

## Labour Cost in Italy

1. - The Statistical Institute of the European Community published in its Bulletin of social statistics No. 3, of 1961, the results of a survey carried out in 1960 of wages and labour cost in the countries forming the Community.

The present article aims at illustrating the principal results of that survey where they refer more particularly to Italy, and at attempting to ascertain the principal reasons that explain, and in part may justify, the particular position of labour costs in Italy as shown by the survey.

2. - The formulation of the Community's economic and social policy calls for an adequate knowledge of remunerations, considered as labour cost as well as income of the workers: this is particularly necessary in view of the application of Articles 117, 118, 120 and 122 of the Treaty of Rome. The survey carried out and the studies published in this connection consider the problem from the point of view of the cost of manpower, expressed in unit labour time, that is, in hours for the wage earners and in months for the salaried employees. The survey also examined workers' incomes, but the results of that particular study will be published later.

The survey has undoubtedly been conducted with the methodology which has been recognized by the statistical bodies of the countries interested as the most exhaustive and correct. Moreover, it cannot be doubted that because of the way in which it has been conducted, the survey offers the surest guarantee regarding comparisons between the data of the various countries, even taking into account the reservations which usually must be made on whether perfect comparisons between international data are possible.

The survey was carried out in 1960 on the basis of data for the year 1959 regarding the 14 industrial sectors indicated in the tables that follow. It should be pointed out that in 1961 a second

survey was conducted relating to the data of 1960 of eight industrial sectors (production of chocolate, sweets, biscuits, tinned fruit and vegetables, alimentary pastes, leather footwear, plywood, wooden furniture, glass works, precision engineering, and optics), and that in 1962 a third survey has already been begun relating to the 1961 data of another 13 sectors (1). The European Community's Statistical Institute is planning to repeat in 1963 the same survey as for the sectors already studied in 1960, and to carry out in future years similar repetitions of the preceding surveys, making all the integrations and corrections that may be found necessary, with the object of bringing data regularly up to date at three year intervals. This will be done while awaiting a harmonization of the relative national statistics, which would permit of a more homogeneous documentation than the existing one, and a more reliable comparative consultation.

3. - The survey was carried out in a total of 8,750 establishments: 3,947 of them in west Germany, 500 in Belgium, 2,011 in France, 1,879 in Italy, eight in Luxembourg, and 405 in the Netherlands.

Only the establishments in each country employing not less than 50 persons were considered. In order to take into account the particular situation of Luxembourg (where for the purpose of the survey only the brewing and malt industry was considered) the limit for this country was fixed at 20 persons. The choice of the establishments to be included in each sector was made on the basis of the United Nations "Standard international classification for industries of all branches of economic activity", with several modifications.

The distribution of these establishments according to their size as indicated by the number of persons employed is given in Table 1. It will be seen that except for Luxembourg with its special position this distribution is homogeneous in all the countries considered. Only in the case of the Netherlands is there a higher proportion

(1) Meat preparation and preservation, fish preparation and preservation, knitted goods, clothing (for men, women, boys and girls), transformation of paper and products made from wood pulp, paper and cardboard, printing, tanning, transformation of plastic materials, manufacture of building materials in terracotta, production and first transformation of non-ferrous metals, aeronautical construction and repairing, metal bearings manufacture, agricultural tractors and machinery manufacture.

of establishments with more than 500 persons, and in the case of west Germany of those with more than 1,000 persons.

TABLE 1

ESTABLISHMENTS WHICH TOOK PART IN THE SURVEY DIVIDED, ACCORDING TO THEIR IMPORTANCE, IN PERCENTAGE OF TOTAL

Countries	20-49 dependents	50-99 dependents	100-199 dependents	200-499 dependents	500-999 dependents	1,000 dependents and over	Total number
	%	%	%	%	%	%	
West Germany . .	—	30.91	24.65	25.72	9.80	8.92	3,947
Belgium . . . .	—	27.80	29.60	27.60	9.20	5.80	500
France . . . . .	—	30.53	28.89	25.36	9.40	5.82	2,011
Italy . . . . .	—	31.08	29.11	24.16	9.90	5.75	1,879
Luxembourg . . .	37.50	37.50	25.00	—	—	—	8
The Netherlands .	—	26.42	27.16	22.72	13.58	10.12	405
Total . . . . .	0.03	30.48	26.98	25.25	9.86	7.40	8,750

The total number of workers covered by the survey was about 3,600,000 (3,710,000 including apprentices). They represent about 30 per cent of the dependents of manufacturing industry of the Community (excluding Luxembourg). If, however, the roughly 1,250,000 workers of the Coal and Steel Community's industries are added to this total, the proportion of the working population considered in the survey rises to 40 per cent for west Germany, France and the Netherlands, to 50 per cent for Belgium and to 70 per cent for Luxembourg. No evaluation is possible in the case of Italy owing to a lack of adequate reference bases.

The survey took into consideration both wage earners and salaried employees, differing in this respect from the survey of the Coal and Steel Community, which referred to wage earners alone. For the purpose of the distinction it was pointed out that wage earners must be regarded as all those who are paid for piece-work or on the basis of an hourly or daily wage; but foremen and supervisors were not to be included among the wage earners, even if paid on an hourly or daily basis; all other dependents were to be regarded as "salaried employees", and therefore under this definition are included not only the true and proper employees but also foremen and personnel supervisors as well as executives, but not the Chairman or President, the Manager or Managing Director, and the

General Manager of the firm. These definitions have not enabled a reliable solution to be obtained of the various problems which emerged during the survey, and in many cases the classification of wage earners paid by the month has created difficulties.

Table 2 indicates the distribution by percentages of wage earners and salaried employees, as these emerged from the survey. It will be seen that very pronounced differences are registered in certain sectors, in that the percentage of salaried employees engaged in the same industry can vary by more than double, according to the country. Italy in particular shows, in general, the lowest percentages of salaried employees, while France and the Netherlands register the highest. In the malt factories, for example, the salaried employees represent 40 per cent of the dependents in the Netherlands and only 16 per cent in Italy; in the synthetic fibre industry the proportion is 23 per cent in France and 10 per cent in Italy. It would be useful

TABLE 2

DIVISION BETWEEN WAGE EARNERS AND SALARIED EMPLOYEES  
OF THE STAFF IN THE ESTABLISHMENTS SURVEYED,  
IN PERCENTAGE OF THE TOTAL DEPENDENTS

(APPRENTICES EXCLUDED)

Industries	Germany (F.R.)		Belgium		France		Italy		Luxem- bourg		Nether- lands	
	Wage earners	Salaried employees	Wage earners	Salaried employees	Wage earners	Salaried employees	Wage earners	Salaried employees	Wage earners	Salaried employees	Wage earners	Salaried employees
Sugar industry . . . . .	85	15	87	13	83	17	86	14	—	—	85	15
Breweries and malt factories . .	78	22	81	19	78	22	84	16	84	16	60	40
Wool spinning . . . . .	88	12	90	10	86	14	92	8	—	—	88	12
Cotton spinning . . . . .	89	11	94	6	90	10	95	5	—	—	90	10
Synthetic fibre factories . . . .	82	18	—	—	77	23	90	10	—	—	—	—
Paper pulp, paper and cardboard factories . . . . .	86	14	84	16	84	16	90	10	—	—	81	19
Chemicals industry . . . . .	70	30	75	25	65	35	78	22	—	—	67	33
Rubber industry . . . . .	82	18	77	23	73	27	82	18	—	—	81	19
Cement works . . . . .	85	15	80	20	79	21	89	11	—	—	—	—
Porcelain, majolica and ceramics industry . . . . .	87	13	89	11	90	10	93	7	—	—	85	15
Machine tool factories . . . . .	77	23	77	23	73	27	83	17	—	—	—	—
Electro-technics industry . . . .	75	25	74	26	67	33	79	21	—	—	70	30
Shipbuilding and repairing . . . .	87	13	83	17	77	23	85	15	—	—	83	17
Motor vehicle factories . . . . .	85	15	—	—	76	24	83	17	—	—	—	—

to ascertain — though this would necessitate appropriate surveys, not confined to the statistical angle — to what extent such differences may depend on structural factors connected with the sizes and types of the plants, that is, on factors connected with environment and organization.

Noteworthy differences in the occupational structure are to be seen also in the division of the dependents by sex. Generally speaking, it emerges that resort to female personnel for the wage earners' side is lower in the Netherlands and higher in Italy. In the case of salaried employees, instead, the differences are less pronounced.

4. - The subject of the survey was all the expenditure on remuneration and social charges; an examination was made, that is, of all the elements constituting the expenditure borne by the firms, no matter what head they came under, in conformity with the recommendation of the International Labour Office which says that "every relationship of labour cost must be based not only on wages but simultaneously on wages and social charges" (2).

Expenditure concerning labour was divided into the following eight items:

- I Direct wage;
- II Bonuses and gratuities;
- III Remuneration given for days not worked;
- IV Contributions to social security, divided into:
  - 1) contributions payable by law (compulsory);
  - 2) conventional, contractual or voluntary charges;
- V Taxes of a social character;
- VI Expenditure on recruiting labour and on occupational training;
- VII Payments in kind;
- VIII Other social contributions.

The first three items (direct wage, bonuses and gratuities, remuneration for days not worked) and item VII (payment in kind) represent direct costs; the other items the indirect charges.

(2) *Les aspects sociaux de la coopération économique européenne*, I.L.O., Geneva, 1956, page 43.

The statistics were given in:

- (a) national currency;
- (b) Belgian francs;
- (c) as a percentage of the total wage charge.

The conversion into Belgian francs of the statistics expressed in a national currency obviously is a conventional method aimed at making comparisons easier from the point of view of international competition. The exchange rates used are the following:

1	DM	=	11.96	Belgian fr.	
100	(3) French fr.	=	10.19	"	"
100	lire	=	8.05	"	"
1	Fl	=	13.24	"	"

TABLE 3

AMOUNT PER HOUR OF THE EXPENDITURE ON REMUNERATIONS  
AND SOCIAL CHARGES RULING IN THE 14 E.E.C. INDUSTRIAL BRANCHES  
AND THE THREE E.C.S.C. INDUSTRIES

Average in Belgian francs. (year 1959) WAGE EARNERS

Industries	Germany (F.R.)	Belgium	France	Italy	Luxembourg	The Netherlands
Sugar industry . . . . .	37.91	43.60	36.69	31.82	—	33.65
Breweries and malt factories . . . . .	44.88	38.74	35.92	30.06	44.80	33.88
Wool spinning . . . . .	32.41	31.55	33.50	27.38	—	28.13
Cotton spinning . . . . .	32.75	31.71	30.90	24.68	—	31.78
Synthetic fibre factories . . . . .	44.28	—	48.77	31.91	—	—
Paper pulp, paper and cardboard factories . . . . .	39.62	42.47	40.65	31.46	—	33.74
Chemicals industry . . . . .	46.93	40.99	45.73	35.47	—	36.64
Rubber industry . . . . .	41.72	40.40	40.09	42.22	—	33.04
Cement works . . . . .	45.46	52.73	46.33	32.18	—	—
Porcelain, majolica and ceramics industry . . . . .	32.93	32.53	31.95	27.88	—	26.99
Machine tool factories . . . . .	45.50	46.90	45.65	36.08	—	—
Electro-technics industry . . . . .	38.86	40.45	39.81	33.17	—	33.06
Shipbuilding and repairing . . . . .	45.94	54.25	43.11	40.37	—	38.54
Motor vehicle factories . . . . .	49.80	—	53.74	48.79	—	—
Pit-coal mines . . . . .	61.35	58.25	61.72	40.42	—	58.98
Iron mines . . . . .	46.30	—	76.84	35.67	84.69	—
Iron and steel industry (a) . . . . .	56.10	56.25	45.69	45.35	65.65	47.96

(a) According to the E.C.S.C. Treaty.

(3) Old French francs.

MONTHLY AMOUNT OF EXPENDITURE ON SALARIES  
AND INHERENT SOCIAL CHARGES

TABLE 4

Industries	Average in Belgian francs					
	Germany (F.R.)	Belgium	France	Italy	The Netherlands	Luxembourg
Sugar industry . . . . .	16,820	13,905	13,954	13,548	9,935	—
Breweries and malt factories . . . . .	12,844	13,531	12,187	11,856	10,704	17,721
Wool spinning . . . . .	10,818	12,891	12,882	11,497	10,286	—
Cotton spinning . . . . .	10,620	14,100	11,781	12,081	10,609	—
Synthetic fibre factories . . . . .	13,877	—	15,126	14,874	—	—
Paper pulp, paper and cardboard factories . . . . .	13,775	15,156	14,727	14,569	12,442	—
Chemicals industry . . . . .	14,118	15,480	14,817	14,434	10,771	—
Rubber industry . . . . .	10,833	13,500	13,130	16,876	9,310	—
Cement works . . . . .	15,132	16,462	17,688	19,893	—	—
Porcelain, majolica and ceramics industry . . . . .	10,179	11,202	11,256	11,540	8,308	—
Machine tool factories . . . . .	11,233	13,898	13,447	12,852	—	—
Electro-technics industry . . . . .	12,562	14,021	13,476	13,419	11,354	—
Shipbuilding and repairing . . . . .	11,181	14,317	12,738	14,330	11,572	—
Motor vehicle factories . . . . .	12,582	—	15,759	14,313	—	—

The results of the survey as regards the wage earners are reproduced in Table 5, in which the statistics of the sectors dealt with in the Coal and Steel Community's survey (4) have been added to the statistics regarding the 14 industrial sectors taken into consideration.

(4) L'Institut National de la Statistique et des Etudes Economiques (I.N.S.E.E.) of Paris, in its monthly review *Etudes et Conjoncture* of August 1962, has published the results of its study made for the purpose of bringing up to 1961 the data of the E.E.C. survey relating to the year 1959. The calculations have been made by adding to the direct wages the percentages of the variations which have taken place, between the two years under consideration, in the various industries according to the current surveys of the individual countries, and modifying the indirect charges on the basis of the information received about the variations in the compulsory social contributions and in the other items, taking into account, too, the new wage levels.

This attempt, although stimulating, would appear to be open to objection because of the arbitrary nature of some of its elements, and many reservations must be made about the results obtained.

One can in fact point out that the I.N.S.E.E. has attempted to bring up to date the statistics of the E.E.C. survey by adopting those same national statistics the difficulty of finding comparisons for which in the international field led the E.E.C. to undertake its own survey.

Generally speaking, similar characteristics can be found for two groups of countries: on the one hand Belgium, west Germany and France, where the costs are more or less of the same volume, and on the other hand the Netherlands and Italy, whose costs are clearly inferior to those of the first group, with differences in the region of 15-25 per cent. In the synthetic fibre and cement industries the difference between the first group of countries and Italy rises as far as 30-35 per cent; after all, Italy almost always occupies the last place in the classification, with the lowest labour costs, except in three industries (majolica and ceramics, electro-technics, shipbuilding) where the last place is filled by the Netherlands. The rubber industry is an exception, for here the Italian costs exceed those of all the other countries, while those costs in the automobile industry approach those of west Germany and are only 10 per cent below those of France.

As regards, instead, the average monthly cost of the salaried employees, the figures given in Table 4 indicate that Italy, in general, registers high costs, and actually heads the classification for four industries (rubber, cement, majolica and ceramics, shipbuilding) while coming second or third in almost all the others, the first place being generally occupied by Belgium. West Germany and the Netherlands occupy the last two places in the classification.

The average values relating to the 10 industrial sectors considered in all the countries (to the exclusion therefore of synthetic fibres, cement, machine tools and automobiles), calculated by weighting the employed workers, are the following (in Belgian francs):

	Wage earners (hourly cost)	Salaried employees (monthly cost)
West Germany . . . . .	40.42	12,795
Belgium . . . . .	39.59	14,361
France . . . . .	39.94	13,782
Italy . . . . .	32.41	14,857
Netherlands . . . . .	34.51	11,133

The structure of labour cost in the various countries, adopting the distribution which considers separately the direct costs and the

TABLE 5

DIRECT COSTS AND INDIRECT CHARGES IN THE E.E.C. 14 INDUSTRIAL BRANCHES  
COMPARED WITH THOSE OF THE E.C.S.C. INDUSTRIES

% of the total wage charge.

WAGE EARNERS

Industries	Germany (F.R.)		Belgium		France		Italy		The Nether- lands	
	direct cost	indirect charge	direct cost	indirect charge	direct cost	indirect charge	direct cost	indirect charge	direct cost	indirect charge
Sugar industry . . . . .	84	16	80	20	74	26	72	28	82	18
Breweries and malt facto- ries . . . . .	82	18	84	16	73	27	71	29	83	17
Wool spinning . . . . .	84	16	83	17	70	30	69	31	86	14
Cotton spinning . . . . .	84	16	85	15	72	28	70	30	82	18
Synthetic fibre factories .	80	20	—	—	71	29	70	30	—	—
Paper pulp, paper and cardboard factories . . .	82	18	84	16	73	27	70	30	80	20
Chemicals industry . . . .	79	21	83	17	72	28	70	30	79	21
Rubber industry . . . . .	81	19	85	15	73	27	71	29	81	19
Cement works . . . . .	79	21	85	15	73	27	70	30	—	—
Porcelain, majolica and ceramics industry . . . .	83	17	84	16	73	27	69	31	81	19
Machine tool factories . .	80	20	85	15	74	26	70	30	—	—
Electro-technics industry .	81	19	82	18	74	26	70	30	80	20
Shipbuilding and repairing	81	19	84	16	71	29	69	31	82	18
Motor vehicle factories . .	81	19	—	—	72	28	73	27	—	—
Pit-coal mines . . . . .	71	29	81	19	69	31	69	31	73	27
Iron and steel industry . .	81	19	84	16	73	27	70	30	78	22
Iron mines . . . . .	72	28	—	—	74	26	67	33	—	—

indirect charges, is synthesized in Tables 7 and 8 for the wage earners and the salaried employees respectively.

It is found that in the case of the wage earners the countries are clearly divided into two groups: on the one hand, west Germany, Belgium and the Netherlands where about 80 per cent is represented by the direct wage charge and the remaining 20 per cent by indirect charges; on the other hand, France and Italy where the direct wage represents about 70 per cent of the cost, the remaining 30 per cent being represented by indirect charges. In the case of the salaried employees, the costs structure shows greater homogeneity, with about 80 per cent attributable to direct costs, except for Belgium and the Netherlands, where the percentage of the direct cost comes out

TABLE 6

## DIRECT COSTS AND INDIRECT CHARGES IN THE E.E.C. 14 INDUSTRIAL BRANCHES

% of the total salary charge.

SALARIED EMPLOYEES

Industries	Germany (F.R.)		Belgium		France		Italy		The Netherlands	
	direct cost	indirect charge	direct cost	indirect charge	direct cost	indirect charge	direct cost	indirect charge	direct cost	indirect charge
Sugar industry . . . . .	79	21	85	15	79	21	80	20	83	17
Breweries and malt factories . . . . .	80	20	88	12	78	22	79	21	82	18
Wool spinning . . . . .	84	16	86	14	78	22	80	20	86	14
Cotton spinning . . . . .	84	16	87	13	76	24	80	20	84	16
Synthetic fibre factories . . . . .	78	22	—	—	76	24	79	21	—	—
Paper pulp, paper and cardboard factories . . . . .	80	20	86	14	79	21	80	20	84	16
Chemicals industry . . . . .	76	24	87	13	77	23	79	21	83	17
Rubber industry . . . . .	81	19	89	11	77	23	79	21	88	12
Cement works . . . . .	77	23	85	15	77	23	81	19	—	—
Porcelain, majolica and ceramics industry . . . . .	81	19	85	15	78	22	79	21	83	17
Machine tool factories . . . . .	83	17	88	12	78	22	80	20	—	—
Electro-technics industry . . . . .	75	25	86	14	78	22	80	20	82	18
Shipbuilding and repairing . . . . .	83	17	88	12	76	24	82	18	85	15
Motor vehicle factories . . . . .	80	20	—	—	76	24	80	20	—	—

systematically higher, while in France it comes out systematically lower.

A more detailed analysis of the structure of labour cost is offered by Tables 7 and 8 relating to the averages of the hourly costs of the wage earners and the monthly costs of the salaried employees of all the industries considered. It is found that Italy, in relation to the other countries, shows the lowest percentage of hourly wage (51.28 per cent) and of monthly salary (53.81 per cent), but the greatest percentage of bonuses, gratuities, and remunerations for days not worked (18.36 per cent for the wage earners and 25.47 per cent for the salaried employees) as well as the greatest percentage for social charges, compulsory and voluntary for the wage earners (24.79 per cent), while the percentage of 17.64 per cent for the salaried employees is exceeded by west Germany with a figure of 17.86 per cent.

TABLE 7

## AVERAGE STRUCTURE OF EXPENDITURE ON REMUNERATIONS AND INHERENT SOCIAL CHARGES

(year 1959)

In % of the total.

WAGE EARNERS

Items	Germany (F.R.) (excluding Berlin)	Belgium	France	Italy	The Netherlands
I. Direct wage . . . . .	68.21	69.37	59.93	51.28	67.64
II. Bonuses and gratuities . . . . .	4.08	5.69	5.44	9.42	6.19
III. Remunerations given for days not worked . . . . .	7.46	7.90	6.14	8.94	5.84
IV. Social security contributions . . . . .	14.80	15.03	20.40	24.79	13.09
(1) Contributions payable by law of which:	[11.65]	[14.37]	[18.81]	[24.08]	[9.57]
(a) sickness, maternity, invalidity, pension and unemployment . . . . .	(9.67)	(6.32)	(8.18)	(13.21)	(4.84)
(b) accidents at work and occupational diseases . . . . .	(1.00)	(2.20)	(1.88)	(1.58)	(0.91)
(c) family allowances . . . . .	(0.92)	(5.85)	(8.70)	(9.06)	(3.81)
(d) other contributions payable by law . . . . .	(0.06)	(0.00)	(0.05)	(0.23)	(0.00)
(2) Conventional, contractual or voluntary charges . . . . .	[3.15]	[0.66]	[1.59]	[0.71]	[3.52]
of which:					
supplementary family benefits . . . . .	(0.31)	(0.01)	(0.16)	(0.00)	(0.15)
V. Taxes of a social character					
(a) Taxes and imposts on wages (France) . . . . .	—	—	3.57	—	—
(b) INA-CASA (Italy) . . . . .	—	—	—	0.76	—
VI. Expenditure on recruitment of labour and on occupational training . . . . .	2.34	0.65	0.66	1.27	1.99
VII. Payments in kind . . . . .	0.90	0.27	1.31	0.67	1.00
VIII. Other social contributions . . . . .	2.21	1.09	2.55	2.87	4.25
IX. Total . . . . .	100.00	100.00	100.00	100.00	100.00
Imposts on wages or employed labour which are not of a social charge character . . . . .	—	—	0.08	—	—

TABLE 8

AVERAGE STRUCTURE OF EXPENDITURE ON REMUNERATIONS  
AND INHERENT SOCIAL CHARGES

(year 1959)

Items	SALARIED EMPLOYEES				
	Germany (F.R.) (excluding Berlin)	Belgium	France	Italy	The Nether- lands
I. Direct salary . . . . .	61.74	67.89	62.62	53.81	63.16
II. Bonuses and gratuities . . . .	7.41	9.61	7.39	9.33	12.47
III. Remunerations given for days not worked . . . . .	7.38	8.50	6.15	16.14	6.54
IV. Social security contributions . .	17.86	12.21	15.66	17.64	13.33
(1) Contributions payable by law of which:	[8.32]	[8.99]	[11.99]	[16.81]	[4.86]
(a) sickness, maternity, inva- lidity, pension and un- employment . . . . .	(7.10)	(4.71)	(5.40)	(11.10)	(1.97)
(b) accidents at work and occupational diseases . . . . .	(0.55)	(0.87)	(0.99)	(0.30)	(0.37)
(c) family allowances . . . . .	(0.65)	(3.41)	(5.51)	(4.81)	(2.52)
(d) other contributions pay- able by law . . . . .	(0.02)	(0.00)	(0.09)	(0.60)	(0.00)
(2) Conventional, contractual or voluntary charges . . . . .	[9.54]	[3.22]	[3.67]	[0.83]	[8.47]
of which:					
supplementary family bene- fits . . . . .	(0.62)	(0.13)	(0.12)	(0.00)	(0.13)
V. Taxes of a social character					
(a) Taxes and imposts on wages (France) . . . . .	—	—	4.02	—	—
(b) INA-CASA (Italy) . . . . .	—	—	—	0.74	—
VI. Expenditure on recruitment of labour and on occupational training . . . . .	2.59	0.25	0.66	0.38	1.07
VII. Payments in kind . . . . .	0.94	0.57	1.33	0.58	0.83
VIII. Other social contributions . .	2.08	0.97	2.17	1.38	2.60
IX. Total . . . . .	100.00	100.00	100.00	100.00	100.00
Imposts on wages or employed labour which are not of a social charge character . . . . .	—	0.08	0.05	—	—

5. - Anyone who has expressed an opinion about the value of the survey carried through by the E.E.C. cannot fail to have recognized, if he has an adequate knowledge of the difficulties and problems encountered during that type of investigation in the international field, that it is the most complete and technically correct comparative survey in the sphere of labour costs so far conducted.

It is the most complete because it considers all the cost elements, and therefore does not present the drawback of restricting the comparison to direct wages alone without taking into account the other elements which are complementary to them; or of taking into account wage costs alone without considering the social charges; nor of taking into account solely the statutory compulsory charges while ignoring those of a contractual or voluntary character. Again, the survey has not been restricted to statutory or contractual wages alone, but has taken into account those really paid, which can mainly be higher but sometimes lower than the former.

It is the most exact from the technical point of view by reason of the methodology adopted as well as of the fact that it clearly distinguishes the various production sectors, thus avoiding the ambiguity that can arise from average statistics relating to the whole of the industry of each country lumped together, an ambiguity of which the dispersion values of the data collected, related to the various industries for the different countries, provide an unexceptionable demonstration.

Taking it for granted that this is recognized, it must nonetheless also be recognized that the survey, because of its particular nature, reveals limitations, so that any evaluation of its results must necessarily be accompanied by several reservations. It can also be added that several further improvements are possible which would correct, if not completely eliminate, some of the drawbacks referred to.

It should be noted, in the first place, that the values ascertained reflect not only the real diverse level of wages and labour cost in the various industries and countries, but also any differences of occupational structure or environment within the sphere of each industry and each country.

So that we may try to clarify this aspect with an example, let us take the case of two firms which both have the same wages level and therefore have the same unit costs for each individual worker, but which show differences in occupational structure in the sense that one may have a greater number of specialized workers while

the other has a greater number of labourers. The average wage and cost borne by the first will be higher than the average wage and cost of the second, even though the wage levels are equal. The same situation arises in relation to the other manifold causes of differentiation in wage levels which can arise from the sex and age of workers and the size of the firms, as well as differences in the places where they are situated, when there exist in a country typical industrial zones which, compared with other zones of the country, show striking differences in wage levels.

It is clear, therefore, that the results of this type of wage survey cannot be regarded in the same way as true and proper price index numbers; it is known, in fact, that in order to calculate a price index number, a weighting system is adopted, that is, to each product and to each of its qualities a determined weight is attributed, in such a way that the statistical synthesis of the variations which are observed over a period of time and according to the differing places is representative of the variations in prices alone and not also of the quantities to which the prices refer (5). In the case, instead, of average wage values which are based on surveys on payrolls, the variations of prices, that is, of wage rates, accumulate and become confused with eventual variations of structure, and this limits, or anyhow governs, the significance to be attributed to the results of the survey.

After all, the same reservations already noted regarding time comparisons apply in the case of the place comparisons of the E.E.C., and the experts who make such comparisons do not fail to take them into account. In the particular case of the E.E.C., wage survey, the main circumstances which can cause differences in calculating costs level, independently of differences in the effective level of wages, are precisely the diverse occupational structure, the diverse size of the firms, and the features of industrial localization in the countries considered. Such circumstances can sometimes have had a noteworthy influence on the result of the calculation; it is useful, on the other hand, to point out that in great part they could be, if not wholly eliminated at least corrected, or at any rate elucidated, so as to achieve a more correct comparison.

(5) A type of calculation on these lines is seen in the index of contractual salaries drawn up in Italy by the I.S.T.A.T., which takes into account a determined distribution of the workers according to the qualifications in each industry.

As regards the occupational structure, the survey does not enable us to ascertain what differences occur in the distribution of workers according to age, and especially according to whether they are skilled or unskilled; nevertheless, the appreciable differences already noticed as regards the division between wage earners and salaried employees and between men and women in any one industry in the various countries already provide evidence that striking dissimilarities exist; the subject could therefore be usefully investigated more deeply. A certain limitation of the distorting influence of this factor is that the survey was conducted in distinct branches of industry, and this enables us to avoid intermingling situations in industries which have a wholly dissimilar occupational structure. A further improvement could eventually be achieved by means of a more analytical distinction between the branches of industry examined.

The differences arising from the diverse size of the firms could be regarded as of little importance when it is considered that, as Table 1 shows, the division of the establishments according to the number of dependents does not reveal great disparities. It should be noted, however, that in several branches of industry the differences between the various countries are more pronounced than is found to be the case with the establishments examined as a whole: in wool spinning mills, for example, the establishments with not more than 200 dependents are in Italy 150 out of 179 (84 per cent), while in Belgium they number 29 out of 60 (58 per cent) and in west Germany 68 out of 142 (48 per cent); in the cement industry the same type of firm in Italy numbers 65 out of 92 (70 per cent), while the figures for Belgium are six out of 13 (46 per cent), for France 29 out of 57 (50 per cent), and for west Germany 53 out of 89 (60 per cent). It must nevertheless be pointed out that in many countries, though these show a higher labour cost than in Italy, the size structure of the firms examined reveals in several industries a number of smaller firms proportionately higher than in Italy. It can however be emphasized that to isolate such an eventual distorting factor it would suffice to compile distinct data for classes of firms according to the size. Among other things, this would result in a greater homogeneity, as regards, too, the identification of the branch of industry.

A more complex question is the influence which the location of establishments can have on the average results as a whole. It is known, in fact, that in other countries, too, particularly France and



west Germany, a difference is found in the current wage level existing in the more intensely industrialized zones as compared with the other zones which is not far removed from that which occurs in Italy between several northern regions and other regions; it would be opportune, therefore, to ascertain the amount of that difference, and also if the number of establishments located in low wage zones differs appreciably from country to country. On the other hand, it must be borne in mind that on the plane of international competition such eventual differences in labour cost lose nothing of their full significance so long as it is not a question of firms which satisfy a restricted local market, or so long as such differences are not neutralized by transportation costs. It can be conjectured, therefore, that to secure data that would enable an exact evaluation of the situation to be made in this connection too, a division of the labour cost according to the size of the establishments would be useful, on the logical assumption that the size classification of the establishments examined would provide, for various branches of activity, an index of how large their sales market is.

6. - Even after all the circumstances outlined above — which limit and can affect the value to be attributed to the results — have been taken into consideration, one nevertheless cannot ignore that the labour cost in Italy in various branches of industry turns out to be below the corresponding levels of the group of countries formed by Germany, Belgium, and France, and that this situation would remain substantially unchanged in many cases even if those improvements which have been mentioned were introduced.

It should be kept in mind, in the first place, that the survey has provided data relative to the wage regarded as the *labour cost* and not to the wage regarded as *labour income*. The studies and the points ascertained in connection with the evaluation of the wage-income, as has already been pointed out, will be further elaborated by the Statistical Institute of the European Community, which to this end will take into consideration also the different level of consumer prices, as well as the various consumer exigencies arising from habits or from objective needs connected with environment and climate, as regards particularly food, clothing and fuel. It is known, on the other hand, that the problem of making international comparisons of wages in real terms presents almost insuperable difficulties, which are continually discussed by scholars, from the time

in 1932 when the survey carried out by the International Labour Office for the Ford Company — to ascertain the comparative level of the cost of living in Detroit and Copenhagen — threw into relief in practical terms its fundamental aspects (6).

INDEX NUMBERS OF LABOUR COST (WAGE EARNERS) IN 1959

TABLE 9

Base Italy=100.00.

Industries	Germany (F.R.)	Belgium	France	Italy	The Nether- lands	Luxem- bourg
Sugar . . . . .	119.14	137.02	115.30	100.00	105.75	—
Breweries . . . . .	149.30	128.88	119.49	100.00	112.71	149.04
Wool spinning . . . . .	118.37	115.23	122.35	100.00	102.74	—
Cotton spinning . . . . .	132.70	128.48	125.20	100.00	128.77	—
Synthetic fibres . . . . .	138.77	—	152.84	100.00	—	—
Paper . . . . .	125.94	135.00	129.21	100.00	107.25	—
Chemicals . . . . .	132.31	115.56	128.93	100.00	103.30	—
Rubber . . . . .	98.82	95.69	94.95	100.00	78.26	—
Cement . . . . .	141.27	163.86	143.97	100.00	—	—
Majolica and ceramics . . . . .	118.11	116.68	114.60	100.00	96.81	—
Machine tools . . . . .	126.11	129.99	126.52	100.00	—	—
Electro-technics . . . . .	117.15	121.95	120.02	100.00	99.67	—
Shipbuilding . . . . .	113.80	134.38	106.79	100.00	95.47	—
Motor vehicles . . . . .	102.07	—	110.15	100.00	—	—
Pit-coal mines . . . . .	151.78	144.11	152.70	100.00	145.92	—
Iron mines . . . . .	129.80	—	215.42	100.00	—	237.43
Iron and steel . . . . .	123.80	124.04	100.75	100.00	105.76	144.76

The result is that every inference on the standard of life of workers in the different countries, based on data of the labour cost, can prove to be erroneous.

It is opportune, in the second place, to touch briefly on the level of Italy's position of inferiority and the statistical method with which this level can be measured. In many quarters an elaboration has been made of the data in the preceding Table 5 by expressing the data in index numbers having as their base (made equal to 100) the data of the cost in Italy. From this have emerged the data shown

(6) A thorough study of the problems connected with international comparisons of wages-incomes, and an interesting attempt at their solution have been made for the E.C.S.C. industries. (Cf. "Prices, equivalence rates of purchasing power to consumption and real incomes in the E.C.S.C. countries, 1954-1958", in *Statistiche Sociali*, Statistical Institute of the European Communities, No. 2, 1960).

in Table 9, and from these it can be inferred — and undoubtedly the comparison is perfect — that compared with the Italian cost the labour cost of, for example, the west German breweries is higher by 49.3 per cent, and that the cost in the Belgian shipbuilding yards is higher by 34.38 per cent. In the E.E.C. publication, instead, the comparison for each industry is made by taking as a basis the data of the country having the highest cost, and relating to that basis, which is made equal to 100, the costs of the other countries. From this it can be inferred, with an equally perfect comparison, that in Italy the labour cost in the breweries is 34 per cent lower than that in Germany and that the cost in the shipyards falls 26 per cent below that in Belgium.

It is clear that the difference between the two types of percentages arises from the diverse basis that has been adopted in each case, and that both types of percentage indicate a correct comparison, provided that there is no ambiguity in the wording. It is wrong, in fact, to state, as has often happened, that the cost in the Italian breweries is 50 per cent lower than that in those of west Germany, seeing that in reality it is lower by one-third, while it is correct to state that the west German cost is higher than the Italian by 50 per cent. This example has been given so as to make it clear that if ambiguous interpretations are to be avoided the greatest possible precision in the language used is desirable.

All this, however, regards the formal and not the substantial aspect of cost differences. But on the substance of the question, too, there is something to be said. Thus, it can be stated that, in reality, comparisons of cost in the same branch of industry as between various countries have no meaning at all if the reference is to the *absolute level* of such costs, since the differences which have an influence on international trade are rather those between the *relative levels* of the said costs, according to the industries concerned.

The subject has been fully analysed by the experts of the I.L.O. (7), who have made it clear that, after all, the rate of exchange existing between the various countries — granted, of course, that it is a market rate — is such as to counterbalance the differences in wages which derive from a diverse productivity: "Consequently, the disparity in the general level of the hour-cost of labour would not constitute a permanent cause of difficulty for the high-wage

(7) *Les aspects sociaux*, already quoted, paras. 95-110.

countries, if their economy as a whole is considered."; nor, one can add, a cause of permanent help for the lower-wage countries. A different situation exists, instead, in the industrial branches where the labour cost is exceptionally low or high *in relation to the general level* of costs in the same country: it can be stated that "when wages and social charges in an industry are much below those of the other industries in the same country, this industry is to a certain extent subsidized" and creates, in the field of international trade, a type of "unfair competition"; likewise it can be stated that industries having a higher cost than the other industries of the same country in no way enjoy a privileged position, even if the absolute level of cost comes out lower compared with the other countries.

In conformity with this line of reasoning, a calculation has been made, and is reproduced in Table 10, of the differences, in

TABLE 10  
DISPARITIES, IN PERCENTAGES, COMPARED WITH THE AVERAGE HOURLY COST

Industries	Germany (P.R.)	Belgium	France	Italy	The Netherlands
Sugar industry . . . . .	- 6.2	+ 10.1	- 8.1	- 1.8	- 2.5
Breweries and malt factories . . . . .	+ 11.0	- 2.1	- 10.1	- 7.3	- 1.8
Wool spinning . . . . .	- 19.8	- 20.3	- 16.1	- 15.5	- 18.5
Cotton spinning . . . . .	- 19.0	- 19.9	- 22.6	- 23.9	- 7.9
(Synthetic fibre factories) . . . . .	(+ 9.5)	(-)	(+ 22.1)	(- 1.6)	(-)
Paper pulp, paper and cardboard factories . . . . .	- 2.0	+ 7.3	+ 1.8	- 2.9	- 2.2
Chemicals industry . . . . .	+ 16.1	+ 3.5	+ 14.5	+ 9.4	+ 6.2
Rubber industry . . . . .	+ 3.0	+ 2.0	+ 0.4	+ 30.3	- 4.3
(Cement works) . . . . .	(+ 12.4)	(+ 33.2)	(+ 16.0)	(- 0.7)	(-)
Porcelain, majolica and ceramics industry . . . . .	- 18.5	- 17.8	- 20.-	- 14.-	- 21.8
(Machine tool factories) . . . . .	(+ 12.6)	(+ 18.5)	(+ 14.3)	(+ 11.3)	(-)
Electro-technics industry . . . . .	- 3.9	+ 2.2	- 0.3	+ 2.3	- 4.2
Shipbuilding and repairing (Motor vehicle factories) . . . . .	+ 13.7	+ 37.-	+ 7.9	+ 24.6	+ 11.7
	(+ 23.2)	(-)	(+ 34.6)	(+ 50.5)	(-)
(Pit-coal mines) . . . . .	(+ 51.8)	(+ 47.1)	(+ 54.5)	(+ 24.7)	(+ 70.9)
(Iron mines) . . . . .	(+ 14.5)	(-)	(+ 92.4)	(+ 10.1)	(-)
(Iron and steel industry) (a)	(+ 38.8)	(+ 42.1)	(+ 14.4)	(+ 39.9)	(+ 39.-)

(a) According to the E.C.S.C. Treaty.

percentages, in labour cost for each branch of industry compared with the average of each country (8). Such relative differences with respect to the general level are those which contribute to deciding whether the industrial sector under consideration holds an advantageous or disadvantageous position in international competition. As regards Italy, it can be seen, for example, that in the case of wool and cotton spinning there is, compared with France, Belgium and west Germany, relatively little difference; an advantageous position is enjoyed in synthetic fibres and cement, as well as in — though only partly — paper and chemicals, while the levels of the metal-mechanical engineering sectors invariably show a greater difference than that ascertained in almost all the other countries examined. This indicates that in those sectors it is certainly not on the basis of a low labour cost that Italy can face competition within the sphere of the E.E.C. (9).

It emerges clearly, therefore, that there is no reason to express surprise that differing wage levels and labour cost exist in the various countries forming part of the European Economic Community. The diversity in the general level of wages can, in fact, arise in part from a difference in strength of the employers' organizations and the workers' trade unions, justified or brought about by local conditions, sometimes of a political nature and also often of a demographic character; but fundamentally it reflects a different level of productivity, justified sometimes by the technological structures of the firms as well as by the different development of the local infrastructures, in the technical, organizational, administrative, social and cultural fields, in a broad sense, which cause considerable differences in the production costs. Variations in wages, for that matter, obviously occur, and often with noteworthy differences, within the limits of a country itself: in this connection, mention has already been made of the situation of Italy, France and west Germany, where contractual or compulsory regulation of wages, by different methods, sanctions the existence of different wages for different regions. It can be added that a similar situation, but with marked

(8) Actually the calculation in question is correct only as regards the 10 branches which contribute to the general average: for this reason the data of the branches that are not included in the average have been indicated between brackets.

(9) Detailed data for the shipbuilding firms were published in *Notizie I.R.I.*, No. 32, of May 1962. The data show that the labour cost in the yards forming part of the I.R.I. Group is at a higher level, even though only slightly, than that of France.

differences, occurs in the United States. There is therefore justification for a similar situation arising between different countries, even if they are linked by economic cooperation agreements, and, for that matter, this has been brought out clearly by the experts of the International Labour Office, already quoted several times, who went deeply into the subject. In this connection, it suffices to consider the noteworthy difference that is to be found between the labour costs in the Netherlands and Belgium, two countries which nevertheless have been linked by the Benelux economic ties for a longer time than by the bond represented by the E.E.C. and also by closer binding regulations.

The experience of the Benelux countries can, indeed, show that the presence of an international agreement for economic cooperation does not, by itself, lead to a lessening of the eventual disequilibrium that may exist in this field. It is true, however, that in the case of the E.E.C., by the express wording of the Treaty and by the will of the contracting parties, one aim is to achieve an "harmonization of the social systems", which cannot fail to have appreciable repercussions on the level of wages, as a fundamental element of the conditions of life and labour of the working classes, for whom the wish is to promote "an equality in progress" (Art. 117). Undoubtedly, therefore, the situation can change under the stimulus of dynamic factors that will be the stronger the more understandings are reached between the countries interested, both in the field of trade union policy — hopes in this sense have been expressed from many sides and some moves made — and in the field of economic development programming.

7. - The survey has confirmed that in Italy there is in the total labour cost a percentage higher than that found in all the other countries in the case of:

(a) wages relating to days not worked (bonuses and gratuities, feast days, holidays, etc.);

(b) social security contributions.

The high value of wages paid independently of days worked (18.36 per cent in Italy against 13.59 per cent in Belgium, 11.59 per cent in France, 11.54 per cent in west Germany and 12.03 per cent in the Netherlands, as regards the wage earners) represents a feature, which is certainly not one of the most positive, of the Italian wage

system, and deserves attention when making comparisons of costs. It is clear that such elements of remuneration, which stand quite apart from the amount of the services given and from the productivity of labour, constitute a negative component for the purpose of output (10), and can therefore represent a brake on an increase in productivity that would permit of a further increase in wages. It seems that several representatives of the workers' trade union organizations already appreciate this and recognize that the time has come to consider the problem with the attention it deserves, so as to limit, or at least not to increase further, the proportion of this wage item, and to lay greater emphasis on the direct wage. The future will show if, and up to what point, a similar line will be followed in making collective contracts.

One could, for that matter, even consider that if a harmonization is to be achieved in this sphere, it might also take place by the other countries making a closer approach to the Italian wage system. One effect of this would be to mitigate in Italy the disadvantageous situation to which attention has been drawn here. Such a development is not to be ruled out in view of the gradual approach, now taking place in all countries, of the wage earners' system of remuneration to that of the salaried employees, which goes under the name of the claim for a "guaranteed wage". It can in addition be recognized that the system of concentrating determined wage elements in recurrent bonuses or gratuities, instead of splitting them up in the hourly wage rates, does not present any outstanding disadvantages for those firms and sectors whose rhythm of work, because it is governed by a particular technology or productive organization, is not subject to noteworthy fluctuations: instead, it can offer advantages from the point of view of the national economy, inasmuch as it makes available to the workers funds for non-recurrent purchases, generally of durable goods.

One can maintain that the not very widespread adoption of the hire-purchase system that is to be noted in Italy, compared with other countries, can in part be explained also by this feature of the Italian wage system, since in Italy these bonuses are largely used

(10) This statement can be modified in the case of that part, perhaps not considerable, of bonuses and gratuities which is paid in the form of production bonuses.

for purchases which in other countries are more frequently made on the instalment plan.

As to the contributions for social security, the survey has shown that in Italy these represent a burden of 24.79 per cent on the cost of the work of the wage earners, while the figures for the other countries are only 20.4 per cent in France, 15.03 per cent in Belgium, 14.8 per cent in west Germany and 13.09 per cent in the Netherlands (11).

To these high percentages can be added also the percentage of the "other social contributions" which include contributions and expenses for social, welfare and cultural initiatives of the firms, among them canteens, holiday camps, scholarships and so on, as well as the expense of transportation for the workers (12), the value of which in Italy (2.87 per cent) exceeds that borne by all the other countries (2.21 per cent in west Germany, 1.09 per cent in Belgium and 2.55 per cent in France) with the exception of the Netherlands (4.25 per cent).

This high incidence of the social charges derives partly from the noteworthy development of social security as well as, in part, from the development of the firms' social initiatives, though primarily it is due to particular circumstances connected with environment and the demographic situation, which only in part are likely to undergo modification in course of time. It cannot be doubted, in fact, that the particular demographic structure of our country, and precisely the greater number of children to be provided for compared with families in other countries, cannot fail to render stable (for a long time to come, at any rate) a major burden in the shape of family allowances and health services for dependent minors. It is also true, however, that as regards various other social security services (in particular, for sickness, infirmity and old age as well as for unemployment) the high level of the contribution has been mainly determined by the fact that, up to now, it has been necessary to burden a limited number of employed workers with the charges

(11) The observations made in the preceding paragraph 6 about the system of calculation apply also to the incidence of the social charges. To say that in Italy there is an incidence of about 25 per cent for social security, taking 100 as the labour cost base, amounts to saying that there is an incidence of 33 per cent on the wages (and relative accessories), when these are regarded as the basis of the calculation.

(12) In the case of Italy, the contributions to the *Cassa integrazione guadagni* (Fund for integration of earnings) are also considered under this head.

covering assistance to a high number of workers not employed or unemployed; the more a stable reduction of unemployment is achieved — but, primarily, the more stable employment is increased of a great part of the population (mainly women) today still not employed — the broader will become the base providing the contributions; and this will allow of a revision of the unit-incidence of the charges, where there is a desire to achieve it.

8. - So far we have considered the comparative position as regards the labour cost of the wage earners; it will be as well to deal briefly also with the data which refer to the cost of the salaried employees.

Some surprise has been caused by the fact that this cost proves to be, generally speaking, higher in Italy than in all the other countries considered; and this situation appears still more singular, and in part anomalous, in view of the decidedly contrary position ascertained as regards the costs of the wage earners. Since it is certainly to be ruled out that such a different position is the result of mistakes and ambiguities occurring during the survey (apart from several reservations regarding the identification of the categories, about which something will be said later), it is only logical to seek the reason which creates such an anomalous situation.

An interpretation with a marxist flavour has been given by a trade union organizer, who has emphasized that this fact reveals that in Italy there exists a class distinction between wage earners and salaried employees which is contrary to a more democratic and modern organization of society. While not necessarily sharing such an interpretation, one must nevertheless recognize that the considerable distance existing in Italy between workers' categories and employees' categories is characteristic of a situation where economic and industrial development is not yet mature.

A particular and in part different justification of the fact can be found when it is considered that in Italy the proportion of salaried employees out of the total of employed workers has proved to be, generally speaking, appreciably lower than that of the other countries. This being so, it is clear that the existence of a lower number of salaried employees and their concentration, presumably, in the categories where responsibilities and qualifications are higher, can amply justify a higher average level of remuneration. Nevertheless, it remains to be explained why the percentage of salaried

employees is systematically lower in Italy than in the other countries; it could result from a more efficient organization of the offices and from a consequent greater ability of the Italian firms in utilizing the services of the salaried employees. If however it is true that the development of the structures of firms consequent upon technical progress and the widening of markets generally calls for and promotes, in all countries and in all sectors, an enlargement of the employee staff having technical or administrative duties, the low percentage of salaried employees might also indicate that most Italian firms are still in an intermediate stage between a business organization of the handicrafts type and that of the industrial type, and could substantially confirm that the situation of our business and organizational structures has not yet reached maturity.

Some perplexity can, indeed, be expressed regarding the identification of the persons whom, for the purposes of the survey, it was agreed to classify as salaried employees; the doubt primarily concerns the categories of foremen and supervisors as well as those categories that in the Italian system are classified as "intermediates", in the sense that they enjoy to some extent the treatment accorded to salaried employees while retaining the grade of wage earners; perhaps the majority of the firms may have neglected to classify such categories, which generally are paid less than the average for salaried employees, the result being to reduce the numerical percentage and to increase the average remuneration. This, on the contrary, should have caused an increase in the average cost of the wage earners, a cost which therefore would be still lower than that resulting from the calculation; unless, of course, one is to suspect that several categories of intermediates may have been wholly excluded from the survey, though this seems rather unlikely.

After all, the question of the identification of the persons who have been classified as salaried employees remains anything but clear. It is an aspect that can be improved upon in future surveys of the Community. It is not to be ruled out, moreover, that also the whole criterion on which the calculation of the salaried employees' labour cost is based would be re-examined, if it is agreed that it would be opportune to calculate, in the case of the salaried employees too, an hourly cost that takes into account the real number of hours worked, instead of a monthly cost; or if it should be considered advisable to calculate the hourly amount of expenditure on salaried

employees on the basis of the hours of labour of the wage earners, for the purpose of obtaining a comprehensive labour cost related to a basic unit expressed by the wage earner's labour hour.

9. - The present examination does not exhaust all the subjects which the E.E.C. survey has brought to the fore and of which it has enabled an analysis to be made. Among other things, all the considerations that could have been derived from a detailed analysis of the different branches of industry have been omitted. This, however, is of specific interest for the individual branches and for businessmen who are especially interested in them, and did not come within the scope of the present memoir, which is devoted to a comprehensive view of the problems that emerged from the results of the survey.

One can therefore end by reconfirming that the E.E.C. survey has undoubtedly shown itself to be positive and useful, and that its merits and the value of its results could be enhanced if in the coming similar surveys several improvements were to be introduced which have been indicated at various points in this article.

In particular, it would be desirable in future that data should be provided which were sub-divided:

(a) according to the size of the establishments;

(b) by territorial zones which have situations that are differentiated from the point of view of industrialization.

Welcome, too, would be a more analytical or, at any rate, more accurate enucleation of the branches of industry considered and of the establishments included in them; it can be said, however, that a division of establishments according to the number of persons they employ would in itself already enable a specific indication to be given in each commercial sector of the firms which carry out marginal activities in respect of the main activity considered, except that certain particular cases would need to be examined separately.

It would likewise be extremely useful if distinct data could be provided regarding the degree of skill of the personnel, especially the wage earners; the extreme difficulty of such a distinction must however be admitted, because of the scanty ideas and the still more scanty international comparisons existing with regard to qualifications. To ascertain any differences by age is regarded, instead, as being of little practical importance.

One cannot help emphasizing, nevertheless, that even if the improvements in question were introduced, the survey would always be subject to those limitations and interpretative reservations which have already been mentioned.

One could not, after all, expect of the E.E.C. survey more than it can give, that is, medium values. To secure other elements of comparison, especially more analytical data relating to individual qualifications or tasks, other survey systems would have to be adopted (13).

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(13) An example of survey methodology relating to individual qualifications is offered by the findings of the Assolombarda (*Comparazione dei salari e del costo del lavoro in Europa*, Milan, 1959). Another example of a diverse survey methodology relating to individual tasks is offered by the survey carried out by the E.N.I. in 1961 and repeated in 1962 under the aegis of the E.N.I. and the I.R.I., in which many private firms took part. It covered single "sample positions" of salaried employees and wage earners, identified by means of an accurate description (vocational profile) of tasks and responsibilities.