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** The survey of CONSUMER PRICES IN AUTUMN 1974, published by the Statistical Office of the European Communities, shows that Germany and France experienced a relatively high level of prices, Ireland and Italy a relatively low level, with the Benelux countries coming between

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The information published in this bulletin covers the European Communities' activities in the fields of industrial development, protection of the environment and consumer welfare. It is therefore not limited to recording Commission decisions or opinions.

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the two.

ANNEX 1 shows how and why such an extensive survey was carried out.

** The third meeting of Community MINISTERS OF THE ENVIRONMENT is to be held on 16 October.

ANNEX 2 outlines the matters for discussion at the meeting.

** The idea of a TRIPARTITE CONFERENCE bringing together employers, trade unions and relevant government departments, was put forward in July 1975 by the European Trade Union Confederation and was approved by the European Council meeting in Brussels at the time.

ANNEX 3 outlines the economic and social problems which might be discussed at the Conference.

** Consumers are more optimistic about the next twelve months. This is the major fact to emerge from a CONSUMER SURVEY carried out in May amongst 40 000 households selected as a representative sample of the population of the Community's member countries.

In Denmark, 30% of those interviewed felt that the general economic situation would improve over the twelve months ahead, compared with 24% at the beginning of the year. For Germany the corresponding figures were 28% and 18%, for France 14% and 12%, for Italy 23% and 15%, for the Netherlands 17% and 11% and for Belgium 12% and 6%. Irish consumers were expecting no change, while in the United Kingdom confidence was on the wane (17% in May compared with 21% in January). The growing confidence of continental consumers is also reflected in their views on the future trend of unemployment. By contrast, views in the United Kingdom are more pessimistic than in January. As a result of this renewed optimism in the general economic outlook and the financial situation of households, the percentage of consumers who felt that the present time was right for making major purchases had increased since January in most member countries. Inclination to buy was most marked in Germany, Ireland and Denmark. In France it weakened slightly, while in the United Kingdom decline was probably more marked. The stronger tendency to view the present time as the right one to make purchases has nevertheless not curbed the propensity to save. In all countries, consumers feel that they will be able to put money aside in the twelve months ahead.

** At present there are no uniform INLAND NAVIGATION safety regulations for the Community. The European Commission is deeply concerned about this situation and is working on a draft directive on the mutual recognition of certificates of seaworthiness for inland water vessels over a certain size. The Commission has also undertaken an examination of

the provisions currently in force in member countries governing the construction of pleasure craft for inland and coastal waters. Particular attention will be paid to aspects of design and construction which have a direct bearing on safety.

** According to Mr Walkhoff, a Member of the European Parliament, the general public is unhappy about the wide range of SIZES OF BOTTLE in the Community. The consumer finds difficulty in comparing prices and can be misled by the existence of very similar sizes. For example, beer can be bought in 25 cl and 33 cl bottles and wine in 70 cl and 75 cl bottles. The European Commission believes that the Council Directive of 19 December 1974 goes a long way towards rationalizing the market. France, Italy, Germany, Denmark and Luxembourg have been applying the new norms since June, while Belgium, Ireland, the Netherlands and the United Kingdom will conform by the end of 1980. Nevertheless, the Commission has already been in contact with various interested parties with a view to reducing the range of permitted sizes in the Community still further, while at the same time maintaining the consumer's freedom of choice.

** ACCIDENTS IN THE IRON AND STEEL INDUSTRY are followed closely by the European Commission. The Statistical Office of the European Communities has been collecting reliable figures since 1960, allowing a country-by-country comparison to be made. The frequency of industrial accidents from 1960 to 1973 is listed below (number of accidents per million hours worked):

Frequency	Year	Germany	France	Italy	Nether-lands	Belgium	Luxem-bourg	Community
Fatal accidents	1960	0.18	0.22	0.15	-	0.20	0.05	0.19
	1965	0.19	0.17	0.19	0.04	0.18	0.21	0.18
	1970	0.15	0.17	0.17	0.12	0.16	0.14	0.16
	1973	0.18	0.09	0.08	0.08	0.30	0.14	0.15
Non-fatal accidents necessitating absence from work	1960	108	74	104	-	128	121	98
	1965	98	67	102	69	107	115	90
	1970	105	64	117	42	93	102	92
	1973	113	73	141	48	112	82	103
Non-fatal accidents necessitating absence of more than three days from work	1960	95	71	78	-	100	115	86
	1965	87	65	77	59	80	106	78
	1970	94	62	91	38	72	94	81
	1973	96	71	102	42	85	76	87

- ** At its last Part-Session, the European Parliament held a lengthy debate on the difficulties facing EUROPEAN DATA-PROCESSING. A report presented by Mr Cousté favoured the proposals made by the Commission (see I&S No 31/75). This gave Mr Spinelli, Commission Member with special responsibility for industrial policy, the opportunity to state that the Commission intended to encourage the harmonious development of the industry rather than to subsidize users. It is possible, he said, to develop a viable and competitive industry by 1980. If the Commission, in its concern for continuity, is at present restricting itself to five priority areas, it is because this only represents the beginning of a programme marked out for development on a vast scale.
- ** There are still marked differences in the proportions of NATIONAL EXPENDITURES DEVOTED TO SOCIAL SECURITY SPENDING, declared Dr Hillery, European Commission Member with special responsibility for social affairs, in a recent speech. The figures range from about 13 $\frac{1}{2}$ % in Ireland, through 17% in the United Kingdom, and nearly 19% in France, to over 22% in Germany and Italy. Again, there are marked differences in the proportion of wage and salary earners who are involved in providing social and personal services - mainly employees of the public authorities. These range from about 17% in Germany, through 26 and 27% in Ireland and Belgium, to over 30% in the United Kingdom.
- ** The European Commission has looked at both the advantages and disadvantages of REFLECTORIZED NUMBER PLATES. The fact that the pros and cons just about evenly balance out explains why a number of Member States have as yet been unable to reach a decision on their use. This type of number plate is obligatory in Luxembourg and the United Kingdom, and authorized in Germany, Ireland and Belgium. Outside the Community, Spain, Finland and Sweden have made their use obligatory. The Commission does not intend at this stage to propose the use of reflectorized number plates throughout the Community, but is carefully following work done in this field.
- ** Under the ECONOMIC COOPERATION AGREEMENT between the COMMUNITY and INDIA, the European Commission (Directorate-General for Industrial and Technological Affairs) has available for interested persons or firms, a list of the addresses and activities of engineering consultants and a second list concerning large civil engineering firms, in India.
- ** VOCATIONAL TRAINING IN BRITAIN is examined at length in the third number of Vocational Training, an information bulletin published by the European Commission's Directorate-General for Social Affairs. Mr Chris Hayes, a leading official of the Training Services Agency and author of this article, has examined in particular how the main vocational training trends at the present time are interpreted in Britain: increased State intervention, consultation between both sides of industry, coordination of vocational

training and guidance and employment policies, as well as the special aspects of adult education.

** A bulletin on the activities of the COURT OF JUSTICE of the European Communities is published at regular intervals by the European Commission. Every three months this publication contains the names and brief summaries of the most important cases before the Court of Justice and national courts. The bulletin is distributed free of charge to judges, advocates and practising lawyers in general, on application to one of the Information Offices of the European Communities (see the list on the front inside cover of Industry and Society).

** Under the title "TOWARDS A EUROPE FOR CITIZENS", the Bulletin of the European Communities (Supplement 7/75) has published reports from the European Commission to the Council of Ministers on a Passport Union and the granting of Special Rights to citizens of one Member State residing in another. These special rights would essentially be those of voting, of standing for election and of access to public positions.

CONSUMER PRICES IN THE EUROPEAN COMMUNITY

Amongst European Community countries, Germany and France show a relatively high level of prices, Ireland and Italy a relatively low level, while the Benelux countries come midway between the two. This very general conclusion was however not the objective of the Statistical Office of the European Communities in carrying out, in conjunction with the statistical offices of the member countries, an extremely complex survey of CONSUMER PRICES IN AUTUMN 1974.

A survey of consumer prices is a vital tool in improving knowledge of real incomes, in pursuing a coherent policy on purchasing power, in bringing about European Monetary Union and in pursuing the competition policy which is the basis of the European Economic Community. For these reasons, and because there is no precedent for such an extensive survey, it is important to know how it was carried out.

The survey of "Consumer Prices in Autumn 1974" is the logical continuation of an already long series of Community surveys designed to compare prices in ECSC countries and to provide the basic elements for calculating consumer purchasing power parities¹.

The main features of the Community surveys of consumer prices have been explained in several past publications of SOEC. Suffice it to recall here that the surveys concern the prices of comparable or even identical articles. The need for comparability of items priced has sometimes - especially in the fields of electrical household equipment, photography and motorcars - led to the choice of brands and models which are certainly significant for the international market but do not reflect consumer preferences in a given country. As a result, there may be, for certain items, discrepancies between prices published here and the prices of similar items of different brands prevailing on the national markets.

¹Listed below are some of the most important publications of SOEC concerning price surveys and economic parities:

"Enquête prix 1954" - Statistical Information Sheets of the High Authority of the ECSC, No 4-1957;

"Comparaison des revenus réels des travailleurs des industries de la Communauté européenne du charbon et de l'acier" - Studies and Documents;

"Comparaison des revenus réels CECA 1954-1958" - Social Information Sheet No 2-1960.

Important works published by other authors include:

Paretti, Krijnse-Locker, Goybet: "comparaison réelle du produit intérieur brut des pays de la Communauté européenne" - June 1974;

I.B. Kravis, Z. Kenessey, A. Heston, R. Summers: "A system of international comparisons of gross product and purchasing power" - The John Hopkins University Press, Baltimore.

In 1974 for the first time, the consumer price survey was adapted to cover the enlarged Community, although, for reasons of internal organization, the United Kingdom and Denmark were not in a position to participate. The 1975 price survey currently being carried out will cover all nine Community countries.

A flexible method, based on binary lists, allows differences in consumer tastes and national markets to be taken into consideration. This method allows more representative items in each country to be covered. The 1974 survey, the first one conducted in accordance with the new method, should therefore be considered as experimental.

In order to ensure fuller comparability of the items covered, multinational pricing teams were entrusted with a substantial part of the price survey, under the coordination of the Statistical Office. This created a collective responsibility which avoided national divergences in interpreting item definitions. The items priced by multinational teams are marked in the tables by an asterisk.

As the use of multinational pricing teams is a relatively cumbersome procedure, the amount of price collecting, particularly the number of quotations that could be collected per item, was restricted. The survey was carried out only in the capital cities of the member countries and the number of quotations per item was fixed at 10 for meat and fish, 7 for other food and clothing, and 5 for other items. For goods and services at fixed or maintained prices (fees, tariffs), a single quotation was taken.

As price levels are influenced by the structure of retail trade, various types of retail outlet were covered by the survey: supermarkets, department stores, specialized shops, market stalls (for fruit, fresh vegetables and fish only).

The survey was carried out in the capital cities of the seven participating member countries during the period between 15 September and 15 November 1974, the exact survey periods being given by the dates indicated in the table headings.

The prices shown for each country relate to the survey period mentioned; for an accurate comparison to be made, they should be converted to allow for the different national rates of price increases experienced during the full survey period. Conversion to a common basis, which is not in any case likely to influence the results substantially, will of course be carried out when consumer purchasing power parities are calculated from the results of the 1975 survey.

The list of items has been compiled and codified on the basis of the definitions of the European System of Integrated Economic Accounts (ESA); it covers the whole range of private consumer spending, with the exception of certain groups (health costs, rents,

furniture, domestic services, insurance). It is to be noted that health costs, rents and spending on furniture will be covered in the 1975 survey. In addition, the major groups of private consumption are each represented in the survey by the following number of articles:

<u>Group</u>	<u>Number of items</u>
1. Food, beverages, tobacco	70
2. Clothing and footwear	51
3. Expenditure for accommodation, water and energy	19
4. Household goods and equipment, household services	112
6. Transport and communication	55
7. Entertainment, leisure, education and cultural activities	86
8. Other goods and services	53
<u>Total number of items</u>	<u>546</u>

The pricing of about 300 of the items on the list was entrusted to multinational teams.

The prices are given in national currencies; following the experience gained in 1972, the Working Party responsible for prices has recommended that prices should not be converted on the basis of official exchange rates and expressed in terms of one currency, since official exchange rates are not a proper reflection of the domestic purchasing power of currencies. This is the main reason why the Statistical Office has, since 1954, worked extensively on the calculation of consumer purchasing power parities.

The following table, which has been restricted to two particularly important items, illustrates the wide discrepancies that can occur between price relationships and official exchange rates.

	Germany	France	Italy	Nether-lands	Belgium	Luxem-bourg	Ireland
	DM	FF	Lit	F1	Bfrs	Lfrs	£Ir
Average price							
Maize oil (1 litre)	6.37	8.56	1 564	6.47	63.03	74.17	0.822
Synthetic paint (1 kg)	9.55	23.14	2 360	11.40	215.60	163.08	1.127
Official exchange rate against the Belgian franc:	6.726	12.276	1 728.62	6.889	100	100	1.116
Basic parity* maize oil	10.106	13.580	2 481.28	10.265	100	117.600	1.341
Basic parity* synthetic paint	.429	10.731	1 094.66	5.287	100	75.640	0.4702

* The "basic economic parity" expresses the relationships between the prices of any given item. In the example mentioned, the denominator in the ratio is always the Belgian price and the numerator the price in the member country in question.

The parities in terms of maize oil are appreciably higher than the official exchange rate against the Belgian franc and correspondingly the price of maize oil is much lower in Belgium than in the other countries. The reverse is true of synthetic paint; here the "basic" economic parities are much lower than the respective official exchange rates. The price in Belgium is correspondingly high.

The relative level of consumer prices in the member countries is merely the summation of the basic parities, calculated by using the weighted average.

The last comparison of this kind was carried out for 1972. The consumer purchasing power parities will shortly be calculated on the basis of the results of the 1975 price survey.

Pending the results of these calculations, it was decided to calculate a rough indicator from which a number of general conclusions could, nevertheless, be drawn. In this case, rank frequencies were calculated. These are a relatively rudimentary indicator but have the advantage of being simple.

The prices of each of the 307 individual items obtainable in all the countries, expressed in terms of a single currency on the basis of the market rates ruling in October 1974, were listed in descending order. The resulting ranks were classified into three groups covering:

- relatively expensive items
(Group A, Ranks I and II of the classification)
- items priced in the middle range
(Group B, Ranks III, IV and V)
- relatively inexpensive items
(Group C, Ranks VI and VII).

The following table gives the percentage of the total number of items under consideration in each group:

Rank frequency, as a % of the total number of items

Country	GROUP A (Ranks I and II of the classification)	GROUP B (Ranks III, IV and V of the classification)	GROUP C (Ranks VI and VII of the classification)
Germany	47	37	16
France	38	43	19
Italy	24	30	46
Netherlands	27	51	22
Belgium	28	60	12
Luxembourg	15	59	26
Ireland	22	20	58

These results permit the following rough breakdown by country to be made: the level of prices in Germany and France is relatively high, in Ireland and Italy relatively low, and in the Benelux countries midway between the two.

It must always be borne in mind that these findings provide only a very general indication of the situation and must be qualified not only as to the type of indicator used and the different pricing periods but also in view of the fact that calculations were made for only some of the items on the list of items obtainable in all the countries: all the items on the binary lists, which account for an important part of the survey, have had to be disregarded. Clearly, an indicator including these items would produce different results. However, it would probably not affect substantially the relative positions of the countries concerned.

It will be possible to draw more significant conclusions only if a more fully detailed and stricter approach is adopted. This is in fact the objective being pursued by the Statistical Office, which, by referring to the consumer purchasing power parities calculated, is now in a position to quantify the divergencies between price levels within the Community.

The 1975 survey, currently being conducted, will therefore provide a much more detailed framework and will also enable a comparison to be made with the results of the 1974 survey.

MEETING OF COMMUNITY MINISTERS OF THE ENVIRONMENT

The third meeting of Community Ministers of the Environment is due to be held on 16 October. Their first meeting in July 1973 launched the Community's Environmental Action Programme. In November 1974 the Ministers met again to adopt a series of measures proposed by the European Commission such as the quality of water for human consumption, the treatment of waste oils and the polluter-pays principle.

The third meeting will examine not only various measures proposed within the framework of the Action Programme, but also a number of other current or future actions. The first paper the Ministers will find before them will be one setting out the Commission's thinking on the European Community's Second Action Programme (see I&S No 26/75). Discussion on this topic will allow the Commission to further improve on its recommendations which are to serve as a basis for Community work in the years to come.

Ministers will be concerned secondly with the problem of reducing pollution caused by the discharge of certain dangerous substances into the aquatic environment. The Commission's proposal for a Council Decision is particularly important and necessary, if the dumping of toxic substances into water is to be controlled and if the water quality objectives set out in the Action Programme are to be achieved (see I&S No 25/75).

The third matter for ministerial discussion again concerns water: seawater and freshwater for bathing (see I&S No 2/75).

The next item on their agenda concerns the harmonization of national laws of Member States regarding the sulphur content of certain liquid fuels. If adopted, this Commission proposal would contribute greatly to improving the quality of air in our towns and cities (see I&S No 9/75).

Two other proposals forwarded to the Council of Ministers concern the European Community's international environmental responsibilities. The first of these proposals is aimed at establishing a common procedure for establishing and updating a European inventory of sources of environmental information. This information system is important, not only for the use that can be made of it, but also because it complements the global system being developed by the UN. The second proposal for Council adoption concerns Community participation in negotiations for a framework convention and protocol for preventing marine pollution of the Mediterranean from land-based sources. This would not be the first time that the European Community has been involved in the drafting of an international convention: the Community is one of the signatories of the Paris Convention on marine pollution from land-based sources (see I&S No 23/75).

PROSPECTS FOR A TRIPARTITE CONFERENCE

At its July meeting, the European Council responded favourably to the suggestion from the European Trade Union Confederation that a tripartite conference be held, and asked the Commission to formulate appropriate proposals.

The Commission's recent soundings confirm that such a Conference would meet a real need for high-level cooperation between both sides of industry and those in charge of economic and social affairs in the Community and Member States.

The purpose of the Conference would be to hold an exchange of views between representatives of the employers and the unions on the one hand, and the Ministers of Economic Affairs and Labour on the other, on the main aspects of the economic and social situation in the Community, the immediate and medium-term prospects and ways and means of coping with current difficulties. In the Commission's view this could be the central item on the agenda for the Conference.

Conceived in this way as essentially an attempt to analyse and assess the problems common to the Member States, the Conference would be a useful and necessary complement to the work of the Standing Committee on Employment, which is concerned with the practical measures to be developed in areas directly affecting employment.

In the Commission's opinion, joint analysis and consideration of the problems would be most fruitful if the Conference could get away from the immediate concerns of economic policy and concentrate on a more comprehensive and coherent approach to the main internal and external problems raised by the short- and medium-term economic and social development of the Community (by tackling, for example, such questions as the changes now in progress and the internal conditions for a lasting return to price stability).

A tripartite conference of this size and nature runs the risk of being nothing more than a long series of complaints about economic difficulties. But if, as we are led to believe, the participants raise the level of debate, we may well see real cooperation between the social and economic institutions, potentially leading to solidarity in practice between those on whom depends the success or failure of the measures which must be taken.

How to deal with the crisis?

The success of the various reflationary plans announced in several Community countries will depend on international economic conditions. This is why it is necessary to take additional common measures to safeguard employment and protect incomes. The various reflationary plans still under consideration or already initiated have certain points in

common: action on working hours, the search for new forms of employment which do not help to feed inflation, aid for the worst affected categories of labour, unemployment benefits, etc. The tripartite conference would provide an opportunity for examining the merits and limitations of these different measures.

But there are not only internal problems. The Community is also faced with various external demands. Whether industrialized nations or developing countries, the balance of trade poses a delicate problem, further complicated by the difficulty of reconciling the demands of the Community's trading partners with the social needs of the European workers.

Discussion of long-term prospects will no doubt centre on the Community's situation in the present disrupted state of world trade. How, at one and the same time can the Community be opened to foreign trade, its trade balance restored, the quality of life improved and collective needs satisfied? How and at what cost can such aims be achieved, when growth is, to say the least, modest and full employment cannot be realized for many months to come?

The problems of inflation are unlikely to escape the attention of those attending the tripartite conference. It has been shown that inflation is due not only to international monetary problems; it results as much from increasingly rigid economic mechanisms evident in price policies, industrial integration and inflexible labour and money markets. These processes will have to be analysed thoroughly, if a structural policy against inflation is to be found.

Consultation is essential

In the medium and long terms, arbitration by the public authorities will have to be introduced and developed through permanent contact with the social forces. Such consultation often operates successfully at national level, but is even more necessary internationally, particularly within the European Community. It is a primary prerequisite for reconciling the demands of European citizens with Europe's responsibilities towards the rest of the world.