IMPORTS (Excl. GREECE)

(Excl. GREECE)

EXPORTS



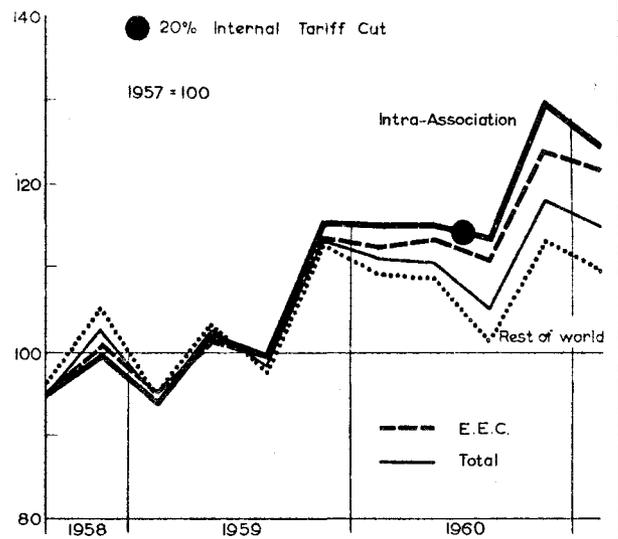
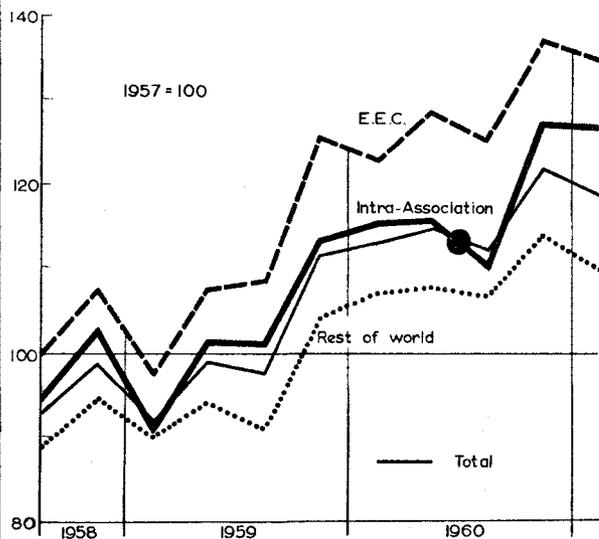
Source: E.E.C. General Statistics

EUROPEAN FREE TRADE ASSOCIATION

IMPORTS (Excl. FINLAND)

(Excl. FINLAND)

EXPORTS



Source: O.E.E.C. Foreign Trade Statistics

The Sterling Area - which includes several non-Commonwealth states, but excludes Canada - accounts for over one-third of our trade. Though less than 30% is with Western Europe, another 10% is with the United States, so that (including Canada) nearly half our total trade is with the highly industrialised states of the North Atlantic.

The difficulty about increasing Commonwealth trade (which is of course wholly desirable) is that the economies of the Commonwealth countries are just not expanding fast enough. Besides, many of them are building up their own industries under the protection of tariff walls and by import quota restrictions.

Paradoxically, it is those countries, in Western Europe and North America, which already have the most highly developed manufacturing industries of their own, that today offer the greatest prospects for expanding the sales of our own manufactured goods - but only if the quality, design and delivery conditions of British goods match, or exceed, those obtainable elsewhere.

At present this is by no means always the case. At home restrictive practices are rife; tacit price agreements often replace the formal rings that even the present pathetically weak monopolies legislation has banned. Furthermore British industry is heavily protected from foreign products and fresh ideas. The inevitable result is that, when British goods are sent abroad, they are frequently out-classed, not least in their mode of sale.

Radical Revision of Methods Required

Make no mistake about this. The British economy needs a thorough overhaul and a thorough shake-up in the next few years. Tariffs, for instance, must be brought down. It is absurd that a nation which relies on selling its products abroad for its livelihood should protect its producing industries in its home market. If they need protection here, how can they be efficient enough to compete in overseas markets?

The choice is between lowering tariffs unilaterally with no control at all over the result, or any compensating benefits in other markets, and doing this in a framework of a general merger of our economy with those of our Continental neighbours.

Not that joining the Common Market would cure our economic malaise overnight, but it would give us access to a market that is expanding very fast and which (including ourselves) would have 220 million customers (more than in the United States or the Soviet Union), with the likelihood of there being many millions more, in other parts of Europe and in the associated countries overseas.

EXPORT COMPARISONS

(1951=100)

	<u>1955</u>	<u>1960</u>
UK	112	136
EEC	131	214

Germany 177 330

The compound rate of growth of British exports of manufactures between 1957 and 1960 was only 3%. For the EEC it was 12% - or four times faster. 1957 was the last year in which British exports of manufactures exceeded those of Germany.

The Prospects for Industry

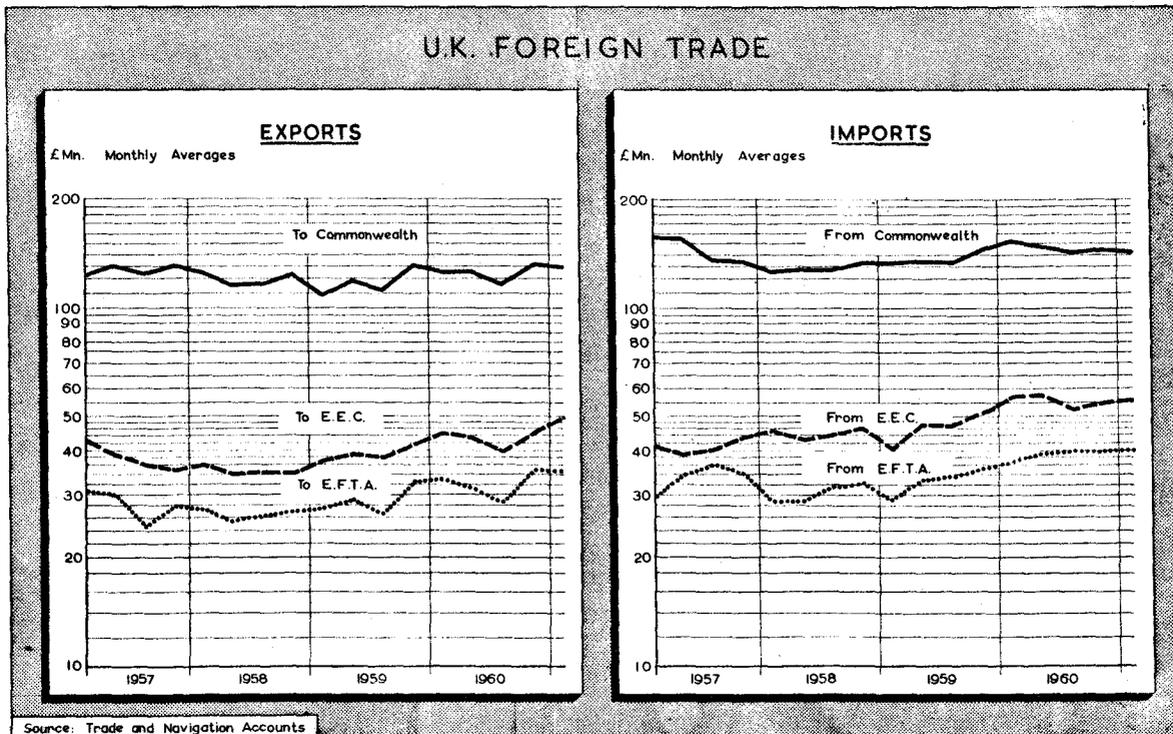
In these circumstances our most efficient and go ahead industries could well forge ahead fast, taking full advantage of the new opportunities; others would find the going less easy and would need a drastic revision of their ideas and attitudes. But all would have a period of time to adjust themselves to the new conditions created by the lowering of tariffs by stages. It is impossible at this juncture, as has been pointed out, to forecast precisely which industries stand to gain or lose most, and the performance of individual firms may well differ sharply from that of their particular industries as a whole. Some guide, however, is perhaps provided by the progress of a number of industries (see page 8) in the export field since 1957. This should give a measure of their ability to compete with Continental industry.

GROWTH INDUSTRIAL OUTPUT (1953=100)

	1955	1960
U.K.	114	130
Community	122	171
Belgium/ Luxemburg	116	126
France	117	165
Germany	129	180
Italy	119	182
Netherlands	118	157

Imperatives for Planning

Most important of all, joining the Community would give us the advantage of benefiting from those emerging elements of planning that characterise the economies of some of the Six already, and which are now being tentatively extended to the Common Market as a whole. It is perhaps no accident that our present government's sudden conversion to the idea of planning (whatever it may intend by this in practice) should have coincided with its decision to test the possibility of joining the Community.



GUIDE TO STRENGTH OF BRITISH MANUFACTURING INDUSTRY INSIDE THE COMMON MARKET

Source: adapted from the
National Institute Econom-
ic Review, May 1961.

A. Outlook bright: Exports rising faster than Imports

Chassis and parts
Tractors and parts
Spirits
Drugs, medicines, etc.
Dyeing materials, etc.

Commercial vehicles
Man-made fibres and yarns
Sugar confectionery
Paper-making machinery
Synthetic rubber

B. More vigorous exporting required: Exports rising more slowly than Imports

All non-electric machinery
All chemicals
All electric machinery
Cars
Power generating machinery
Textile machinery
Electronic equipment, etc.
Plastics materials
Excavating machinery, etc.
Scientific, precision instruments
Machine tools
Office machinery

Floor coverings
Agricultural machinery
Glass and glassware
Sewing machines
Photographic supplies
Cereal preparations
Food and drink machinery
Laundering machinery
Domestic refrigerators
Plastics manufactures
Plastics machinery
Watches, clocks, etc.

C. Position fair, but present tendency to weakness must be overcome:
Exports flat or falling, but much bigger than Imports

All metal manufactures
Wool yarns and fabrics
Cotton fabrics, yarns
Other textile manufactures
Ships
Aircraft
Railway vehicles

Generators and motors
Mechanical handling equipment
Switchgear
Metal-working machinery
Musical instruments, etc.
Mining machinery

D. Unsatisfactory: Exports flat or falling, Imports nearly as big
as Exports - or bigger.

Clothing
Paper and Board
Man-made fabrics
Footwear
Cocoa preparations
Toys
Preserved milk

Motor cycles
Packing machinery
Bearings
Cameras
Typewriters
Cotton grey cloth
Beer

WARNING: The trade trends given above relate to the years 1957-60, and, moreover, to UK imports and exports with the whole world not just to Europe or the Common Market alone. During this period UK trade was much influenced by the removal of quota restrictions on imports from North America. The impact of the Common Market is unlikely to have exactly the same results.

IMPLICATIONS FOR THE LABOUR MOVEMENT

By Colin Beever

CONTROL OVER DOMESTIC POLICY

The fear is frequently expressed that, if Britain entered the Common Market, the powers of a future Labour Government to plan the economy as it thought necessary, and in line with its election pledges, might be severely impaired. Could a Labour government, in fact, be rendered ineffectual in this respect, through being over-ruled, perhaps, by some European authority?

Certainly, if a nation joins an international grouping with common aims and policies, whether they be military, political, economic, social, educational or cultural, it must sacrifice some measure of its freedom of action. In the case of the Common Market, the economic independence of the member states will be limited to some degree, but not as much as many people believe.

Aims of the Community

The aim of the Community is to harmonise the economic policies of member states by achieving agreement on the broad lines of common action, by preventing any national discrimination, and by ensuring that competition is not distorted by any means. Not all these common approaches have yet been worked out, and naturally if Britain were a member before they are finally agreed, she would have a voice in their formulation which would otherwise be denied her. (This is in itself a reason why the Labour Party should determine its attitude to the Community before long).

Full Employment

One question that arises is whether our government would have the powers to maintain full employment. We should face the fact, squarely, that no economic control or device yet invented can maintain full employment in a country like Britain, which relies on a large overseas trade to make a living, if it chooses to remain isolated from the fastest expanding and most dynamic grouping, as is the Economic Community of the Six. Our own national powers cannot be fully effective in the future unless they are allied to a stable or improving share of important international markets, such as those in Western Europe.

We have some advantages in this region through our membership of the European Free Trade Association, but they are much less than those open to us in the Common Market. Though EFTA declares its faith in full employment and improved living standards, it falls far short of the Community in that it does not make provision for a Social Fund nor,

indeed, for any other positive measure to back up this declared policy. The comparable powers of the Community are much stronger. These are examined below.

Nationalisation

Another question is whether or not we should be able to nationalise further sectors of the economy if we joined the Community. We ought not to forget, first of all, that some Common Market countries already have a higher proportion of public ownership than we do, and would certainly be opposed to any categorical restrictions on its extension. In France and Italy there are important elements of public ownership in the motor, steel, engineering, aircraft, shipbuilding and oil industries, as well as in public utilities such as the railways. In Germany and the Netherlands there are substantial public sectors too.

The Rome Treaty cannot prevent any further nationalisation taking place, and is in fact completely neutral as to whether industries and services are publicly or privately owned. The only instance, indeed, where the Treaty refers to publicly owned industry is in Article 90, which makes it clear that it should be subject to the same conditions of fair competition as privately owned industry.

Investment

What about powers to channel investment funds, as a Labour government may require to do? The answer is that the Rome Treaty does not prohibit governments from encouraging or discouraging certain types of investment that they think necessary. Two conditions are laid down. They are that nothing may be done first, to distort competition, or secondly to discriminate against investments from other countries.

National governments, moreover, enjoy considerable powers under Article 92 to give assistance to industry for the purpose of helping regions where living standards are low, where there is underemployment, for rectifying serious disturbance to the economy, or for facilitating "The development of certain activities or of certain economic regions". Again the proviso is that such state aid must not distort competition generally, nor adversely affect trade between member states.

There will, of course, be some swing of emphasis to the international level in the guidance of investment. To this end the Common Market has set up a special European Investment Bank controlled by the member states acting together, whose purpose it is to grant loans and to offer guarantees on a non-profitmaking basis for financing major projects in less developed regions, and so on - a good example of progressive investment channelling. So far the Bank has not played a particularly active role for the very good reason that in a period of unparalleled boom there have not been many calls upon it.

Balance of Payments

A large share of the responsibility for solving balance of payments problems is placed with the Community's institutions. Article 6 reads: "The institutions of the Community shall take care not to

prejudice the internal and external financial stability of member states". Articles 108 and 109 provide that in crisis periods the European Commission shall examine the position and recommend measures to be adopted, or grant mutual assistance in a number of forms. But if immediate Community action is not in fact taken, member states still retain the power to adopt necessary measures of safeguard.

The Treaty also lays down, in Article 104, that member states should pursue policies designed, in the first place, to keep themselves out of balance of payments difficulties, while ensuring a high level of employment and the stability of the level of prices - a formula which militates against trying to balance overseas payments by deflationary policies. But this arm of economic control might be strengthened if a European Reserve Currency Fund were set up, as has been suggested, especially if its policies were more liberal and less orthodox than those currently imposed on borrowing countries by the International Monetary Fund.

Cartels and Monopolies

The Labour Movement's fight against business monopoly and restrictive trading practices should be greatly assisted by the provisions of Articles 85 and 86, which prohibit any agreements or practices likely to affect trade and "which have as their object or result the prevention, restriction or distrotion of competition". Also prohibited is "action by one or more enterprises to take improper advantage of a dominant position within the Common Market or within a substantial part of it".

Of course, provisions in a Treaty do not mean that the letter of these Articles will always be strictly observed, especially as particular acts may be subject to interpretation as to the meaning of the law. In this matter especially the trade unions of the Community would certainly welcome the added weight of British trade unions and of the Labour Party in the fight they are waging in support of the Common Market Commission against certain employing interests who are trying to take some of the sting from the rules that have been drawn up to implement the provisions of these articles.

So far, the interpretive rules on these and other Articles, dealing with social policy, etc., drafted by the Commission, have been progressive and even radical in spirit. If they do not surmount the opposition of some governments and most employers, the fault may lie partly with the apparent coolness and indifference of the British Labour movement to the European Community.

EMPLOYMENT, SOCIAL POLICY AND WAGES

Problems which often worry Labour Party members and trade unionists are whether, should Britain join the Common Market, employment prospects would be worsened, wages lowered or prevented from rising, or social benefits restricted.

First, it should be realised that all the socialist and social democratic parties involved in Western European integration have strongly supported the Common Market in principle, and so have all the important trade union organisations, with the single exception of the Communist-controlled C.G.T. in France. (The Italian Communist trade union organisation, the C.G.I.L., has actually welcomed the Common Market). The non-Communist trade unions of the Six themselves maintain their own liaison bureaux near the Common Market headquarters in Brussels, while it should be recalled that trade unionists occupy a third of the 101 seats on the official Economic and Social Committee of the Common Market, which advises the executive body, the European Commission.

Though they would like to see them carried further, the continental unions approve of the social principles incorporated in the Treaty of Rome. Article 3, for instance, is specifically dedicated, amongst other policies, to improving the employment position and raising standards of living in the Community; Article 123 establishes a special European Social Fund for "promoting employment facilities and the geographical and occupational mobility of workers" whose resources for the time being are not as large as they might be.

Free Movement of Labour

The eventual free circulation of labour has also been welcomed by the unions as an article of faith in a true European Community. The derestriction of present rules will not be fully operational for some years, but there had already been a substantial labour migration across the frontiers of the Six before the Treaty came into force. This has not caused any hardship to the workers in the receiving countries, mainly Germany, nor has it weakened the conditions of full employment.

There is in fact a chronic shortage of skilled and semi-skilled labour throughout the Community, even in Italy. The introduction on September 1 of the rules for the first stage towards free mobility of labour is not expected to affect the situation. The Commission is therefore trying to persuade governments to introduce measures beyond those taken late last year for joint occupational and vocational training schemes.

A state of full employment is generally considered to have been achieved when no more than 2% of the work-force is unemployed, as there is always a certain percentage of people changing jobs. In fact, Germany has had only 1.2% unemployed in 1961, compared with the U.K.'s 1.7%. France at that time had even less unemployment than Germany, and the Netherlands had the same proportion as Germany. Only Italy, and to a lesser extent Belgium, had substantial unemployment.

In this country, of course, we already have free movement of labour for Commonwealth and Irish citizens, and we do not have consequent unemployment, except in a very few specific cases.

The regulations for the first part of the transitional period of the Rome Treaty (probably until 1968-70) prohibit workers moving to other countries except to take up jobs specifically offered, and for which they have been trained. Once there, the regulations do not allow a change of trade until three years have passed. Inasmuch as these regulations resemble those regulating alien entry into this country, there is no reason to believe that Italians would undermine our own employment position if we were in the Common Market.

The Rome Treaty prohibits discrimination on grounds of nationality, which means that all immigrants must receive exactly the same treatment as nationals in such matters as wages and conditions of work. There is no question of it being cheaper for an employer to engage foreign labour.

Social Affairs

A major social objective of the Community, set out in Article 117 of the Rome Treaty, is to "promote improvement in the living and working conditions of labour so as to permit the equalisation of such conditions in an upward direction".

There is a special Social Affairs division at the Community's headquarters responsible for doing the necessary study and drafting for the Commission to implement both this and other social provisions, such as the stipulation that equal pay between men and women for equal work must be introduced by the end of this year.

The purpose of the European Social Fund is to provide 50% of the expenses incurred in the occupational retraining or resettlement of workers whose factories go over to different production, or where workers find it necessary to move to other areas in order to secure employment. The government of the country concerned pays a similar proportion, so that workers are able to maintain practically the same wage levels as before, pending their full re-employment.

There are none of these specific social provisions in the European Free Trade Association, of which Britain is a member. The EFTA Treaty, in comparison with the Rome Treaty, is based on the 19th century policy of laissez-faire, an unrestricted free-for-all. The Rome Treaty could certainly be improved: trade unions on the Continent have already criticised it in detail. But at least it contains more semblance of planning and social purpose than EFTA does, or, for that matter, than our Tory government has achieved or attempted during the past ten years.

Wage Levels

Some people have argued that the lower wage levels on the Continent would destroy the collective bargaining position of British trade unions which sought a wage increase once we were in the Common Market. It would be nothing for employers to use this argument; they use it now, but with little effect. Although Continental wages are generally lower than here, social benefits are often higher (and this may well enable British unions to improve their own "fringe benefits" in such matters as paid holidays, pension schemes, etc. if we join the Community), while social charges paid by employers are everywhere higher than here. Consequently, employers' labour costs are much nearer the British level than wage rates alone suggest, and in Germany they are now definitely higher than here.

AVERAGE PAYMENTS IN MANUFACTURING INDUSTRY 1960

	Hourly wages.	Fringe benefits	Labour cost per hour	As % of UK
United Kingdom	5s.0d.	9d.	5s.9d.	100
Belgium	4s.0d.	1s.3d.	5s.3d.	91
France	3s.6d.	1s.9d.	5s.3d.	91
Germany	4s.6d.	1s.9d.	6s.3d.	109
Italy	2s.9d.	1s.9d.	4s.6d.	78
Netherlands	3s.6d.	1s.0d.	4s.6d.	78

Source: derived from official statistics.

It may be argued that both wages and labour costs are lower in Italy than here, which is true, although they are both now rising fairly rapidly. But Germany is a member of the Common Market as well as Italy, and this has not prevented Germany wages from surging ahead, even though they were higher than those in Italy to start with.

If Germany can improve wage rates in these circumstances, there is no doubt that Britain, especially with her stronger trade unions, could do the same.

The workers in the Common Market countries have been making much greater strides forward economically than we have in recent years. In 1960, for instance, the purchasing power of average hourly wages in Britain rose by only 1% over 1959. The figure for Germany was 8½%, for France 4%, for Italy 5%. The long term figures tell a similar story.

There can be no doubt that membership of this fast-growing grouping in Europe would in the long run help to lift our own wage level faster than an "independent" Britain, linked loosely with the Commonwealth and EFTA, could ever hope to do.

SOCIAL SECURITY BENEFITS

It will come as a shock or a surprise to many people to discover that the UK does not spend as much per head of the population on social security as do many other European countries. International comparisons are, of course, always hazardous and often misleading. Yet, allowing for all the difficulties, that is the evidence of a study* recently published by the International Labour Office. The chart opposite is based on its findings for 1957, the latest year for which figures are available.

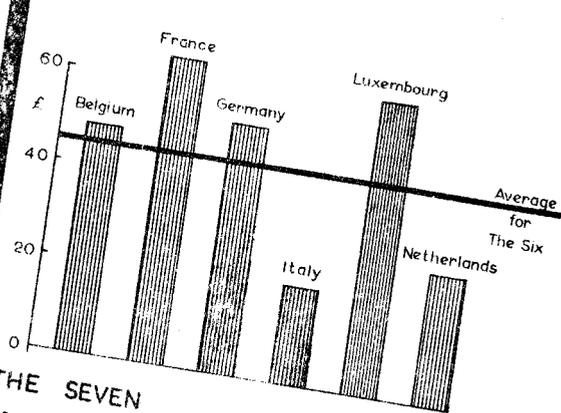
These show that in Belgium, Germany, Sweden, Luxemburg and France expenditure per head was greater than in this country, while in Denmark, Switzerland, Norway and Austria it was not appreciably lower. As might be expected, of course, social security payments in Portugal were the lowest by far amongst all the members of the European Free Trade Association (the Seven) and the European Economic Community (the Six), and amounted to scarcely more than tenth of those in the UK. Average Italian payments worked out at just over half the British level, which was, however, in its turn under two thirds of the French and Luxemburger standard.

The UK shows up even more unfavourably if a comparison is made on the basis of the amount of national effort or resources devoted to social security benefits. These were equivalent to 21.0% of total consumption in the UK, which was 11.2%. The other countries were spaced in between, except for Portugal with only 5.6%. Somewhat unexpectedly perhaps, both Austria and Italy were fairly high up on the list, with 17.5% and 14.0% respectively. In other words, despite the rather low standards of living in these two countries, a considerable attempt was being made in them to provide for social security.

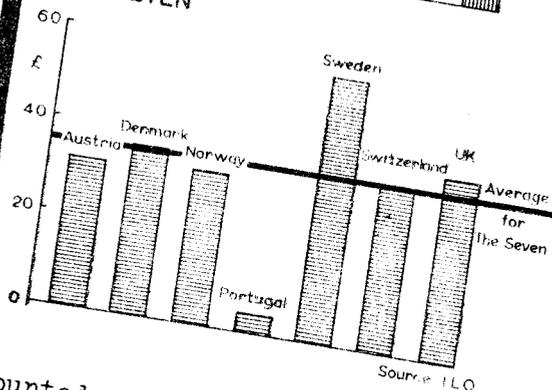
No less remarkable than these general comparisons are those that can be drawn between the systems in force in different countries. For instance, both in the UK and Sweden there are highly advanced National Health Services, still without any rival in the Six. But our family

SPENDING PER HEAD OF POPULATION IN 1957

THE SIX



THE SEVEN



Source: ILO

* "The Cost of Social Security: 1949-1957" published by the ILO at 18s.

allowances are miserly by contrast with the French, as is our social insurance and pension scheme when judged by the German standard. The Netherlands have by far the most generous unemployment benefits; they work out at around four-fifths of gross wages compared with about two-fifths in the UK, Belgium, France and Germany, and only one-fifth in Italy. It almost looks as if each country had concentrated heavily on one aspect of social security to the detriment of the others. It is to be hoped that where the Rome Treaty speaks of "social harmonisation" the consequence will be the gradual adoption in each country of the best in other countries.

Another major difference is the way in which social security is financed. The most widespread practice is to make it in large part a direct charge on the employer. This is the case in Italy, France, Austria, Belgium, Portugal, Germany and the Netherlands. In all these countries over two-fifths of social security revenue was provided by employers; in Italy the proportion was as high as two-thirds with France not far behind. For this reason, if for none other, there is strong pressure in the Six to secure the "harmonisation" of social costs, having regard to its importance in ensuring fair competition from the employer's point-of-view.

How far the worker himself is put at a disadvantage by this practice it is hard to tell. The claim has often been advanced that the high charges imposed by the state on the employer have made the latter less ready to grant wage increases. This is almost certainly true of France and Italy.

Only in the UK, Denmark and Sweden did the state meet over a third of the costs; in fact in these countries about a half was financed by the government. This means that social security is recognised as being to a large extent a responsibility imposed on the public generally, through the taxes it pays. But in the UK the trend would seem to be towards the continental system even without us having entered the European Communities. .

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EUROPEAN LABOUR BULLETIN

Number 9 - June 1961

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ABOUT THIS BULLETIN

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 are making to them.

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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* * *

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FREE TRADE UNIONS OF THE SIX LOOK AHEAD

Britain and the European Community.

British entry into the Common Market would be assured of a warm welcome by the free trade unions of the Six. This was made plain in Rome by representatives of the free trade unions who met on May 13-15 under the chairmanship of Monsieur Robert Bothereau (Secretary-General of the French Socialist C.G.T. - Force Ouvrière). On behalf of some twelve and a half million trade unionists, they passed a resolution "strongly hoping that Great Britain's accession to the Community would be achieved."

It continued by looking forward equally to the accession of "other democratic countries in Europe" - a clear pointer to the fact that at least one member of the European Free Trade Association, to which Britain now belongs, would not enjoy the same welcome. This is Portugal. The same attitude would also apply, of course, towards Spain so long as the present régime remains in power.

Reinforcing the institutions of the Community.

In addition, several very practical suggestions were made to improve the organisation of the Community itself. These included:-

- (i) The fusion of the three executives of the Common Market (European Economic Community), the European Coal and Steel Community and Euratom, whose functions overlap to some extent.
- (ii) Representation for the trade unions on this single executive.
- (iii) The holding of direct elections to the European Assembly, at present composed entirely of members of national parliaments.
- (iv) Increased powers for the single executive, and for the Economic and Social Committee, on which the trade unions are represented together with the employers, farmers and other interests.

Coordination of social policies.

Finally, the free trade unions of the Six recalled their anxieties lest the Common Market develop too unevenly by proceeding rapidly towards greater freedom of trade without making adequate advances in the social field concurrently. They therefore gave their firm support to the decision of the Common Market executive Commission to call a conference on social problems. Amongst the many matters to be explored at this conference will be the problems of:

- employment
- labour legislation and working conditions
- occupational training
- social security
- protection against occupational accidents and diseases
- collective bargaining between trade unions and employees

A separate conference⁺ will examine social problems arising from the formulation of a common agricultural policy.

The aim is to see how far closer collaboration can be forged between the different countries. In the light of the conclusions reached, the Commission will have the task of framing recommendations for action.

Organisation of the free trade unions.

In order to play a full part at these conferences, and to press for the reforms which may be suggested at them, the individual trade unions will have to work very closely together. To this end, they have decided to strengthen their Joint Secretariat in Brussels. This is headed by Mr. Harm Buitter, the Dutch trade unionist, who is well known in this country.

The trade union centres concerned are:

<u>Country:</u>		<u>Membership</u> *
Germany	DGB (Deutscher Gewerkschaftsbund)	6,332,000
Netherlands	NVV (Nederlands Verbond van Vakverenigingen)	478,000
Belgium	FGTB (Fédération Générale du Travail de Belgique)	702,000
Luxemburg	CGT (Confédération Générale du Travail)	28,000
France	CGT-FO (Confédération Générale du Travail - Force Ouvrière)	1,000,000
Italy	{ CISL (Confederazione Italiana Sindacati Lavoratori)	2,316,000
		UIL (Unione Italiana del Lavoro) 552,000 **

* figures for January 1959.

** the UIL now claims nearly 1,500,000

They are all affiliated to the International Confederation of Free Trade Unions, as is the TUC. But in all countries, except Germany, there are other major trade union centres, most notably the Communist and Roman Catholic.

+ For fuller details see page 11 below.

PROGRESS AND PROBLEMS IN
THE COMMON MARKET

a Dutch Trade Union viewpoint

by

H. ter Heide

Member of the Research Department
of the NVV - the Dutch Federation
of Trade Unions.

NOTE:- This article is a shortened
version of a paper read by Mr. ter
Heide on March 15, 1960 at a course
organised in Birmingham by 'Britain
in Europe' and 'The Federal Trust
for Education and Research.'

The myth of economic independence.

Why do we need more cooperation in Europe, especially in the economic field? In the opinion of trade unionists in the Common Market it is quite obvious that we need larger units. It is sufficient to look at the United States and the Soviet Union, each with one currency, one economic policy and one market. In Western Europe, we have at least 19 governments, 19 currencies, 19 economic policies, 19 trade barriers for tariffs and quotas. In the era of atomic energy, earth satellites and jets, the international economic organisation of Western Europe is still that of the age of the mail coach.

Full employment and the pursuit of better living conditions cannot possibly be secured in Europe to-day by means of independent policies. This is true of the larger countries, like Germany, no less than of smaller ones like the Netherlands. To believe the opposite is to pin one's faith on a myth. We recognised this right from the start of the negotiations for the Common Market. In our view the Rome Treaty for the Common Market does not in fact go far enough, especially where the powers of the governing institutions are concerned.

The Common Market Treaty "is the result of a compromise, and is but a pale shadow of the original idea," to quote from an editorial in 'Free Labour World' the magazine of the International Confederation of Free Trade Unions (ICFTU). As far back as 1957, shortly after the Treaty was signed, the ICFTU trade unions of the six Common Market countries, declared: "The Free Trade Unions' objectives are aimed at replacing the existing over-nationalistic tendencies, which have not been eliminated in the present Treaty, by a regime in which truly Community inspired conceptions prevail." Since then the Free Trade Unions of the Six have taken every opportunity of emphasising their support for European integration.

Three years in the Common Market.

How then do we view the position after our three years experience of the application of the Rome Treaty?

The economic achievements of the Common Market are highly impressive, as is well known. Trade has been given a powerful boost, and this has in turn contributed to a high level of economic expansion. Wages, moreover, have risen much faster than prices in all countries except France, owing to the devaluation of the franc at the beginning of 1959.

The trade unions, however, are less satisfied with the advances in the social field.

Social safeguards and weaknesses in the Community.

The social provisions made in the Rome Treaty are, broadly speaking, of two kinds. First there are those concerned with promoting employment. A Social Fund has been set up to safeguard the interests of workers in industries or particular enterprises undermined by economic integration, and hence faced with unemployment. But its resources are rather limited. While so far there has been little call on these, thanks to the condition of over rather than of under employment, the trade unions hope that the existence of the Fund will lead to improved facilities for retraining and resettling workers.

Related to the activities of the Fund is the gradual introduction of the free movement of labour. We, in the Federation of Dutch Trade Unions, see this primarily as a personal right for the worker. Those who want employment in other countries should be able to obtain it. We do not regard the principle, however, as offering an appropriate solution to unemployment problems. Jobs should be taken to people, not people to jobs; and this is a task for the European Investment Bank (another Common Market institution) which has not been very active up to the present time.

One of the first regulations of the Commission dealt with the social security of migrating workers. The principle of this regulation is that social security benefits will be carried over without loss to a worker who moves to another Community country. This provision satisfies a long-standing trade union demand, and we welcomed it despite our criticisms of some of the details.

Raising social standards - "harmonisation".

The second kind of social feature in the Rome Treaty is that dealing with "social harmonisation" as it is called. The aim is the general improvement of conditions of workers, with special reference to those in the more backward industries and regions of the Community. Only a few specific commitments are laid down. The most important concerns equal pay for equal work by women, and is to come into force this year. The others, concerning holiday rights and overtime rates, are of little practical interest.

Much broader scope, however, and possibly with far-reaching consequences, are two undertakings of a general character (made in Articles 117 and 118 of the Rome Treaty). These envisage at one and the same time the raising and the equalising of living and working conditions. To achieve these objectives close collaboration is required between the member countries.

It remains to be seen just what all this adds up to in practice. The French employers have tended to take the view that everyone else should apply the French social welfare system before they will agree to freer trade. Others, at the opposite extreme, believe that social harmonisation will come about automatically.

The trade unions have adopted a middle position. They are chiefly concerned to see the elimination of the intolerable differences that exist between the highly developed and industrialised regions of the Community and the rural, economically underdeveloped, areas.

They have also called for mixed committees of employers and trade unionists to study the differentials in the social field of the Common Market, and consultations for the formation of these bodies have in fact now begun. Committees of this kind have proved their worth in the more limited context of the Coal & Steel Community.

Another demand, supported by the European Assembly but so far rejected by most governments, is that no major changes in social legislation should be introduced without prior consultation between the governments and the institutions of the Community. The trade unions regard this as a modest step towards the upward harmonisation of social conditions. But under the Rome Treaty the Commission can only intervene if the proposed legislation is likely to cause unfair competition.

It is, of course, no part of trade union thinking that the doctrine of harmonisation should ever be used as an excuse for holding up social improvements in the more economically advanced members of the Community. The only sound basis upon which harmonisation can be brought about is by reducing economic disparities through the adoption of vigorous development policies in the backward areas.

Generally speaking, social conditions are primarily matters for which the employers and trade unions are jointly responsible. Although the national governments and the institutions of the Community naturally have the duty of promoting progressive developments in the social field, the main factor in achieving social harmonisation must be the coordinated action of the trade unions throughout the Community.

The Coordination of trade union action.

To this end the ICFTU trade union centres of the Six have established their own joint Secretariat in Brussels, where the Common Market Commission has its headquarters. Apart from normal day-to-day informal contacts for exchanges of views and information, the contact with the Commission and its administration takes place in two ways.

First, the trade unions and others are consulted unofficially for the preparation of many important decisions mainly, but not only, in the social field. Trade union experts from all six countries participate in these sessions, but much of the organising and integrating of national viewpoints is carried on by the Secretariat. These unofficial meetings take place on average five to ten times a month.

Secondly, and more important, is the official advisory status of the trade unions in the Economic and Social Committee. This body has 101 members, (made up of 24 each from Germany, France and Italy, 12 each from Belgium and

and the Netherlands and 5 from Luxemburg,) who represent the various categories of economic and social life.

In the Netherlands, the Government left the composition of the delegation entirely to the individual organisations. As a result, of the 12 Dutch representatives, five were appointed by trade unions, five by the employers organisations (including agricultural and transport interests), the remaining two being appointed to represent the general interest so-called. They were university professors, one a socialist and the other a liberal - to keep the balance.

The practice in other countries was different, so that only 35 members, about one third of the total, may be regarded as trade unionists. This is considered insufficient by the trade unions, because certain people, nominally called to service on the Committee are representatives of some interest group other than producers, are in fact also employers. Some 45 members of the Committee are actually employers. Moreover, due to political conditions some of the trade unionists appointed were not those that the trade unions preferred.

Happily, the trade union representatives operate much more as a united group than do other groups. Often the specific and national interests of employers and agriculturalists prevail over their class solidarity when it comes to voting. The trade unions of the six countries, aided by their joint Secretariat, take more trouble in integrating their viewpoints, so that the block voting of the trade union group has more influence than might be expected from its numbers.

On many issues in the Committee it has been possible to reach workable compromises acceptable to a large majority of all groups. Such unanimous, or virtually unanimous, recommendations are of great value, because it is not easy for the Council of Ministers (i.e. the governments) to neglect the common standpoint of all important industrial and social organisations of the six countries.

Another weakness in the functioning of the Committee is that it may only be convened at the request of the Council of the Commission. In other words the Committee has no right of initiative. Nevertheless, the Committee up to now has been consulted on most important issues, even where this was not laid down in the Treaty, and it has been able to get through a great deal of work.

In viewing the trade union role in the Community, mention must also be made of the industrial committees, set up by the different industrial unions and linked in some way or other with the Secretariat of the trade union centres. The most important ones are the Committees of the coal and steel unions with the ECSC* and the committees of agricultural and transport workers. As the Rome Treaty envisages a common policy for transport and agriculture, these trade union committees have shared in the preparation of the Commission's policies.

Agricultural and transport policies bring us to other subjects, which are just as important to the trade unions as social policy such as stimulating economic development in the depressed areas of the Community, legislation with regard to restrictive business practices, and trade policy towards third countries.

* European Coal & Steel Community.

The trade unions and public opinion.

The trade unions also play an important role in influencing public opinion in the Common Market. In our view the Commission should seek more than it does already to secure the confidence of the trade unions. In this way public opinion could come to prove of considerable help to the Commission as a counterweight to the governments.

Unfortunately, no trade unionist sits on the Common Market Commission, although in the Coal and Steel Community one of the members of the High Authority was a former leading trade union official. A member of the Commission cannot, of course, be a representative of the trade unions, for he must be independent, but a trade unionist would appreciate the attitudes and needs of the workers, and gain the understanding of the workers for the Commission's policy.

These matters assume a greater importance seeing that the trade unions are rather disappointed by the slow progress made in elaborating a common policy for the Community. This lags far behind the Treaty schedule, whereas the lowering of trade barriers is ahead of the Treaty schedule. The trade unions consider that this delay constitutes a serious threat to the success of the Common Market, because a common policy will prove to be very badly needed whenever economic conditions deteriorate.

Dutch view of the UK and the Common Market.

The Netherlands are said to be the most Seven minded - i.e. pro-EFTA - of the Six. That holds good only to a certain extent. Public opinion in the Netherlands favours strong ties with Great Britain and the Scandinavian countries. We have always been ready to go a long way in meeting British demands to avoid a dividing line in Europe. But we also favour supranational integration - more powers for supranational institutions, and agriculture included in the scheme. We have always considered the Common Market only as only a beginning in European integration. It should be widened and deepened: widened by the participation of all Western European countries; deepened if possible, in other fields than the economic.

The Common Market camel.

From my criticisms of the Rome Treaty, it might appear that we do not wholeheartedly favour the Common Market. That impression is quite wrong. Let me clarify why we hold that attitude. You may have heard the definition of a camel: a camel is a horse, put together by a committee. Now if it is realised that the Rome Treaty was put together not by one but by six committees, it is not surprising that the fine supranational horse shows many nationalistic humps. Nevertheless, it may be a better way of crossing the desert of the present world by this ill-shaped vehicle than on your own knees.

THE T.U.C. AND ECONOMIC ASSOCIATION WITH EUROPE

by Derek Carline

Assistant, Research & Economic Department

Trades Union Congress

The T.U.C. has been a strong advocate of European economic co-operation, but on rather less rigid lines than those laid down in the Rome Treaty. It supported the early concept of a large free trade area and has worked, both in its representations to the U.K. Government and through the trade union consultative machinery, to make the Organisation for European Economic Co-operation an effective organisation. Similarly it has urged that the successor body to OEEC - the Organisation for Economic Co-operation and Development - should be given the powers and the support from member countries necessary to promote its objectives. The need for a strong and active OECD is, in the T.U.C.'s opinion, essential in view of the serious division in Western Europe between the European Economic Community and the European Free Trade Area.

It is important that this division be ended before the economic difficulties which have already emerged develop into political differences, and the T.U.C. has urged the British Government to adopt a flexible approach to the issues which separate the two organisations. The British Government's recent acceptance of the principle of a common or harmonised external tariff, provided the Commonwealth and agricultural problems can be satisfactorily settled, indicates that the Government is in fact willing to do this. It is to be hoped that the governments of the EEC including the French Government shows a similar flexibility.

Along with the British Government and most other sections of the Community, the T.U.C. opposed United Kingdom membership of the EEC when the Rome Treaty was being negotiated. The T.U.C. preferred a less rigid approach to free trade and economic integration and one which would take full account of the United Kingdom's political and economic links with the Commonwealth, apart from allowing the U.K. to retain a large degree of sovereignty over its economic and commercial policies.

Moreover, the T.U.C. did not see eye to eye with those provisions of the Rome Treaty which deal specifically with labour questions. Provision is made in the Rome Treaty, of course, for the free movement of labour and for the harmonisation of social standards. The T.U.C. considered that the United Kingdom's existing arrangements deal adequately with these problems and that it would be sufficient if provision were made in a Treaty for a general right of complaint for any member country which felt itself damaged by particular instances of failure to harmonise.

But we did support the establishment of the proposed large free trade area, and what was surprising in this connection was the very limited opposition of trade unionists to the idea of the T.U.C. supporting a policy of

free trade. Trade union opinion has been traditionally hostile to free trade and there can be little doubt that lack of hostility towards the free trade proposals was due to the high levels of employment that the U.K. has experienced in post-war years. It is, in fact, on the need for full employment and rising living standards that the T.U.C. has placed most emphasis in its representations to the Government on the various proposals that have been made for freer trade in Europe. The objective of removing trade barriers in our view must be the raising of living standards but free trade will not itself achieve this if it is not accompanied by full employment and expansionary economic policies.

Thus the T.U.C. looked on the negotiations which took place in 1957-58 in an attempt to establish a free trade area and those which preceded the signing of the Stockholm Treaty as an opportunity of securing a specific undertaking from governments to pursue full employment policies. We wanted these treaties to be as much full employment treaties as free trade ones. In our representations to the Government prior to the signing of the Stockholm Treaty, the T.U.C., together with other national trade union centres in the EFTA, expressed the view that the Convention should require governments individually to define their full employment aims, and that each country should influence their levels of consumption and investment and pursue a balanced distribution of industry policy to the extent necessary to maintain a condition of full and regular employment; that the Convention should require governments at least once a year to publish a report on the progress made in this field and that these reports should be considered by the EFTA Council of Ministers. In addition, measures taken by governments likely to affect substantially the general level of employment in the other countries should be the subject of joint consultation.

The EFTA governments declined to accept these proposals and the only reference to full employment in the Treaty is that in Article 2 which includes, among the objectives of the Association, the sustained expansion of economic activity and full employment. We are thus dissatisfied with the Convention because of its overwhelming emphasis on trade matters, and it is for this reason that the T.U.C. has not officially welcomed it.

The absence of a detailed full employment programme in the Convention made it all the more important that there should be adequate machinery through which trade unions of the Seven could make their views known to the EFTA governing body. The EFTA trade unions, therefore, pressed most strongly for the establishment of an EFTA Advisory Council composed of representatives of both sides of industry which would be able to raise and discuss periodically any EFTA matter with the governing body.

An EFTA Advisory Council has been established along these lines, but we have serious criticism to voice about its composition. In our representations to the Government we pressed strongly for a Council composed of an equal number of employers and trade unionists. What we have got in fact is a British delegation composed of two industrialists, a banker and two trade unionists and this, together with the composition of the other national delegations, will put trade unionists in a minority on the Council. We have been very critical of the Government on this question and we hope that this is not a foretaste of the Government's attitude towards the T.U.C. on future EFTA issues.

Despite these criticisms the T.U.C. does regard the EFTA as a step in the direction of European economic unity. It has to some extent increased

the bargaining power of member countries against that of the EEC but it was conceived in some haste as a defensive measure against the Six and it should be transformed into a more positive instrument. This will not be an easy task for an organisation whose ties are rather loose, but it should be attempted and the trade union centres of the Seven are engaged on a number of studies examining the prospects for greater co-operation.

What is also necessary, if the EFTA is to become a more powerful force, is that it must increase its economic strength in volume of production, in competitive ability and in productivity. The U.K., as the dominant member of EFTA, has the most important part to play in this and indeed, on its recent record of economic growth, has the greatest need for it. The sixties must, therefore, be a decade of economic growth in which the limited objectives of the fifties, which can be summed up as economic stability, are succeeded by more positive aims sought by more positive means.

There remains the all important question of how to bring about an economic unit embracing both the Six and the Seven. There will have to be compromises on both sides and the T.U.C. is also willing to approach any proposals for reaching an agreement that are made in a spirit of compromise. But it is most important that agreement should be a wide one which takes into account the interests of all EEC and EFTA countries and which will thereby provide a solid foundation for European economic progress.

News Briefs:

CALLS OF £8 MILLION ON COMMON MARKET SOCIAL FUND

Applications totalling nearly £8m. have been made to the Common Market's Social Fund for the retraining and resettlement of workers in industries adversely affected by the reductions in tariffs and expansions in quotas made under the Rome Treaty. Since governments have to match the Social Fund's contributions by an equivalent sum, the total involved would be getting on for £16m. were the applications all accepted. This is, however, only for the years 1958 and 1959. It may be expected that larger amounts will be required for 1960 and 1961.

The most surprising feature of the applications to the Social Fund is that Germany heads the list with a demand for £3.54 million. France comes next with £1.81 million, and only then Italy with £1.59 million. Yet it was generally expected that Italy would be the heaviest claimant on the Fund and Germany a very small one.

The Netherlands have applied for £0.72 million, Belgium for as little as £0.19 million, and Luxemburg none. Belgium's weakest industry - coal mining - has already, of course, received substantial aid for readaptation purposes from the funds of the European Coal & Steel Community.

COMMUNITY TRADE UNIONISTS SUPPORT EEC COMMISSION'S TOUGH ANTI-CARTEL PROPOSALS

Trade union representatives in the Common Market's advisory Economic and Social Committee voted in favour of the compulsory registration of cartel agreements at its meeting in Brussels of March 27-28. They supported the proposals made by the Common Market Commission against the views expressed by employers' representatives who argued that the Treaty does not require compulsory registration but merely a complaints procedure. As the two points of view were supported by an equal number of votes, the Committee decided to record this fact in the opinion it transmitted to the Council of Ministers, the body which will make the final decision on the Commission's proposals for the firm control of cartels in the Common Market.

AGRICULTURAL TRADE UNIONISTS TO TAKE PART IN COMMON MARKET CONFERENCE

The Common Market Commission has decided that the agricultural workers of the Community will be represented in equal numbers as farmers at the conference on the social aspects of the Community's proposed agricultural policy which is to take place in Rome in September this year.

The aim of the conference - which is advisory - is to examine four main aspects of the Community's agriculture:

- social problems of family farms;
- social problems of agricultural wage earners;
- occupational mobility, migration, free movement and share farming and
- training and cultural problems.

Each of the study groups will have two secretaries - one representing the farmers, the other the workers. No votes will be taken, and the final report will reflect both points of agreement and disagreement between the two sides.

EQUAL PAY: COMMISSION RECOMMENDS IMPLEMENTATION BY JUNE 30

The Common Market Commission has recommended that the six member countries of the Community should take the necessary steps to assure equal pay for men and women workers by June 30 this year. This is before the date originally laid down in the Rome Treaty, which has already been speeded up in other respects. In its recommendation the Commission has invited employers' organisations and trade unions to take specific steps to ensure that the principle of equal pay is adopted in collective bargaining agreements, and in particular:

- to make such agreements conditional on the exclusion of any discrimination based on sex;
- to adopt, if need be, legislative or other measures to ensure that the Treaty's provisions are respected;
- to ensure directly the application of the principle of equality in the public services; and
- to organise an effective supervision of the measures to be taken to implement the Treaty principles.

TRADE UNIONS IN EUROPE: VI

THE NETHERLANDS.

by

J.G. van Wouwe.

Head of the International Department
Netherlands Federation of Trade Unions (NVV).

Origins of the Movement.

The Dutch Trade union movement took shape with the development of industry in the 1860s. As elsewhere, the first unions were of skilled craftsmen - carpenters, typographers, cigar-makers, etc. - and were mainly concerned with mutual help in the event of unemployment, sickness and death.

The need for a national trade union centre was soon felt, and a federation of unions was formed in 1871. The next year, the laws prohibiting associations were repealed, and the movement began to gain in strength.

The federation, which was inclined to a progressive liberalism, did not itself, however, remain united for long. The Protestant groups broke away a few years later to form their own body, while those Socialists who had joined originally - many had not - followed suit shortly after.

The next major development was in 1893, with the foundation of the N.A.S. (Netherlands Labour Secretariat) in consequence of a decision taken at an International Socialist Congress in Brussels two years before. The principle laid down by the Congress was that the new organisations should embrace all kinds of unions, but the N.A.S. quickly became dominated by the Anarchists.

At first the Anarchist policy triumphed, notably in a major railway strike early in 1903. But another railway strike a few months later, likewise based on Anarchist policy, ended in defeat for the workers. In consequence of this and various other developments, the largest trade union - the Diamond Workers Union led by Henry Polak - took the initiative in re-organising the movement.

The three trade unions centres.

A new federation came into being in mid 1905 - the N.V.V. (the Netherlands Federation of Trade Unions) - with nearly 19,000 members, leaving the N.A.S. with only 5,000.

Two other trade union groupings were finally established on a religious denominational basis in 1909: the C.N.V. (the Protestant Christian Trade Union Centre) and - as it is now called - the K.A.B. (the Catholic Workers' Movement).

Relations between these three trade union centres steadily improved in the inter-war period, but it was not until after the Second World War

that close co-operation between them was established. Immediately after the Liberation in 1945, the Council of National Trade Union Centres was formed to bring together the N.V.V., C.N.V., and K.A.B. While fully respecting the autonomy and different principles of each centre, the Council serves to promote the social and economic interests of trade unionists in general.

For a short period, co-operation was interrupted when Roman Catholics were forbidden by an Episcopal Mandate to belong to the N.V.V. But relations have been re-established, and a consultative body of the three federations meets regularly.

Nowadays, about 40% of the 3½ million wage earners employed in the Netherlands are organised in trade unions. The N.V.V. remains the largest federation, with 506,400 members at the beginning of 1961. The Roman Catholic K.A.B. has 409,000 members, and the Protestant C.N.V. 222,000. The remainder - perhaps another 100,000 or so - belong to unions which are not affiliated to any of these three centres.

Religious and political independence of the N.V.V.

The N.V.V. is opposed to the view that trade unions should be organised on a religious denomination basis, or, for that matter, on political and ideological lines. While it recognises the influence of religious or ideological beliefs upon social problems, it holds that workers should not allow differences in their beliefs to stand in the way of achieving a common and united trade union movement. The fact is that members of a particular religion often have divergent views about specific social questions viewed from a trade union standpoint. The same is also true about supporters of a particular ideology or political outlook. The division of the trade union movement along sectarian lines, moreover, is inevitably a source of weakness.

For these reasons, the N.V.V. has consistently striven to unite as many workers as possible, irrespective of the religious or ideological opinions they may have in order to promote their interests to the full.

Until the Second World War, the N.V.V. maintained close links with the Social Democratic Workers' Party, now known as the Labour Party. But since 1945, it has remained wholly independent of any political party, so that workers of whatever political or religious conviction may find their place in it.

Social and Economic policy in the N.V.V.

Reform of social and economic conditions is the central objective of the N.V.V. Everybody must have an equal chance in life, and be assured of the supply of the necessities of life. This involves recognition of the right and duty to work.

Planned industrial organisation is indispensable to these ends. So far as the general interest requires it, the disposition, organisation, control and - where necessary - ownership of the means of production should pass into public hands. In any case, workers should obtain the right of participation in management, whilst recognising at the same time that they must bear a joint responsibility in its decisions.

The N.V.V. is also concerned to encourage the elimination of those

obstacles and prejudices which prevent workers from participating in the intellectual and cultural life of society. Through its affiliated unions, the N.V.V. fosters training and educational activities, and provides facilities for holidays and recreation, all of which take account of the various religious views of members.

In general, the maintenance of democracy, with all its inherent obligations and freedoms, is regarded by the N.V.V. as essential to the flourishing of an independent trade union movement.

The N.V.V.'s integrated organisation.

The N.V.V. is a highly integrated organisation, which permits very close collaboration between its 19 affiliates.

The management of the federation is in the hands of an Executive Board of ten salaried officials, who meet weekly. They all belong to the Executive Committee, as do the Presidents of the 19 affiliated unions. This body meets every fortnight.

The Congress of the N.V.V. is held at intervals of three years. In between these meetings are held every three months of the Executive Committee of the N.V.V. with the Executive Boards of all 19 unions, which together enjoy the same policy-making powers and responsibilities as the Congresses.

Trade Union relations with employers.

Since 1945, permanent co-operation has been established between the three national trade union centres and the national employers' organisation in the Foundation of Labour. This body has from the first been recognised by the Government as an advisory body. The Board of State conciliators may only take decisions on labour matters after having consulted the Foundation.

Its general purpose is to ensure good relations between workers and employers by means of organised co-operation between them. To this end, it promotes measures designed to improve the conditions of workers, in particular by the adoption of regulations for industry - or individual sectors of it - governing wages, working conditions, overtime, holidays, vocational training, social insurance and the like.

The organisation of industry.

By the Act on the Organisation of Industry, passed by the Dutch Parliament in 1950, an Economic and Social Council was created, composed of 45 members. The Government, employers' organisations and trade unions are equally represented. Of the 15 workers' representatives, seven come from the N.V.V., five from the Roman Catholic K.A.B., and three from the Protestant C.N.V. The Council is charged with reviewing developments in the industrial field, and with advising the Government on all matters of a social and economic character.

The Act setting up this Council also provided for the regulation and organisation of social and economic questions generally, and incorporates many recommendations urged by the N.V.V. In the same year, an Act to establish works councils was also adopted.

National wages policy in the Netherlands.

A policy of very strict wage, price and rent control was maintained in the Netherlands in the years after the war owing to the country's grave economic condition. No wage increase could be made without official approval, but as the same restriction also applied to prices, this policy had the support of the trade unions.

The N.V.V. accepted the principle that what mattered was not the money value of wages, but their purchasing power. Wage increases during this period in fact considerably exceeded the rise in the cost-of-living, and at the same time much social welfare legislation was passed.

Since 1958, however, the Government has pursued a rather freer wages policy. Wage increases are no longer determined on a national basis, but in relation to productivity improvements in individual industries. The N.V.V. is opposed to this policy, primarily because it undermines the principle of the solidarity of all workers. Those engaged in industries with necessarily slow productivity growth will patently tend to be left behind. Nevertheless, the first round of wage increases under this policy resulted in the same increases for about 80% of all wage earners.

Conclusion.

To sum up: the trade union movement has become an integral part of Dutch society, this status having been obtained in the inter-war period. The trade unions are represented on more than 300 national official and semi-official bodies, not to mention the Economic and Social Committee of the Common Market and other international bodies. The labour conditions of some 80% of all gainfully employed persons are regulated by collective agreements.

In promoting the interests of its members, whether in general or for individual members, the N.V.V. places in the forefront of its policy the fair distribution of national income, the extension of co-determination in the organisation of industry, training and schooling, and - of course - good living conditions.

SELECTED ECONOMIC INDICATORS
FOR THE NETHERLANDS

The following statistics illustrate the high level of employment and economic growth sustained in the Netherlands.

Population (1959) 11.4 million.

Total labour force (1959) 4.1 million.

Unemployment (1960 average) 41,300 or only 1% of the labour force. There is in fact over-full employment, and the Netherlands Government favours the recruitment of foreign, notably Italian, workers.

Industrial Production in 1960 compared with 1957*

Electricity	15.5 million kwh	(22% more than in 1957)
Steel	1.9 million tons	{ 64% " " " " }
Sulphuric acid	0.8 million tons	{ 20% " " " " }
Cement	1.8 million tons	{ 36% " " " " }
General Manufacturing Index (1958 = 100)	127	(27% " " " ")

Prices and wages in 1960 compared with 1957*

Cost of living index (1958 = 100)	103	{ 4% more than in 1957 }
Hourly wages	111	{ 17% " " " " }

Agriculture.

Consumption of fertilisers

(1957 - 58)

180 lb. per cultivated acre or about $3\frac{1}{2}$ times more than the corresponding average for the U.K.

Foreign trade in 1960.

Imports	£1,620 million.
Exports	£1,440 million.

46% of Dutch trade was with other Common Market countries, but only 14% of imports and 24% of exports were transacted with the European Free Trade Association, including the U.K.

* NOTE: Comparisons are made with 1957, rather than with 1958, so as not to exaggerate the expansion since the 1958 recession (Ed).

Statistical Notes:-

H O W D O W E C O M P A R E ? . . .

Statistics, it is said, can be made to prove anything. Like the declarations of politicians, what they reveal is interesting but what they conceal may be vital. Nevertheless, there is no denying the fact that economic expansion in this country has been running much more slowly than in the countries of the Common Market. As things are now shaping it will not be very many more years before our standards of living have been overtaken by those of a majority of inhabitants on the Continent. To take some key examples:

Exports. The compound rate of growth of British exports of manufactures between 1957 and 1960 was only 3% a year. For the Common Market countries together it was 12% - or four times faster.

Note: 1957 is an interesting year for comparison with last year for three reasons: it was

- (i) the peak year before the 1958 recession which affected the whole of Western Europe in varying degrees;
- (ii) the last year in which British exports of manufactures exceeded those of Western Germany;
- (iii) the year before the Treaty of Rome establishing the Common Market came formally into effect.

Industrial Production. In 1960 industrial production in the Common Market rose by 12% over 1959 or by nearly twice as much as in Britain, where the increase was only 6½%. Even, Belgium beset as she was with social, industrial and political crises, managed a 7% rise. All the other Common Market countries achieved increases of over 10%. Italy reached 15% - an impressive indication of the rapid transformation now occurring in her economy. Amongst our partners in the European Free Trade Association the best performance was Austria's with an 8½% increase, and the worst Denmark's with 5%.

Wages and Buying Power. These contrasts in exports and industrial production are inevitably reflected in the growth of wages and their buying power. Hourly industrial wages in Germany and the Netherlands increased last year nearly three times as fast as in Britain. Even in France and Italy the increase was nearly double our own. Fortunately, the cost of living in this country rose rather less than on the Continent, especially in France where the consequences of the devaluation of the franc in 1959 were still bearing heavily on workers. In both France and Italy there was, therefore, a tendency to work slightly longer hours in 1960, while in Britain there was a small decline.

These points are illustrated by the following table (on page opposite) It should of course be borne in mind that the figures shown do not allow for bonuses and overtime rates. They do not, consequently, give a picture of changes in actual earnings. Still less do they indicate what happened in particular industries, in which results may have differed very sharply from the national averages. But the general conclusion is unavoidable: while we marked time, the Common Market advanced rapidly.

WAGES AND PURCHASING POWER
IN MANUFACTURING INDUSTRY.

percentage increases in 1960 over
1959

	Common Market				<u>United Kingdom</u>
	Germany	France	Italy	Nether- lands	
Gross Hourly Wages	+10%	+6½%	+5%	+9%	+3%
Cost of living	+ 2%	+4%	+2%	+1%	+1%
<u>Value of Hourly Wages</u>	+ 8%	+2½%	+3%	+8%	+2%
Weekly Hours Worked	+ ½%	+1½%	+2%	?	-1%
<u>Purchasing Power of Weekly Wage. *</u>	+ 8½%	+4%	+5%	?	+1%

* not allowing for overtime rates and bonuses.

Sources: official statistics.

NOTE: Data for Belgium are incomplete, but it is unlikely that these would show an improvement of more than 2-3% in the purchasing power of the weekly wage in 1960.

European Labour Bulletin

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ABOUT THIS BULLETIN

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 are making to them.

Its object is to provide authoritative material on European developments for use in the publications and educational activities of the Labour Movement.

The Editors will be pleased to supply illustrations for publication and to provide additional facts and special articles as required.

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* * *

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ABOLISHING FRONTIERS IN THE COMMON MARKET:

FREE MOVEMENT OF LABOUR

by

J.C. Hunt

Free movement of labour is to be introduced in the Common Market gradually from the beginning of 1961. One of the central features of the Common Market - along with the freedom of movement of goods, capital and services - it is not a prospect which is at all feared in any part of the Six. On the contrary it is positively welcomed, not least by the trade unions. This point was strongly re-affirmed in London recently in a talk at Europe House delivered by Mr. Harm Buiters, Secretary General of the Organisation of Free Trade Unions of the Six. He gave four major reasons for this.

The arguments in favour

In the first place a fair amount of labour mobility already exists amongst the Six. A large proportion of the coal miners in Belgium, for instance, are Italians. Lately Italians have been going in large numbers to Germany. Many workers cross frontiers daily between France and Belgium or between Belgium and the Netherlands, while Italian labour plays an important role during the harvest season in France. On average some 120,000 Italians leave their country every year, and take up employment in other parts of the Common Market; and nearly half of them have remained there. Whilst Italians make up the bulk of the movement of labour in the Common Market, there is a sizeable migration across the frontiers of the other countries, amounting to around 35,000 a year. Language difficulties and differences in habits are clearly not insuperable obstacles.

The second reason is economic. If the Six are to sustain their remarkable growth, and if the creation of the Common Market is to make a positive contribution to this, it is essential to achieve the fullest possible employment throughout the Community. This year a very severe shortage of labour has developed in consequence of the boom, especially in Germany, the Netherlands and Northern Italy; and probably double as many workers will obtain employment outside their own countries this year as the averages quoted above for the years 1957 to 1959.

Industrial production is expected to be as much as 11% greater than last year and would certainly be higher still but for the difficulty of obtaining sufficient labour. In Germany the shortage is put at about 200,000; in the Netherlands 20,000. To relieve it a programme for training unskilled Italians is being drawn up by the governments concerned. It will surprise many people in Britain to know that, if Italy is excluded from the reckoning, the level of unemployment as a proportion of the labour force in the Common Market in the middle of this year was little more than half as much as in this country - about 0.7% against our 1.4%, and for the Common Market as a whole it was less than 2.5%.

The next reason is the transformation of the Italian economy, which has removed any anxieties about being swamped by unskilled

But neither the FGTB nor its affiliated unions wields any block vote in the Party. There are, inevitably, sources of friction between the two; new ones will doubtless arise. No large issue of principle, however, exists between them.

Just after the war the ties between the two were broken for a short while. But the FGTB soon reversed its previous hasty decision; and in 1949 the organic links with the Party were reinforced by the formation of a Joint Action Committee, which also brought in the Co-operatives and socialist friendly societies.

The movement has never been preoccupied solely with the struggle for better working and living conditions. Faithful to its doctrine, it has consistently worked for reforms designed to transform society into a genuine economic democracy. It holds that the final objective of democracy is indistinguishable from that of socialism. Neither is complete without the other. It does not, however, believe in some sort of social paradise once these aims have been achieved. Society will continue to evolve, and the trade union movement will have to go on playing its part in it.

SELECTED BELGIAN ECONOMIC INDICATORS AND

STATISTICS FOR 1959

Population	9,079,000		
Labour Force	3,500,700		
Unemployment	143,300	or 4.1% of the labour force	(unemployment increased by 72% between 1957 and 1959 mainly owing to the coal crisis)

Production

Coal	22,752,000	metric tons	(22% less than in 1957)
Steel	6,432,000	" "	(3% more " " ")
Cement	4,440,000	" "	(6% less " " ")
Cotton yarn	104,400	" "	(11% less " " ")

General Manufacturing Index	119	(1953 = 100)
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Prices and Wages

Cost of living	110	(1953 = 100)
Hourly wages	135	(1953 = 100)

Foreign trade

Imports	£1,230 million	} Between 46 and 47% of all imports and exports were with the other Common Market countries, whereas only 15% to 16% of trade was conducted with the European Free Trade Association.
Exports	£1,020 million	

Italian labour. Italy, from being one of the most backward of European countries industrially, is now becoming one of the most modern. She is still a land of great contrasts, the sharpest division being between the thriving North and the painfully developing South. Unemployment is around $1\frac{1}{2}$ million - there are no reliable unemployment statistics - but this is nevertheless 15% or so less than in 1958.

Most of the unemployed are peasants, who require training before they can take on industrial work. But, if Italy keeps up her present pace of industrial development for another decade - and there is no reason why she should not, short of a world depression or war - then there will be virtually no unemployment problem in the country at the end of it.

The final reason for introducing legislation to secure the free movement of labour is a question of justice. At present foreign workers generally suffer from second-class treatment. The need to protect nationals from the foreigner in this way is, however, fast disappearing, and under the Common Market will soon cease to exist.

Safeguards in the Plan

Nevertheless it is not intended that there should be a free-for-all in the Common Market. Free movement is to be introduced by stages. The plan is that there should be three of these, although this number might be reduced to two if economic conditions warrant it.

Besides this safeguard, the most important is that a worker in the Common Market may only take a job in another country for which he is qualified. Once he has got it, he must remain in the same job for a year before he may change to another of the same kind. He must wait a further two years before he may take different employment for which he is also qualified, and an additional year must elapse before he can change to any job he likes.

Another safeguard is that when a vacancy occurs in a country, the labour exchanges will accept applications only from national during the first three weeks after its notification. Not till the end of that period will the labour exchanges in the other countries of the Common Market be notified of the vacancy. This condition, however, will only apply until the end of 1962. After that it will probably only be retained for a while in case of emergency.

Under the rules it is laid down that no discrimination may be applied against foreigners in the terms and conditions of their employment. This means, for instance, that they will enjoy the same social security benefits as nationals, and in France that they will become eligible for participation in the factory committees from which they have been excluded in the past. But it also means that foreigners must be paid the same wages, so that there can be no under-cutting or cheap labour.

In order to ensure that all these rules are efficiently applied, close cooperation will be required between the ministries of labour and labour exchanges of the six countries. Special departments are to be created in all the national administrations.

These will be coordinated in turn by a Bureau responsible to the Commission, or executive of the Common Market. This body will have the key function of relating the requirements of regions short of labour with those suffering from unemployment. It will be assisted by two committees, one consultative and the other technical. One third of the members of the consultative committee will be trade unionists, and the other two thirds will be representatives of governments and employers.

Trade union criticism - preference for stronger institutions and planning

In the view of trade unionists and socialists in the Common Market, the chief weakness of this plan for free movement of labour is not the principle, but the method. On this issue, as on many others, they would like to see rather stronger powers given to the Commission in order that it may play a more decisive role in bringing about full employment throughout the Community. This is not something that can be achieved by the proposed Bureau and labour exchanges acting on their own. Their activities must be closely linked with those of the other organisations of the Community, notably the Social Fund for retraining redundant workers, * and the European Investment Bank which is intended to help bring industry to where it is most needed. A case in point at the present time is the redevelopment of the Borinage area of Belgium, where many coal mines are being closed down.

Nevertheless there will be ample opportunity for remedying these limitations in the light of experience. In the last resort the success or failure of the plan for freedom of movement of labour, and of the Common Market itself, will depend on how far the Six go towards shaping their economic policies in concert. They are still a long way from doing this fully, but the very existence of the Common Market is steadily compelling them in this direction.

* A description of the European Social Fund appeared in the last issue of this Bulletin.

TRADE UNIONIST HEADS COMMON MARKET INSTITUTION

Ludwig Rosenberg, Vice-President of the DGB - The German Federation of Trade Unions, has been elected the new President of the Economic and Social Committee of the Common Market and Euratom. He is well-known in Britain, having escaped to this country in 1933 and worked here as a journalist. He returned to Germany shortly after the war and played a large part in the revival of a democratic trade union movement.

The Economic and Social Committee, which he now heads, is an advisory body composed of a 101 leading personalities from all sides of industry, agriculture, transport, commerce and the professions in the six countries of the European Communities. This Committee has no formal power, but a great deal of prestige. Its views are always taken into account in the forming of Common Market policy and regulations, as are the opinions of the European Parliament where trade union opinions are represented by the vigorous Socialist group.

A CONSULTATIVE COMMITTEE FOR THE OUTER SEVEN

A consultative committee is to be established for the European Free Trade Association similar in purpose to the Common Market's Economic and Social Committee. In taking the decision to create this new institution, the Seven have remedied one of the shortcomings of their Association to which attention has been repeatedly called by their trade union centres.

The proposed committee will be able to raise issues on its own initiative, although its recommendations will not be binding. With only five members per country, it will be much smaller than the Common Market's counterpart. Members will presumably be chosen from all sides of industry, but there is no rule about this. On the contrary, the composition of the membership is to be left entirely to the discretion of each country, a device intended no doubt to spare the Portuguese any embarrassment over their lack of a genuine trade union movement.

TRADE UNIONS SEEK VOICE IN O.E.C.D.

Next year yet another international organisation is expected to come into being: the Organisation for Economic Cooperation and Development (OECD). This will bring together the USA and Canada, the countries of the Common Market and its executive organ - the Commission, Britain and her partners in the European Free Trade Association, and the remaining West European countries who are at present members of the Organisation for European Economic Cooperation, which is to be wound up.

The International Free and Roman Catholic trade union movements have both called for a voice in the running of this new body. They would like to have a consultative committee created for OECD bringing together trade unionists, employers and other interested parties. This would be an improvement on the position in OEEC where the trade union voice is heard only through the Joint Trade Union Advisory Committee, which is not strong enough for the calls made upon it. (see European Labour Bulletin No. 6 for an account of JTUAC's activities).

The precise functions of OECD are still being negotiated. While they are expected to be less well defined than those of OEEC, they could nonetheless be very important not only to our own economic well-being but that of the whole world. They may be classified as:

- (i) Reconciling where possible the trade policies of the Six, the Seven and the USA in such matters as tariffs and quotas;
- (ii) Coordinating economic policies generally so as to avoid extremes of inflation or deflation;
- (iii) Concerting aid programmes to under-developed countries.

RECENT BOOKS

EUROPEAN UNITY AND THE TRADE UNION MOVEMENTS

by
R. Colin Beever

Published under the auspices of the Council of Europe (Series D. Social subjects, No.2) by A.W. Sythoff - Leyden, The Netherlands. 304 pp. Price 30/-, obtainable from the Fabian Book Shop, 11, Dartmouth St., London, S.W.1.

Recent rapid developments towards the integration or coordination of Western European economies have posed many problems for the trade union movements.

The present work is a pioneer survey of the impact that European unity moves have had and are having upon the trade unions. It also

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COMMON MARKET THREAT TO BRITISH CAR SALES

A strong warning of the dangers to the British motor car industry if we stay out of the Common Market has been made by the executive of the powerful Confederation of Shipbuilding and Engineering Unions.

In a document submitted to the Board of Trade the executive points out that the benefits we can expect from membership of the Outer Seven are not likely to be adequate compensation for the losses the British motor car industry will sustain by being outside the Common Market's immense market of 170 million people. Although our car exports to the Six have recently been going up, they are certain to be hit by coming tariff changes.

"Common Market membership" says the document, "would open up our markets to their competition, of course, but we have sufficient initiative and ideas not to let this swamp the Home Market and drown our home sales. In any case, the six countries would only have another 50 million people to sell to over here, so that the main advantage would quite definitely be with Britain".

This is the first time that so important a section of the trade union movement in this country has bluntly warned the government of the consequences of the failure of its present European policy. The statement says that in view of the executive there is virtually no chance of the Six agreeing to negotiate a general link-up with the Outer Seven in the immediate future. It urges that in view of this, and to protect our interests, "all steps should be taken by the Government to endeavour to secure economic integration on the most favourable terms possible". *

Hard Facts

Behind the Confederation's anxiety lies the fact that since 1955, when Britain was the largest producer of motor cars in Europe, we have been overtaken by Germany, and moreover by France too. Last year in fact the six Common Market countries together produced two and three-quarter times more cars than Britain.

Tariff Changes mean harder Competition

The further changes in tariffs which are planned for the Common Market promise to make the export situation for British cars in this continental market increasingly difficult. At the end of the current year tariffs between the Common Market countries are to come down by another 10% making a total cut of 30% since the Community was set up at the beginning of 1958. This means that duties on French cars exported, say, to Germany will again come down. This is not all. At the same time the Common Market countries are to take the first of a series of steps to replace their separate national tariffs towards non-Community countries by a single common tariff.

To take the example of cars of under 1500 ccs, our position will be much less favourable than it is at present in comparison with car producers inside the Community, although only in Germany are the tariffs actually going up against us.

* For full text see p.5.

For instance, whereas at present both French and British cars of this size pay a duty of 13% to enter Germany, in the New Year our cars will pay 17% in comparison with only 11.5% on French cars. On the Dutch market - where British cars at present pay a duty of 24% in comparison with 19.3% on French and German or Italian models - we shall find ourselves still paying 24% in comparison with our competitors' 16.8%. On the Italian market we shall have to pay a 38.4% duty while German and French producers pay 31.5%, comparing with present rates of 40.5% on British cars and 36% on Community cars.

Unfavourable Export Trends

These new developments come on top of some unfavourable recent trends in our car exports when judged against Common Market performance. As Table I shows, Common Market car exports to all destinations in the past four years have increased three times faster than British exports.

TABLE I

1959 Production and Exports of Motor
Cars (including station waggons etc)
in Europe and North America

	<u>Production</u>	<u>Exports</u>	<u>Production</u>	<u>Exports</u>
	number in millions		% increase over 1955	
<u>European Free Trade Association</u>				
Great Britain	1.19	0.57	+ 33	+ 46
Sweden	0.10	0.05	+231	..
Austria	0.01	-	+ 31	..
TOTAL:	<u>1.30</u>	<u>0.62</u>	<u>+ 39</u>	<u>+ 57</u>
<u>Common Market</u>				
West Germany	1.50	0.76	+ 97	+120
France	1.28	0.52	+128	+287
Italy	0.47	0.22	+104	+214
Netherlands	0.004	0.002
TOTAL:	<u>3.26</u>	<u>1.49</u>	<u>+110</u>	<u>+174</u>
<u>North America</u>				
USA	5.60	0.11	- 30	- 47
Canada	0.30	0.01	- 20	- 19
TOTAL:	<u>5.90</u>	<u>0.12</u>	<u>- 29</u>	<u>- 45</u>

- = nil or very small

.. = no realistic figure can be given

The creation of a single European trading area is important to the British motor car industry for three compelling reasons:-

First: European markets have not taken a large share of British car exports in the past, but they could absorb very much more. British exporters are looking to European markets as the most promising for an export drive in the coming years.

Secondly: the creation of the Common Market without Britain will gravely handicap this plan.

Thirdly: the European Free Trade Association does not offer the same opportunities. In theory we stand to gain a market of 300,000 cars if we dislodge our German, French and Italian competitors, as can be seen from Table 2, but we are unlikely to succeed in this without strenuous efforts. On the other hand there is a larger potential market in the Common Market of at least 500,000 for British exports according to the conservative estimates of some economic experts. It would, of course, take rather longer to achieve this, but at least our exporters would be competing on the level with the Germans, French and Italians. It is this which the Confederation's executive is so understandably concerned about.

TABLE 2

Motor car exports in 1959

	<u>to Common Market</u>		<u>to European Free Trade Association</u>	
	Number	as a % of home production	Number	as a % of home production
Great Britain	34,700	2.9	46,400	3.9
Sweden	3,300	3.5	9,800	10.3
Germany	109,900	7.3	211,300	14.1
France	122,000	10.8	65,800	5.8
Italy	102,300*	21.7	28,400	6.0

* includes the assembly in Germany of Italian cars.

Source : The figures for this table have been provided by The Economist Intelligence Unit.

Extract from the Document submitted to the
Board of Trade by the Confederation of
Shipbuilding and Engineering Unions entitled:

"GROWTH OF THE MOTOR CAR INDUSTRY AND IMPLICATIONS
FOR THE DEVELOPMENT OF THE ECONOMY"

Free Trade Association

With the competition from the United States in building 'compact' cars and the growth of native car industries in other parts of the world, there is no doubt that the British car industry will have to look for its export sales increasingly to Western Europe, where the potentialities for getting cars per head of the population up to American standards are promising. We supplied only 14% of the cars bought by our six partners in the European Free Trade Association countries in 1958, whilst the Common Market countries supplied about three quarters. Although the gradual tariff reductions among EFTA members will undoubtedly give us a competitive advantage over the next few years, which should improve our position at the expense of Common Market exporters, this will hardly be fair compensation if we are increasingly pushed out of the markets of the Common Market Six.

Common Market

The fact must be faced that there is virtually no chance of the Six agreeing to negotiate a general link-up with the Seven of the EFTA within the immediate future. Even if agreement were reached within the next few years, considerable damage may have been done to our car exporting prospects. To protect our interests all steps should be taken by the Government to endeavour to secure economic integration on the most favourable terms possible.

Although we have been increasing car exports to the Common Market countries, as far as the latest figures take us, there can be little doubt that from the first of July, 1960, when the real effects of their tariff discrimination begin to be felt we shall be in an increasingly difficult position. Home protection is a difficult barrier to overcome, but inside the Common Market tariff wall there is an open market of 165m. people. Common Market membership would open up our market to their competition, of course, but we have sufficient initiative and ideas not to let this swamp the Home Market and drown our home sales. In any case, the six countries would have only another 50m. people to sell to over here, so that the main advantage would quite definitely be with Britain.

The development of the European Community with Britain excluded must be of great concern to the Industry. Big European firms such as Volkswagen, Renault and Fiat will now have a very large home market.

TRADE UNIONS IN EUROPE: V

BELGIUM

by T. Rasschaert

Secretary of the Organisation
of Free Trade Unions of the
European Community of the Six.

Growth and Origins of the Movement

The trade union movement in Belgium developed more slowly in the modern sense than in most other industrialised countries. The absence of large industrial concentrations of population and the chronic poverty of the proletariat handicapped the organisation of workers until late in the Nineteenth Century. Unlike Britain, the impulse came at the political level. The Belgian Socialist Party, itself formed in 1885, helped to found a national trade union committee in 1898.

The beginnings were modest. The Committee set out to promote the creation of unions and federations of them, and to provide support in time of strike. Affiliated bodies retained their autonomy fully.

After the First World War, however, the Committee gained steadily in prestige and authority. It became the mouthpiece for the whole movement, and was recognised as such by the employers as well as by the government and parliament.

A change in the statutes in 1937 put the seal on this evolution. The Committee became known as the General Confederation of Belgian Workers (Confédération Générale du Travail de Belgique - or CGTB). Its powers were greatly strengthened.

But the CGTB had only a short life. The Second World War caused it to break-up into four groups, added to which there were the Roman Catholic unions also competing for the support of the workers. Happily the four groups agreed to merge at a Congress called in April 1945 when a new body was set up: the General Federation of Belgian Workers (la Fédération Générale du Travail de Belgique - or FGFB).

The FGFB - Structure and Organisation

As its name implies the FGFB marked a departure from the pre-war system. Only one union per industry is recognised, unless the National Committee - supported by the Congress of the FGFB - decides otherwise. There are now fourteen union centres as follows (the figures providing their approximate membership at the beginning of 1960) : -

<u>General</u> (including building, timber and various other industrial workers)	150,000
<u>Metal</u> (mainly steel)	150,000
<u>Public Services</u>	150,000

<u>Textiles</u>		65,000
<u>Staffs</u>		50,000
<u>Coal Miners</u>		40,000
<u>Transport</u>	}	45,000
<u>Tramways</u>		
<u>Foodstuffs</u>	}	75,000
<u>Clothing</u>		
<u>Stone and quarrying</u>		
<u>Diamonds</u>		
<u>Printing</u>		
<u>Journalists</u>		
		<hr/>
	F.G.T.B. TOTAL	<u><u>750,000</u></u>

This industrial basis for the unions makes of demarkation disputes a very rare occurrence. The nearest approach to a problem of any gravity of this kind concerns lorry drivers, the majority of whom belong to the industrial unions and the remainder to the transport union. This is a topic frequently discussed at FGTB Congresses.

So-called wild cat strikes are scarcely known in Belgium, and are never more than a local expression of temporary discontent. They have in no way even begun to affect the structure of trade union organisation.

The individual unions, nevertheless, preserve full freedom of action and decide their own internal organisation. In general the local or factory sections of unions are grouped regionally. Each regional group of a union must affiliate with the FGTB's regional organisation, of which there are 26.

These regional organisations together make up one-third of the voting strength of the FGTB. The other two-thirds is accounted for by the representatives of the national unions themselves. This arrangement helps to keep the FGTB in touch with local problems.

The governing body of the FGTB is the Congress held at least once every two years. It elects an Executive with 15 members and the permanent Secretariat of the FGTB with 4 members; the Executive, of which the 4 secretaries are automatically full members, meets once a week. Major issues which arise between Congresses may be considered by the National Committee, but this body must first be convened by the Executive.

As to the approximate strength of the Roman Catholic Trade Unions, the number of their members is not so far from that of the FGTB. The actual strength, however, is less than the number suggests, as the FGTB still groups the workers of those industries where the fighting spirit is highest (coal, iron, steel, docks). When the FGTB calls for a general strike, it really immobilizes Belgian industry. Up to now the Roman Catholic Trade Unions have not been able to exercise such an influence.

Social and economic policy.

The achievements of the Belgian trade union movement, and of the

FGTB in particular, cannot be adequately described without giving a full account of the improvements which have taken place in social and working conditions. It is enough to point out that, whereas before the war Belgium was a low wage country, she is today amongst the highest wage countries in Western Europe. In 1955 a reduction to 45 hours in the working week was secured for most branches of industry.

Further, an important general agreement with the employers was reached in mid-1959. It envisaged greatly improved allowances for families and holidays, a guaranteed weekly wage, and the obligation on employers to fulfil various conditions in the event of a factory closing down. This programme has already been complemented by detailed arrangements for many industries.

Nationalisation of basic industries, one of the earliest objectives of the movement, was categorically reaffirmed at an Extraordinary Congress held in 1954, which called for the nationalisation of the fuel and power industries, control over banking and finance and the overall planning of the economy. The case for the nationalisation of the coal mines has been expressed especially urgently since then owing to the coal crisis.

In this regard the trade unions are well aware of the impracticability of maintaining high-cost pits in production at a time of intense competition. They criticise both the Belgian Government and the High Authority of the European Coal and Steel Community, not for their pit-closure programme, but for the lack of adequate measures to bring new industries to the afflicted areas. As recently as October 19, the Borinage miners demonstrated in Brussels against the failure to provide adequately for alternative employment for miners.

The repercussions of the disturbances in the Congo, following that country's independence, reinforced the anxieties of the FGTB. They fear that the working class will be forced to pay for the mistakes of others. The various projects of the Government of Monsieur Eyskens intended to stimulate the economy hardly constitute what might be described as a far-reaching plan. Both the FGTB and the Socialist Party have called for fresh elections.

European economic integration

The FGTB's attitude to European integration has from the first been favourable, support being given to efforts in that direction. But it has had reservations about the methods employed up to date. It contends that the institutions of the European Communities (the Economic Community or Common Market, Euratom and the Coal & Steel Community) must be endowed with genuine supranational powers. Otherwise it will not be possible to pass from the stage of a mere customs union to one in which a common European social and economic policy may be brought about.

Links with the Socialist Party

It is natural that the trade union movement should always have maintained a close relationship with the Socialist Party, which set it up. Since 1905 two representatives of each body have sat on the other's executive. Occasionally the executives have sat together. In a few exceptional cases Congresses have even been held jointly.

assesses the influence of trade unions upon the new European Communities and the complementary free trading plans.

The author has been an active trade unionist in various voluntary and full time capacities. He is on the staff of Research Department of the Amalgamated Engineering Union in London. He studied Economics and Political Science at Ruskin College, Oxford, 1953-1955, specializing in International Organization. He is a member of the Europe House Committee of "Britain in Europe".

A review of this book is being written for the next issue of the European Labour Bulletin by Mr. W.J. Carron, President of the Amalgamated Engineering Union.

THE COMMONWEALTH AND EUROPE

A study sponsored by "Britain in Europe Ltd.", written and published by "The Economist Intelligence Unit" 606 pages, including charts and over 100 pages of statistical appendices. Price 42/- including postage; available from all booksellers or "The Economist Intelligence Unit", 22, Ryder Street, London, S.W.1.

Britain's intimate Commonwealth links have given rise to the most intricate and serious difficulties in the way of British membership of the European Common Market, or close association with it. The problems are partly political and partly economic.

In order to discover whether or not a solution was practicable at the technical level, "Britain in Europe" commissioned "The Economist Intelligence Unit" to make a thorough and objective examination of all the main commodities exported by overseas Commonwealth countries; the general economic prospects of each of these countries; and, finally, the scope for reconciling the system of Commonwealth tariff preferences with the European Common Market.

Some of the book's conclusions:

1. The existence of the Common Market of the Six is likely in general either to increase exports from individual Commonwealth countries, or to leave them largely unaffected, apart from certain food-stuffs which are likely to suffer.
2. The system of Commonwealth Preferences is less important to the exporting countries concerned than the guarantee of an adequate market in Britain.

3. If the Common Market and the European Free Trade Association of the Seven (including Britain) were to merge, it would be possible to arrange terms that neither violated the principles of the Common Market nor did serious harm to any substantial flows of Commonwealth trade. At the same time the Commonwealth's exports in general would benefit from faster economic growth in Britain and easier access to Continental markets.

The book, which is the most authoritative survey of the subject, has been warmly commended by the President of the Board of Trade. Produced at considerable cost, it was only made possible by the generous contributions of 150 British and other Commonwealth organisations - trade unions, industrial and commercial firms, and banks.

The British trade unions which subscribed were The Inland Revenue Staff Federation; The Iron & Steel Trades Confederation; The National Union of Agricultural Workers; The National Union of General & Municipal Workers; The National Union of Mineworkers; The National Union of Railwaymen; The National Union of Seamen; The Transport & General Workers Union; and The Union of Post Office Workers.

* * *

TRADE UNION AND LABOUR MOVEMENT DELEGATE CONFERENCE

A one-day Conference on the theme of "Britain and the Common Market" is being organised jointly by the "National Council of Labour Colleges" and "Federal Union". Speakers will include The Rt.Hon. Arthur Bottomley, Mr. Bob Edwards M.P., Mr. David Ennals (International Secretary of the Labour Party), and a representative from the Common Market.

It will take place at Unity House, Euston Road, London, N.W.1., on Sunday, February 12, 1961. Fuller details may be obtained from Federal Union, 10, Wyndham Place, W.1.

Following the conference it is proposed to run a series of six evening lectures on the same theme on successive Tuesdays.