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Labor  
in  
the  
European  
Community

# Labor's Role in Community Policy

Labor unions in the six member states of the European Community -- Belgium, France, the German Federal Republic, Italy, Luxembourg, and the Netherlands -- responded to the creation of the Common Market by establishing the European Trade-Union Secretariat.

Headed by a Dutchman, Harm Buiter, the Secretariat represents labor union interests in Brussels, EEC headquarters. Mr. Buiter describes these interests and how they are pursued in his article, "Labor Speaks on the Community Level." A member of the Netherlands Steel Workers Union since 1946, Mr. Buiter represented his country's labor unions during the negotiations on the treaties establishing the European Communities. In 1956 he was appointed by the Miners and Steel Workers Unions of the Six to head their Permanent Secretariat. He became Secretary-General of the European Trade Union Secretariat when it was founded in 1958.

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# Labor Speaks on Community Level

by Harm Buiters, Secretary General of the European Trade-Union Secretariat

The European Trade-Union Secretariat represents the labor unions in the six Community countries affiliated with the International Confederation of Free Trade Unions (ICFTU). It was established in Brussels in 1958 at the same time as the Common Market. The Secretariat is a continuation of the 'Committee of 21' organized in Luxembourg in 1953 following the founding of the European Coal and Steel Community. It represents labor union interests and presents their views to the Community executives and committees.

Since the beginning of the Schuman Plan negotiations, the labor unions in the six Community countries have actively supported European integration. The Rome and Paris Treaties show that the problems of integration strongly affect the unions as the workers' representatives. At the European level, as well as nationally, labor unions are vitally concerned with all economic matters and consequently try to influence the distribution of the national product.

## European Unity Supported

The labor unions are generally counted among the leading protagonists of the European idea. Since the beginning of the European unification movement, they have promoted the process of integration whenever possible. The fundamental reasons for their support are: the need to preserve and strengthen a free society and to maintain world peace. These aims, while not a monopoly, are part and parcel of the labor union philosophy.

The labor unions were among the first to realize the economic advantages which would flow from the establishment of a large European market. Modern economic structure calls for a large, integrated domestic market. Many modern industries could not develop further within the limits of the present national markets. Consequently, those favoring economic progress

are prepared to abolish frontiers in Western Europe to create conditions for modern economic growth.

The Free and the Christian Trade Unions have constantly supported and promoted the European idea as a matter of principle. The Communist labor unions in France and Italy, affiliated to the World Federation of Trade Unions, for many years simply followed orders from the Communist central organization. They rejected and attacked the "capitalist conspiracy against peace." Last year, the outlook of the Italian Confederazione Generale Italiano Lavoratori (CGIL) changed somewhat due largely to pressure from Nenni Socialist members. However, the CGIL has not become reconciled fully to the principles for which the European Communities stand.

#### Unions Influence Community Policy

The Rome and Paris Treaties define ways in which the labor unions can influence Community decisions. Labor union cooperation in the European Community institutions occurs mainly in the Consultative Committee under the ECSC Treaty and in the Economic and Social Committee for the Common Market and European Atomic Energy Community.

The Economic and Social Committee is composed of 33 labor union representatives out of a total of 101 members. These representatives include leading members of the Free and the Christian Trade Unions in the six Community countries. The Committee advises on all major issues connected with European integration. Its sub-committees on farm policy, economic policy, competition, transport, and certain aspects of social policy meet regularly in Brussels.

Labor union influence has been expanded outside the Treaties especially in the European Coal and Steel Community. In 1952, Paul Finet, chairman of the International Confederation of Free Trade Unions (ICFTU), was co-opted as a member of the High Authority. Two labor union sympathizers, Heinz Potthoff of Germany and Roger Reynaud of France, were appointed members of the High Authority by their respective governments. However, Dr. Potthoff was not succeeded by a German labor union representative upon his retirement in 1963.

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No labor union representatives were appointed by the Six's governments to the EEC and Euratom Commissions, which cannot co-opt members. However, the late M. P. Serrarens, a leading representative of the Christian Trade Unions, was nominated a judge of the European Court of Justice.

The labor unions have not been content with these and similar openings such as the European Social Fund Committee, which assists the EEC Commission in the allocation of finances for the retraining and resettlement of workers. (One-third of the Committee's membership is composed of labor union representatives of the Six.)

Practical experience has shown that effective influence in the Community must not be limited to giving official opinions. The labor union view of current problems must be constantly made known to the European authorities through daily contact. Consequently, labor unions have not only established a European Liaison Office in Brussels but have created in the European Trade-Union Committee a high-level organization with executive powers in matters of European cooperation. Its directives bind the affiliated labor union federations and its office issues clear instructions to the European Trade-Union Secretariat, the permanent representative of labor union interests. The Secretariat also acts as the workers liaison office in the Community's Economic and Social Committee.

Labor union activity in the Community consists largely of cooperation between the national federations. The Executive Committee is concerned with the organization of the economy, establishing political priorities and the development of a European social policy. The work of the European Trade-Union Secretariat and the international labor union differs in that the labor unions have realized that for European cooperation they must at times subordinate their national autonomy to the common view.

## Labor's Power Examined

It is difficult to say whether labor union influence is as far-reaching in the Community as it is in the member countries. The situation varies. Not all member countries have committees in which the major economic and social problems are discussed. However, labor's influence is undoubtedly

greater in such existing bodies than in the Community's Economic and Social Committee.

In applying the Community's agricultural policy, the labor unions are represented on the commodity boards and advisory committees. Here, labor unions have become clearly European. One or two delegates represent all the labor organizations of the member countries and are more influential than their counterparts in such countries as France, Belgium and Italy.

Labor is not represented on the Community Administrative Committee, established to implement social security provisions for the migrant workers. The Committee is composed solely of the Six's government representatives. However, the labor unions have an important say in the application of social security policy in each member country. The EEC Commission's proposals for coordinating medium-term economic policy also contain no provision for labor union representation and may prove unacceptable to the unions.

The tendency to exclude labor is particularly evident in Community issues dependent on the support of initiative of the six member governments. Therefore, the unions support the European Parliament's claim for an extension of power, especially in its relations with the Council of Ministers. The labor unions have learned that it is presently impossible to influence autonomous bodies like the Council or to call them to account.

The trade unions' chances of influencing the Community Executives are further limited by the fact that the powers of these Executives are inadequate. Moreover, not all Community Executive members realize that continuous cooperation and mutual confidence are needed rather than calling on labor's support after suffering a policy setback. However, it is only fair to add that on a number of important matters contact is hampered only by excessive pressure of work (especially for EEC Commissioners) and not by any lack of good will.

Frequent meetings, common problems and the shift of certain powers from the national governments to the Community have caused intense "European" cooperation among the labor union federations which is gradually spreading

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to the individual industrial unions. In ECSC matters, coal and steel workers' representatives in all member countries have always cooperated closely. For years, transport and farm workers have followed carefully their specific problems at the European level. Close cooperation has also been created in other important areas, such as building, timber, chemicals, foodstuffs, beverages, tobacco, and the metal and engineering industries. Some of these European industrial committees have delegated their secretariat work to the European Trade-Union Secretariat. All these factors have led to a noticeable concentration of labor's influence in Brussels.

## Labor Seeks Balance

The labor unions are now meeting in the Community certain problems which were causing them concern in the member countries. Striking a balance between the direct representation of interests on the factory floor and the exercise of influence on general economic and social policy presents one problem. Union members must be convinced that action at the Community level also strengthens the power of their direct representatives.

The problem also arises on a larger scale at the Community level. The right balance must also be established between concentration on general Community issues and acceptance of responsibility in traditional labor union activities. Individual representatives from Liège, Bordeaux, Hamburg, Naples or Amsterdam may not agree necessarily on the operation of a labor union in their respective countries when general matters of economic or social policy are at stake. Their individual attitudes will be conditioned largely by political circumstances in their countries and by the structure and strength of their unions.

The unions must continue to find a method of cooperation which will not only apply in the six member countries, but which will also help individual members realize that the labor union movement also represents them at the European level. The unions will not fulfill this task unless they succeed daily through disciplined cooperation to put the interests of millions of European working men and women in the foreground of all the issues arising from European integration.

# U.S. Labor and the Kennedy Round

The Kennedy Round of Trade Negotiations in the framework of the General Agreement on Tariffs and Trade opened in Geneva on May 4. The avowed purpose of these negotiations is to bring about a lowering of tariffs on the order of 50 per cent and the reduction of tariff and other barriers to agricultural trade.

U. S. labor has an important stake in the Kennedy Round. As President Kennedy said, "a rising tide lifts all boats." Thus, increased trade liberalization should help increase the exports of the United States and other countries.

The last round of negotiations in GATT, the Dillon Round, brought substantial tariff reductions. In the years 1960-62, while these negotiations were taking place, trade was already increasing. The effects of the Dillon Round are now beginning to be felt.

The trends in production and trade of five major categories of goods illustrate that increased trade liberalization accompanied by the development of the mass market and production of the European Community has brought substantial increases in EEC-U. S. trade.

The table on the following page shows that the number of workers in each of these sectors remained relatively stable during the inclusive three-year period covered. For all but one of the products studied, EEC exports to the U. S. increased at the same time as U. S. exports to the EEC. The one exception was transportation equipment, where both sides registered declines due to increased U. S. and EEC imports from other European and some developing countries.

Freer trade creates the prospect of increased export in both directions. The increase in U. S. exports of farm machinery and electrical equipment can be expected to continue. Greater two-way trade in chemicals would probably be possible with the lowering of tariff and non-tariff barriers. Stabilization of levels of farm protection could help assure access to traditional markets.

U. S. - EEC TRADE 1960-62 IN RELATION TO THE SIZE OF THE U. S. LABOR FORCE

<u>Product</u>	<u>U. S. Labor Force</u>			<u>U. S. Exports to EEC</u>			<u>EEC Exports to U. S.</u>		
	1960 (in thousands)	1962	%	1960 (in thousand dollars)	1962	%	1960 (in thousand dollars)	1962	%
Farm Machinery	114	118	+3%	14,516	21,056	+46%	1,812	2,350	+30%
Electrical Equipment	2,780	2,942	+2%	141,871	287,844	+104%	55,347	67,568	+22%
Transportation Equipment	3,204	3,262	+1%	365,991	285,793	-22%	463,864	446,985	-4%
Chemicals, Chemical Products	1,578	1,614	+2%	378,762	395,684	+4%	139,783	156,826	+12%
Agricultural Products	5,723	5,190	-10%	1,312,000	1,382,000	+4%	243,375	261,224	+7%
All Products	70,612	71,854	+2%	3,825,469	4,453,431	+16%	2,210,506	2,446,726	+10%

Sources: Statistical Abstract of the United States, 1963  
Office Statistiques de Communautés Européennes, Commerce Extérieur, Tableaux Analytiques, 1960, 1962

# Social Security in the Community: Luxembourg

Luxembourg's social security system covers not only Luxembourgers but others who have come to work there in the steel mills and on public projects. Several thousand Italian workers have an important stake in the social security program of the Community's smallest member. The EEC social policy aims at the harmonization of social benefits throughout the six member countries, and the Luxembourg program will be an important factor in shaping the ultimate Community policy.

## What Is the Coverage and Who Is Covered?

Luxembourg, in common with the five other Community countries, provides eight types of social security benefits: health insurance, maternity payments, disability insurance, old age payments, survivors benefits, workmen's compensation, family payments, and unemployment compensation. Almost all workers are covered by the general social security program; white-collar workers are eligible for certain special benefits, and civil servants and railroad workers have special programs.

## HEALTH INSURANCE

The employers and the insured operate the autonomous health insurance administration under governmental supervision. One-third of the control is exercised by employer representatives and two-thirds by the insured. The social security administration has regional offices as well as offices for each enterprise and an office for self-employed workers. The regional offices supervise the system and collect the contributions. The union of regional offices makes agreements with the national medical organizations governing charges and services.

## Who Is Eligible to Participate and Under What Conditions?

All paid workers and their families, pensioners and the unemployed must be covered. Individuals are eligible for benefits without regard for their income and for the period they worked prior to receiving benefit payments. All dependents for whom a worker receives family payments are

# Social Security in the Community: Luxembourg

eligible for medical benefits. All benefits are paid from the start of the illness with no limit on their duration.

## How Are Health Benefits Financed?

Unlike Germany, France, and Italy, the Luxembourg system provides for contributions for health insurance and maternity payments separate from payments to the general social security fund. Workers contribute 6 per cent of their wages and employers 2 per cent. Pensioners pay 2.6 per cent of their pensions while the organization paying the pension contributes 1.3 per cent. The state finances 50 per cent of administrative and personnel expenses. The wages base for determining contributions is limited to an amount less than \$192 a month.

## What Doctors and Hospitals Participate

All licensed doctors participate in the program, and individuals have a free choice among them. Fees are determined through agreements between the union of regional social security offices and the national medical association. In case of dispute over fees, the final decision rests with an arbitration panel set up by the government. Individuals also have a free choice of hospitals whose services are rendered without fee to blue collar workers. Others must pay rates set in the same way as doctors' fees.

## What Special Health Benefits Are Covered?

Payments of sanitarium fees are made on the same basis as hospitalization benefits. If the administration gives its approval in advance, the cost of cures may be paid. Benefits are also paid for most dental care. Allowances are made for payments on prosthetic devices, and most prescriptions cost the insured no more than 25 per cent on the total charge.

## What Cash Payments Are Made to Individuals Receiving Health Benefits?

After two days of illness, all workers are eligible for as much as six months of cash payments. These payments may be continued an additional three months if the individual is expected to recover in this period. If he is not hospitalized, the worker may receive up to 75 per cent of his wages. He may receive from 50 to 70 per cent if he is hospitalized, depending on the size of his family.

### Are Payments Made to Foreigners?

Foreign workers and their families in Luxembourg are entitled to the same benefits as Luxembourg workers. Workers from Common Market countries receive benefits they have earned, even if they have left Luxembourg.

### MATERNITY PAYMENTS

The program covers the costs of mid-wife and maternity fees. Payments are made to working wives or the wives of insured workers. Cash benefits are also paid for a 24-week period at from 50 to 75 per cent of a working wife's salary. For non-working wives, the cash benefits cannot exceed 25 per cent of the maternity expenses.

### DISABILITY INSURANCE

As in other Community countries, disability insurance is tied to the old age benefits program. Management is under the control of an equal number of representatives of employers and employes.

#### Who Is Eligible?

All workers must participate in the program. An invalid is defined as a blue collar worker who cannot earn one-third of his former wages or a white collar worker who is unable to perform the same or similar job as he did before the illness or accident. Blue collar workers must have participate in the plan 1350 days and white collar workers 60 months before they are eligible for benefits.

#### How Is Disability Insurance Financed?

Workers and employers contribute equally to the program; the state guarantees the workers' contributions. The maximum wage base used is an annual salary of \$3773. Contributions equalling 10 per cent of wages also contribute to financing the old age and survivors insurance. The state pays part of the workers' and employers' contributions as well as more than 50 per cent of the administrative expenses.

#### What Benefits Are Given?

The pension is composed of two parts: a basic amount of \$300 a year and a supplementary amount set in proportion to the total amount of payments made to the fund. The pension cannot be less than \$540 a year, and it

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may be combined with benefits received under other social security plans. An additional amount is paid for each child. The program provides for retraining for a new job and cost-of-living adjustments.

## OLD AGE PAYMENTS

This program is administered in the same way as disability insurance and the same benefits are paid. A worker must have participated for as much as 180 months before he is eligible for benefits. Payments usually begin at age 65, but may start earlier.

## SURVIVORS BENEFITS

Payments (two-thirds of the basic old age disability payments and 50-60 per cent of the supplement) are made to widows, dependent widowers and orphans (one-third and 20 per cent in addition to family payments). The maximum total benefits cannot exceed 100 per cent of the old age pension.

## WORKMEN'S COMPENSATION

A national insurance organization, in which employers and employes are equally represented, determines the rate of contributions made by the employers. For the first 13 weeks, a worker can receive 75 per cent of his salary. Afterwards, when the percentage of disability is fixed, he may receive as much as 100 per cent of his former salary. The payments continue even if the worker finds a new job. Cost-of-living adjustments are made in the benefits.

## FAMILY PAYMENTS

Employers contribute from 2.5 to 4.46 per cent of salaries to finance payments given for each child. The state contributes after the third child. Benefits provide \$9.62 a month for each child.

## UNEMPLOYMENT COMPENSATION

The state contributes 75 per cent and the commune 25 per cent of unemployment payments which are made to eligible workers for 26 weeks in any year. A worker must remain available for work and must have worked 200 days in the preceding year. Payments equal 60 per cent of the base wage.

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## Statistical Office of the European Community

### Social Statistics

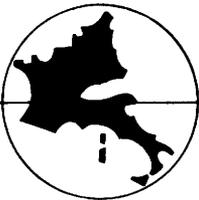
A series of analytical statistical studies dealing with various aspects  
of the social situation in the Community. (For example, wages, housing,  
industrial accidents, social security.) Annual subscription \$6.00,  
single copies \$2.00.

\* All publications available in French from European Community Information  
Service, 808 Farragut Building, Washington, D. C. 20006. Complete  
publications list available on request.

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