

EUROPEAN COAL AND
STEEL COMMUNITY

THE HIGH AUTHORITY

STATISTICAL INFORMATION

SPECIAL ISSUE

Consumers' Purchasing Power Parities
in the Community Countries.

First comparison of the real incomes
of miners and steelworkers in the
Community in 1953.

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P R E F A C E

In accordance with Article 46,5 of the Treaty, the High Authority has for some months been engaged on a survey of the living and working conditions of workers in the Community's industries under its jurisdiction.

The High Authority now submits the findings of a comprehensive survey concerning consumers' purchasing power parities in the centres of the Community. This survey was carried out over a period of more than twelve months, in co-operation with experts from governments, statistical offices, employers' and workers' organizations, economic research institutes and international organizations. 2,000 shops were visited, and more than 22,000 prices recorded to serve as a basis for the computations. The practice of examining goods on the spot allowed much closer comparability of qualities than had hitherto been usual in other surveys of this type.

The High Authority takes this opportunity to thank all those who have assisted in its work. Their full co-operation and confidence is, moreover, indispensable to the successful continuance and completion of the project thus undertaken.

The consumers' purchasing power parities thus obtained, which will be found in the following pages, at the same time give the High Authority a chance to take the first steps towards establishing a comparison of the real incomes of the workers in the Community. Studies in this connection are only just starting: notwithstanding, the first provisional findings, though only to be regarded as approximate gradings, are of considerable importance. If they are to be properly interpreted, it is necessary to have accurate knowledge of the methods employed. For this reason, the studies on these points are primarily devoted to the problem of methods.

This comparative survey of real incomes is for the year 1953. The range of its findings is carefully defined, and their guidance value explained.

Even as early as 1953, the disparities observable between the different countries were not excessive, and indeed often did not exceed those between the wages paid in different industries or areas within a single country.

It should also be emphasized - basing ourselves on the partial information at present in our possession - that the disparities between the incomes of miners and steelworkers in the Community countries decreased still further between 1953 and 1955.

Since 1953, real wages in various Community countries have risen; and in those countries where incomes were highest in 1953, the increases since that date have in many instances been proportionately lower than elsewhere.

The High Authority will be publishing more detailed figures as soon as these are available.

This special issue of STATISTICAL INFORMATION, published in all four languages of the Community and in English, provides only a first excerpt from the findings now to hand. It is proposed to bring out a book dealing with the subject in considerable detail, during the next few months.

P. FINET

Member of the High Authority

P A R T I

PROBLEMS INVOLVED IN COUNTRY-BY-COUNTRY COMPARISON OF STANDARDS OF LIVING AND INCOMES

1. In scarcely any other field does the comparative analysis country-by-country, of economic and social facts come up against such difficulties as in the comparison of standards of living and incomes. There is a very considerable volume of literature on this subject.
2. On the other hand, an organization like the European Coal and Steel Community obviously cannot pass over such an important matter. Indeed, if it is to carry out the requirements of the Treaty as it should, it is in duty bound to institute surveys and inquiries of this kind.
3. Clearly, a task as extensive as that of comparing the standards of living and incomes of the workers in the Community can only be accomplished by stages. Many years of unremitting effort will be needed before it is possible to obtain a real grasp of the problem.
4. The High Authority has all along deliberately kept its study of this question within certain well-defined limits. The standard of living is governed by a large number of factors which it is not always possible to evaluate in quantitative terms. Before dealing with this field, which is to be the subject of further studies, the High Authority had therefore to confine its attention first of all to those elements which could be expressed in figures. The first problem in this connection is, what are the component elements, in the different countries, of the incomes accruing to the workers in the industries of the Community, and what proportion of those incomes is directly related to the work done in the industries of the Community.

5. To this end, the High Authority has since 1952 been carrying out, in co-operation with all parties concerned, an annual survey of wages and workers' incomes in the industries of the Community. The latest figures have been published under the title "Salaires et charges sociales dans les industries de la Communauté" (Luxembourg, May 1955). This work is systematically pursued and improved year by year by tenacious attention to detail.
6. It is proposed, as a further step, to bring out a statistical survey of family budgets in 1956. Among its objectives will be the securing of fuller information as to the structure of the income of the workers employed in the industries of the Community.
7. In connection with the compilation of the survey of nominal earnings and incomes, there arose the problem of establishing effective comparison between the figures obtained for the different Community countries, i.e. between their purchasing power.
8. A special committee of experts on "methods of comparing real wages" has been at work for over a year, examining possible solutions and endeavouring to arrive at practical results. It consists of representatives of the employers, the workers, the governments and the Statistical Offices, and has three sub-committees, on prices, rents and family budgets respectively. Furthermore, sub-committees have also been set up in the different countries to study the special problem of consumer goods prices. They took an active share in the preparations and proceedings.
9. Details of the methods employed have been published on various occasions in STATISTICAL INFORMATION 1).

1) See "Méthodes de comparaison des salaires réels entre les pays de la Communauté", INFORMATIONS STATISTIQUES, No. 7 (June 1954), pp. 10 ff., and

"Comparaison des prix des biens de consommation et des services", INFORMATIONS STATISTIQUES, 2nd. year, No.1 (January 1955), pp. 8 ff.

All that need be noted here, therefore, is that both the experts and the High Authority definitely concluded that it was necessary, first of all, to conduct an inquiry into the prices of essential consumer goods and services. By means of such an inquiry (which, compared with other methods, took only a short time to yield provisional results) it was possible to compute so-called "consumers' purchasing power parities" (P.P.P.), viz. factors for converting nominal incomes into real incomes. Details of this method will be found on pp. 5 ff.

10. The comparison of the real incomes of the Community's miners and steelworkers (pp. 40 ff.) furnishes only a partial answer to the overall problem. The purchasing power has been worked out in respect of particular categories of net income for 1953, as found for the average of specific groups of workers subject to the particular conditions prevailing in each country. It is important to know the differences in the workers' real incomes; the reasons for these differences can only be worked out in the course of further studies in which a considerable number of factors will have to be taken into account.
11. Even when we possess the results of this further work and the statistics on family budgets, we shall still not have the complete answer to the problem of country-by-country comparison of real incomes. Depending on the social, economic and political structure of the different countries, free State or other benefits in kind are, in some cases, playing an important part (e.g. N.H.S. benefits in Britain): these also require separate study and statistical classification in respect of the Community countries. We have only to recall the different positions which working-class families may be in as regards their means, their reserves and the durable consumer goods they may own, the different systems in respect of old-age pensions, the differences in the classification of miners' and steelworkers' incomes in the income structures of the various countries, to realize the magnitude of the task involved in establishing comparability even for incomes and means, let alone standards of living generally.

12. In conclusion, it must be emphasized once more that there is no one correct method of comparing incomes and standards of living between countries. We have to approach the problem from many angles before we can arrive at a reasoned judgment among so many different points of view. It is, of course, important to keep working on the various lines opened up, and in this respect the results given in the following pages, though they are only a beginning, are at least a very promising one.

P A R T II

CONSUMERS' PURCHASING POWER PARITIES IN THE COMMUNITY

COUNTRIES:

FIRST RESULTS OF HIGH AUTHORITY PRICE CHECK

In order to establish "keys" for the conversion of the nominal incomes of the workers employed in the coalmining and iron and steel industries into real incomes, the High Authority's Statistics Division took readings of a number of consumer prices. By working over these price-readings, it has been possible to compute price parities for the various articles. The combination of these parities (hereafter referred to as P.P.P.) represents the number of currency units which yield equal purchasing power in country A and country B, given particular situations and particular circumstances, namely the coal- and steel-producing areas concerned, consumption by workers (where possible those employed in these industries), and the structure of the consumption ("shopping baskets") in the different countries.

The first P.P.P. given below are for 1954.

I. METHODS OF COMPUTATION

1. To recall briefly the methods employed,
 - a) First, a list of some 220 items of consumer goods and services was drawn up by a group of experts. Specifically, these are commodities which have been shown by universal experience to play a particularly important part in working-class households.

For technical reasons, it was not possible to include in this survey a number of items such as insurance payments, medical and school fees, etc., but this does not affect the cogency of the results to any great extent.

b) Each commodity was then defined as accurately as possible, to comply with a basic precondition for any country-by-country price comparison, namely that the qualities compared should be equal, or as nearly equal as possible.

c) Finally, the experts again assisted in pinpointing each country's major centers of mining and/or steelworking population, price-readings to be then taken in these centers, and within each center in the shopping districts and shops particularly patronized by the working population.

2. The survey was carried out from September to December 1954 by a committee of five, consisting of a fixed group of High Authority officials, and assisted by representatives of the country concerned (statisticians, trade-union officials and employers' representatives). Some, 2,000 shops in all were visited, in order to read off the prices for equivalent qualities of goods. Altogether approximately 22,000 prices were noted.
3. The prices were divided up according to coal-and/or steel-producing areas, and reduced to arithmetical averages for each item. These averages were submitted for checking to the Statistical Office of the country concerned. Only after they had duly passed were they then adopted as a basis for further computations.
4. In the particularly complicated matter of rents, the figures used were provisional ones, taken partly from official and partly from private sources. A more detailed investigation is now in progress.
5. Price parities for each article in the coal- and steel-producing areas were then worked out. To give a few examples for the sake of illustration:
 - a) According to the High Authority price-surveys, the cost in the autumn of 1954 of
1 litre of red wine (Co-op., 10°, bottled)
was
in Germany (Ruhr) DM 1.92,
in France (coalfield) Frf. 68.22.

Calculated in "red wine", therefore,

Ffr. 68 = DM 1.92, or
Ffr. 100 = DM 2.81.

Conversely, we can say that

DM 1.92 = Ffr. 68, or
DM 1.-- = Ffr. 35.

Red wine is a product which is cheap in France as compared with Germany, and dear in Germany as compared with France. Ffr. 100 calculated by the "red wine parity" is thus worth more DM units (viz. DM 2.81) than is shown by the official rate of exchange (Ffr. 100 = DM 1.20).

Looked at the other way, DM 1 expressed in "red wine parity" is worth only Ffr. 35, whereas the official rate is Ffr.83.

b) A further example may serve to supplement these points. The High Authority's price-surveys showed that one china cup (cup and saucer, medium domestic quality; cup content approx. 2 decilitres, saucer 143-150 mm in diameter on outside edge; glazed, white) cost

in Germany (Ruhr)	DM 0,97
in France (coalfield)	Ffr.148.88

The "china cup parity" is, therefore,

Ffr. 149 = DM 0.97, or
Ffr. 100 = DM 0.65.

China cups are dear in France as compared with Germany. Accordingly, Ffr. 100 calculated by "china cup parity" is worth fewer DM units (DM 0.65) than is shown by the official rate of exchange (Ffr. 100 = DM 1.20).

The DM on the other hand, calculated in "china cup parity", is worth Ffr. 153, although the official rate of exchange stands at Ffr. 83.

c) These two examples - deliberately selected from extreme cases - suggest the following general conclusion :

If we calculate the price parities between countries A and B relation to country A, and the parity for a particular commodity remains below the official rate of exchange (from the standpoint of country A), the price of the commodity in country A (as compared with B) is relatively high. If on the other hand the parity for a particular article is above the official rate of exchange (again from the standpoint of country A), the price in country A (as compared with B) is relatively low.

6. In the same way as shown in the examples given in paragraph (5) above, special price parities were worked out for each commodity and each pair of countries, to serve as a basis for calculating mean parities for all 220 commodities.

7. The computation of price parities was carried out provisionally with the aid of consumer budgets for the different countries, generally provided by the countries themselves. They were taken from statistics on workers' family budgets (in Germany, France, Italy and the Saar on those of workers in the industries of the Community, and in the other countries of working-class families in general). The statistics are not fully intercomparable, but they give an adequate idea of the very considerable differences in the pattern of consumption of the different countries.

BREAKDOWN OF CONSUMER EXPENDITURE BY MAIN GROUPS 1)

in %

Group	Germany	Belgium Luxembourg	France	Italy	Nether- lands	Saar
Meat, sausages, poultry	12.0	17.2	16.7	16.3	8.1	11.3
Fats	5.2	8.0	8.1	5.4	5.3	6.9
Milk and milk products	7.6	8.8	6.0	7.2	8.4	6.9
Bread, flour, farinaceous foods	7.5	8.4	8.1	10.1	9.0	7.5
Vegetables, fruit, potatoes	6.5	5.5	8.8	8.6	7.5	6.7
Sugar, sweetmeats, etc.	3.0	3.0	3.0	2.3	4.4	2.5
Groceries, beverages, tobacco	7.5	6.3	11.5	10.8	6.8	6.2
Heating and lighting	5.5	7.7	6.6	4.8	7.6	5.0
Household utensils	9.0	4.5	4.0	4.5	8.4	10.2
Clothing and shoes	15.7	15.3	12.0	14.6	14.8	18.0
Cleaning and toilet articles	3.6	3.7	5.9	3.6	4.6	4.2
Education, entertainment, transport	9.2	6.4	6.0	7.4	6.5	9.4
Rent	7.7	5.2	3.3	4.4	8.6	5.2
Total:	100.0	100.0	100.0	100.0	100.0	100.0

1) Sources:

Germany: Statistisches Bundesamt.

Belgium: Ministère des Affaires Economiques and "Rapport sur le calcul d'indices comparables des prix de la consommation des ménages" - Conseil de l'Union Economique Benelux.

France: Bulletin Mensuel de Statistique INSEE "Les dépenses et l'alimentation des familles de mineurs de Lens" - "Les budgets des familles de salariés dans quelques grandes villes de France" - "Les dépenses et les consommations des ménages à Paris, Rennes et dans 17 grandes villes de province".

Italy: Istituto Centrale di Statistica.

Netherlands: Centraal Bureau voor de Statistiek.

Saar: Statistisches Amt des Saarlandes.

8. The main results obtained by using the "national" weighting systems are given in the following tables. They relate to 1954, and show
- a) The P.P.P. for each of the other countries in relation to one particular country (e.g. P.P.P. for Belgium, Luxembourg, Saar, France, the Netherlands and Italy in relation to Germany; DM 1 = ...).
- Parities are given first inclusive, and then exclusive of rent, the inclusive figures being provisional.
- Finally, the result is given first with the "shopping basket" of one country, and then with the "shopping basket" of the other.
- b) The P.P.P. for coal- and steel-producing areas, given separately.
 - c) Further tables (pp. 24 ff.) giving the reciprocal ratios of the P.P.P.

2. SOME IMPORTANT RESULTS

1. The prices of the 220 commodities examined reveal a considerable degree of uniformity in the national price structures of Germany, Belgium, France, Luxembourg, the Netherlands, the Saar and Italy.
2. The price level in a country does not vary substantially between coalfields and steel-producing areas. An exception should be noted in the case of Italy, where prices are somewhat lower in the coalfield (Sardinia) than in the steel-producing area (mainly Northern Italy).
3. The inclusion of provisional rent figures does not materially alter the P.P.P. as established. The Southern Italian coalfield is to some extent an exception in this respect also.
4. There is a close connection between the price level and the pattern of consumption of a country, although this is not the place to deal in detail with the question of cause and effect.

A worker belonging to country A fares best in country A on country A's "shopping basket", but if he goes to country B, he does best with B's "shopping basket". If he were to try to live on country A's "basket" in country B, he would very often have to reckon on relatively higher prices and higher expenditure.

5. The tables given show the P.P.P. which are of particular importance in regard to the net income of miners and steelworkers spent on consumption. They relate only to the coal- and steel-producing areas, and only the workers' incomes.

Emphasis must be laid on the strictly limited nature of these findings: they are not applicable for purposes of establishing comparison between, for instance, investments, labour costs, and so on. Nor can they be employed as general factors for correcting the official rate of exchange, which is naturally governed by a very large number of factors.

6. It is intended to publish in a later issue of STATISTICAL INFORMATION computations based on a common pattern of consumption for all six countries. This will provide at the same time an opportunity for dealing with the methodological questions arising in this connection..

3. T A B L E S

Autumn 1954

Country : **GERMANY** (Federal Republic)**COAL**

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS

Number of currency units with home purchasing power in country of comparison equivalent to DM 1

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : German weighting system							
Exclusive of rent	-	12.59	-	98.62	99.60	0.79	160.12
Including rent (provisional figures)	-	12.63	-	96.91	97.30	0.78	152.40
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	-	11.61	-	85.47	93.83	0.72	133.33
Including rent (prov. fig.)	-	11.68	-	84.80	91.79	0.72	126.33
Official rates of exchange							
	-	11.88	-	83.30	83.30	0.90	149.00

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS

Number of currency units with home purchasing power in country of comparison
equivalent to Bfrs. 100

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Belgian weighting system							
Exclusive of rent	8.61	-	-	795.-	813.-	6.34	1,390.-
Including rent (provisional figures)	8.56	-	-	781.20	798.45	6.29	1,341.50
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	7.94	-	-	730.50	771.60	6.04	1,118.60
Including rent (prov. fig.)	7.92	-	-	721.20	753.80	5.97	1,050.40
Official rates of exchange							
	8.41	-	-	701.-	701.-	7.61	1,252.-

Autumn 1954

Country : FRANCE

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS

Number of currency units with home purchasing power in country of comparison
equivalent to Ffrs. 100

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : French weighting system							
Exclusive of rent	1.17	13.69	-	-	104.32	0.93	178.50
Including rent (provisional figures)	1.18	13.87	-	-	104.19	0.93	172.54
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	1.01	12.58	-	-	100.01	0.75	158.13
Including rent (prov. fig.)	1.03	12.80	-	-	100.00	0.77	152.40
Official rates of exchange							
	1.20	14.26	-	-	100.-	1.08	178.-

Autumn 1954

Country : ITALY

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS

Number of currency units with home purchasing power in country of comparison
equivalent to Lit. 100

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Italian weighting system							
Exclusive of rent	0.75	8.94	-	63.24	64.66	0.59	-
Including rent (provisional figures)	0.79	9.52	-	65.61	66.99	0.62	-
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	0.62	7.19	-	56.01	59.74	0.46	-
Including rent (prov. fig.)	0.66	7.45	-	57.90	61.30	0.48	-
Official rates of exchange							
	0.67	7.99	-	56.00	56.00	0.61	-

Autumn 1954

Country : **NETHERLANDS****COAL**

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS

Number of currency units with home purchasing power in country of comparison
equivalent to Hfl. 1

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Dutch weighting system							
Exclusive of rent	1.39	16.56	-	132.86	132.38	-	219.31
Including rent (provisional figures)	1.40	16.76	-	130.04	129.65	-	207.93
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	1.27	15.77	-	107.50	124.69	-	169.50
Including rent (prov. fig.)	1.28	15.91	-	108.40	120.66	-	162.42
Official rates of exchange							
	1.10	13.14	-	92.10	92.10	-	164.-

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS

Number of currency units with home purchasing power in country of comparison
equivalent to Ffrs. 100

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Saar weighting system							
Exclusive of rent	1.07	12.96	-	100.-	-	0.82	167.40
Including rent (provisional figures)	1.09	13.27	-	99.97	-	0.83	163.08
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	1.00	12.30	-	95.86	-	0.76	154.65
Including rent (prov. fig.)	1.03	12.52	-	95.90	-	0.77	149.20
Official rates of exchange							
	1.20	14.26	-	100.-	-	1.08	178.-

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to DM 1

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : German weighting system							
Exclusive of rent	-	12.59	12.77	99.21	99.60	0.78	166.56
Including rent (provisional figures)	-	12.63	12.86	96.37	97.30	0.78	159.90
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	-	11.61	11.70	85.47	93.83	0.71	138.89
Including rent (prov. fig.)	-	11.68	11.79	84.80	91.79	0.71	134.34
Official rates of exchange							
	-	11.88	11.88	83.30	83.30	0.90	149.00

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to Bfrs. 100

	Germany (Fed. Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
	I. Basis of comparison : Belgian weighting system						
Exclusive of rent	8.61	-	101.29	801.-	813.-	6.24	1,423.-
Including rent (provisional figures)	8.56	-	101.57	786.91	798.45	6.19	1,380.60
	II. Basis of comparison : Weighting system of the other country						
Exclusive of rent	7.94	-	99.04	732.60	771.60	5.97	1,156.10
Including rent (prov. fig.)	7.92	-	99.40	723.40	753.80	5.91	1,111.20
	Official rates of exchange						
	8.41	-	100.-	701.-	701.-	7.61	1,252.-

Autumn 1954

Country : FRANCE

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to Firs. 100

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Firs.	Hfl.	Lit.
I. Basis of comparison : French weighting system							
Exclusive of rent	1.17	13.65	13.77	-	104.09	0.91	182.50
Including rent (provisional figures)	1.18	13.82	13.98	-	103.97	0.91	180.25
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	1.01	12.48	12.50	-	99.35	0.74	162.63
Including rent (prov. fig.)	1.04	12.71	12.79	-	99.40	0.76	159.63
Official rates of exchange							
	1.20	14.26	14.26	-	100.-	1.08	178.-

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to Lit. 100

	Germany (Fed. Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Italian weighting system							
Exclusive of rent	0.72	8.65	8.61	61.49	63.75	0.56	-
Including rent (provisional figures)	0.74	9.00	9.01	62.64	64.82	0.57	-
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	0.60	7.03	7.13	54.81	56.88	0.44	-
Including rent (prov. fig.)	0.63	7.24	7.40	55.40	58.00	0.46	-
Official rates of exchange							
	0.67	7.99	7.99	56.00	56.00	0.61	-

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to Lfrs. 100

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Luxembourg weighting system							
Exclusive of rent	8.55	100.97	-	800.-	806.40	6.70	1,403.-
Including rent (provisional figures)	8.48	100.60	-	784.30	790.48	6.61	1,359.70
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	7.83	98.73	-	726.20	749.60	5.89	1,161.40
Including rent (prov. fig.)	7.77	98.46	-	715.30	738.40	5.83	1,109.90
Official rates of exchange							
	8.41	100.-	-	701.-	701.-	7.61	1,252.-

Autumn 1954

Country : NETHERLANDS

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to Hfl. 1

	Germany (Fed.Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Dutch weighting system							
Exclusive of rent	1.40	16.74	16.87	133.98	134.05	-	228.28
Including rent (provisional figures)	1.40	16.92	17.15	131.06	131.17	-	218.48
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	1.28	16.03	15.95	109.89	123.50	-	178.60
Including rent (prov. fig.)	1.28	16.15	15.13	109.53	122.03	-	174.20
Official rates of exchange							
	1.10	13.14	13.14	92.10	92.10	-	164.-

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS

Number of currency units with home purchasing power in country of comparison
equivalent to Ffrs. 100

	Germany (Fed. Rep.)	Belgium	Luxembourg	France	Saar	Netherlands	Italy
	DM	Bfrs.	Lfrs.	Ffrs.	Ffrs.	Hfl.	Lit.
I. Basis of comparison : Saar weighting system							
Exclusive of rent	1.07	13.00	13.34	100.70	-	0.81	175.80
Including rent (provisional figures)	1.09	13.27	13.69	100.63	-	0.82	172.53
II. Basis of comparison : Weighting system of the other country							
Exclusive of rent	1.00	12.30	12.40	96.07	-	0.75	156.86
Including rent (prov. fig.)	1.03	12.52	12.70	96.20	-	0.76	154.30
Official rates of exchange							
	1.20	14.26	14.26	100.-	-	1.08	178.-

Year : 1954

Country : **GERMANY**
(Federal Republic)

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS
(RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM. 1.- = (- +)		
	German "shopping basket"	-	-
	German "shopping basket"	-	-
Belgium	Bfrs. 100.- = (8.41 +)		
	German "shopping basket"	7.92	7.94
	Belgian "shopping basket"	8.56	8.61
France	Ffrs. 100.- = (1.20 +)		
	German "shopping basket"	1.03	1.01
	French "shopping basket"	1.18	1.17
Italy	Lit. 100.- = (0.67 +)		
	German "shopping basket"	0.66	0.62
	Italian "shopping basket"	0.79	0.75
Luxembourg	Lfrs. 100.- = (- +)		
	German "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (1.10 +)		
	German "shopping basket"	1.28	1.27
	Netherlands "shopping basket"	1.40	1.39
Saar	Ffrs. 100.- = (1.20 +)		
	German "shopping basket"	1.03	1.00
	Saar "shopping basket"	1.09	1.07

+) NOTE : official rates of exchange

Year : 1954

Country : **BELGIUM**

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS
(RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (11,88 +)		
	Belgian "shopping basket"	11.68	11.61
	German "shopping basket"	12.63	12.59
Belgium	Bfrs. 100.- = (- +)		
	Belgian "shopping basket"	-	-
	Belgian "shopping basket"	-	-
France	Ffrs. 100.- = (14,26 +)		
	Belgian "shopping basket"	12.80	12.58
	French "shopping basket"	13.87	13.69
Italy	Lit. 100.- = (7,99 +)		
	Belgian "shopping basket"	7.45	7.19
	Italian "shopping basket"	9.52	8.94
Luxembourg	Lfrs 100.- = (- +)		
	Belgian "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (13,14 +)		
	Belgian "shopping basket"	15.91	15.77
	Netherlands "shopping basket"	16.76	16.56
Saar	Ffrs. 100.- = (14,26 +)		
	Belgian "shopping basket"	12.52	12.30
	Saar "shopping basket"	13.27	12.96

+) NOTE : official rates of exchange

Year : 1954

Country : **FRANCE**

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS
(RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (83.30 +)		
	French "shopping basket"	84.80	85.47
	German "shopping basket"	96.91	98.62
Belgium	Bfrs. 100.- = (701.- +)		
	French "shopping basket"	721.20	730.50
	Belgian "shopping basket"	781.20	795.-
France	Ffrs. 100.- = (- +)		
	French "shopping basket"	-	-
	French "shopping basket"	-	-
Italy	Lit. 100.- = (56.- +)		
	French "shopping basket"	57.90	56.01
	Italian "shopping basket"	65.61	63.24
Luxembourg	Lfrs. 100.- = (- +)		
	French "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (92.10 +)		
	French "shopping basket"	108.40	107.50
	Netherlands "shopping basket"	130.04	132.86
Saar	Ffrs. 100.- = (100.- +)		
	French "shopping basket"	95.90	95.86
	Saar "shopping basket"	99.97	100.-

+) NOTE : official rates of exchange

Year : 1954

Country : ITALY

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS
(RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (149.- +)		
	Italian "shopping basket"	126.33	133.33
	German "shopping basket"	152.40	160.12
Belgium	Bfrs. 100.- = (1,252.- +)		
	Italian "shopping basket"	1,050.40	1,118.60
	Belgian "shopping basket"	1,341.50	1,390.-
France	Ffrs. 100.- = (178.- +)		
	Italian "shopping basket"	152.40	158.13
	French "shopping basket"	172.54	178.50
Italy	Lit. 100.- = (- +)		
	Italian "shopping basket"	-	-
	Italian "shopping basket"	-	-
Luxembourg	Lfrs. 100.- = (- +)		
	Italian "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (164.- +)		
	Italian "shopping basket"	162.42	169.50
	Netherlands "shopping basket"	207.93	219.31
Saar	Ffrs. 100.- = (178.- +)		
	Italian "shopping basket"	149.20	154.65
	Saar "shopping basket"	163.08	167.40

+) NOTE : official rates of exchange

Year : 1954

Country : **NETHERLANDS**

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS
(RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (0.90 +)		
	Netherlands "shopping basket"	0.72	0.72
	German "shopping basket"	0.78	0.79
Belgium	Bfrs. 100.- = (7.61 +)		
	Netherlands "shopping basket"	5.97	6.04
	Belgian "shopping basket"	6.29	6.34
France	Ffrs. 100.- = (1.08 +)		
	Netherlands "shopping basket"	0.77	0.75
	French "shopping basket"	0.93	0.93
Italy	Lit. 100.- = (0.61 +)		
	Netherlands "shopping basket"	0.48	0.46
	Italian "shopping basket"	0.62	0.59
Luxembourg	Lfrs. 100.- = (- +)		
	Netherlands "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (- +)		
	Netherlands "shopping basket"	-	-
	Netherlands "shopping basket"	-	-
Saar	Ffrs. 100.- = (1.08 +)		
	Netherlands "shopping basket"	0.77	0.76
	Saar "shopping basket"	0.83	0.82

+) NOTE : official rates of exchange

Year : 1954

Country : SAAR

COAL

PURCHASING POWER PARITIES (P.P.P.) IN THE COALFIELDS
(RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (83.30 +)		
	Saar "shopping basket"	91.79	93.83
	German "shopping basket"	97.30	99.60
Belgium	Bfrs. 100.- = (701.- +)		
	Saar "shopping basket"	753.80	771.60
	Belgian "shopping basket"	798.45	813.-
France	Ffrs. 100.- = (100.- +)		
	Saar "shopping basket"	100.-	100.01
	French "shopping basket"	104.19	104.32
Italy	Lit. 100.- = (56.- +)		
	Saar "shopping basket"	61.30	59.74
	Italian "shopping basket"	66.99	64.66
Luxembourg	Lfrs. 100.- = (- +)		
	Saar "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (92.10 +)		
	Saar "shopping basket"	120.66	124.69
	Netherlands "shopping basket"	129.65	132.38
Saar	Ffrs. 100.- = (- +)		
	Saar "shopping basket"	-	-
	Saar "shopping basket"	-	-

+) NOTE : official rates of exchange

Year : 1954

Country : **GERMANY**
(Federal Republic)

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (- +)		
	German "shopping basket"	-	-
	German "shopping basket"	-	-
Belgium	Bfrs. 100.- = (8.41 +)		
	German "shopping basket"	7.92	7.94
	Belgian "shopping basket"	8.56	8.61
France	Ffrs. 100.- = (1.20 +)		
	German "shopping basket"	1.04	1.01
	French "shopping basket"	1.18	1.17
Italy	Lit. 100.- = (0.67 +)		
	German "shopping basket"	0.63	0.74
	Italian "shopping basket"	0.60	0.72
Luxembourg	Lfrs. 100.- = (8.41 +)		
	German "shopping basket"	7.77	7.83
	Luxembourg "shopping basket"	8.48	8.55
Netherlands	Hfl. 1.- = (1.10 +)		
	German "shopping basket"	1.28	1.28
	Netherlands "shopping basket"	1.40	1.40
Saar	Ffrs. 100.- = (1.20 +)		
	German "shopping basket"	1.03	1.00
	Saar "shopping basket"	1.09	1.07

+) NOTE : official rates of exchange

Year : 1954

Country : **BELGIUM**

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (11.88 +)		
	Belgian "shopping basket"	11.68	11.61
	German "shopping basket"	12.63	12.59
Belgium	Bfrs. 100.- = (- +)		
	Belgian "shopping basket"	-	-
	Belgian "shopping basket"	-	-
France	Ffrs. 100.- (14.26 +)		
	Belgian "shopping basket"	12.71	12.48
	French "shopping basket"	13.82	13.65
Italy	Lit. 100.- = (7.99 +)		
	Belgian "shopping basket"	7.24	7.03
	Italian "shopping basket"	9.00	8.65
Luxembourg	Lfrs. 100.- = (100.- +)		
	Belgian "shopping basket"	98.46	98.73
	Luxembourg "shopping basket"	100.60	100.97
Netherlands	Hfl. 1.- = (13.14 +)		
	Belgian "shopping basket"	16.15	16.03
	Netherlands "shopping basket"	16.92	16.74
Saar	Ffrs. 100.- = (14.26 +)		
	Belgian "shopping basket"	12.52	12.30
	Saar "shopping basket"	13.27	13.00

+) NOTE : official rates of exchange

Year : 1954

Country : **FRANCE**

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (83.30 +)		
	French "shopping basket"	84.80	85.47
	German "shopping basket"	96.37	99.21
Belgium	Bfrs. 100.- = (701.- +)		
	French "shopping basket"	723.40	732.60
	Belgian "shopping basket"	786.91	801.-
France	Ffrs. 100.- = (- +)		
	French "shopping basket"	-	-
	French "shopping basket"	-	-
Italy	Lit. 100.- = (56.- +)		
	French "shopping basket"	55.40	54.81
	Italian "shopping basket"	62.64	61.49
Luxembourg	Lfrs. 100.- = (701.- +)		
	French "shopping basket"	715.30	726.20
	Luxembourg "shopping basket"	784.30	800.-
Netherlands	Hfl. 1.- = (92.10 +)		
	French "shopping basket"	109.53	109.89
	Netherlands "shopping basket"	131.06	133.98
Saar	Ffrs. 100.- = (100.- +)		
	French "shopping basket"	96.20	96.07
	Saar "shopping basket"	100.63	100.70

+) NOTE : official rates of exchange

Year : 1954

Country : ITALY

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (149.- +)		
	Italian "shopping basket"	134.34	138.89
	German "shopping basket"	159.90	166.56
Belgium	Bfrs. 100.- = (1,252.- +)		
	Italian "shopping basket"	1,111.20	1,156.10
	Belgian "shopping basket"	1,380.60	1,423.-
France	Ffrs. 100.- = (178.- +)		
	Italian "shopping basket"	159.63	162.63
	French "shopping basket"	180.25	182.50
Italy	Lit. 100.- = (- +)		
	Italian "shopping basket"	-	-
	Italian "shopping basket"	-	-
Luxembourg	Lfrs. 100.- = (1,252.- +)		
	Italian "shopping basket"	1,109.90	1,161.40
	Luxembourg "shopping basket"	1,359.70	1,403.-
Netherlands	Hfl. 1.- = (164.- +)		
	Italian "shopping basket"	172.20	178.60
	Netherlands "shopping basket"	218.48	228.28
Saar	Ffrs. 100.- = (178.- +)		
	Italian "shopping basket"	154.30	156.86
	Saar "shopping basket"	172.53	175.80

+) NOTE : official rates of exchange

Year : 1954

Country : LUXEMBOURG

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (11.88 +)		
	Luxembourg "shopping basket"	11.79	11.70
	German "shopping basket"	12.86	12.77
Belgium	Bfrs. 100.- = (100.- +)		
	Luxembourg "shopping basket"	99.40	99.04
	Belgian "shopping basket"	101.57	101.29
France	Ffrs. 100.- = (14.26 +)		
	Luxembourg "shopping basket"	12.79	12.50
	French "shopping basket"	13.98	13.77
Italy	Lit. 100.- = (7.99 +)		
	Luxembourg "shopping basket"	7.40	7.13
	Italian "shopping basket"	9.01	8.61
Luxembourg	Lfrs. 100.- = (- +)		
	Luxembourg "shopping basket"	-	-
	Luxembourg "shopping basket"	-	-
Netherlands	Hfl. 1.- = (13.14 +)		
	Luxembourg "shopping basket"	15.13	15.95
	Netherlands "shopping basket"	17.15	16.87
Saar	Ffrs. 100.- = (14.26 +)		
	Luxembourg "shopping basket"	12.70	12.40
	Saar "shopping basket"	13.69	13.34

+) NOTE : official rates of exchange

Year : 1954

Country : **NETHERLANDS**

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (0.90 +)		
	Netherlands "shopping basket"	0.71	0.71
	German "shopping basket"	0.78	0.78
Belgium	Bfrs. 100.- = (7.61 +)		
	Netherlands "shopping basket"	5.91	5.97
	Belgian "shopping basket"	6.19	6.24
France	Ffrs. 100.- = (1.08 +)		
	Netherlands "shopping basket"	0.76	0.74
	French "shopping basket"	0.91	0.91
Italy	Lit. 100.- = (0.61 +)		
	Netherlands "shopping basket"	0.46	0.44
	Italian "shopping basket"	0.57	0.56
Luxembourg	Lfrs. 100.- = (7.61 +)		
	Netherlands "shopping basket"	5.83	5.89
	Luxembourg "shopping basket"	6.61	6.70
Netherlands	Hfl. 1.- = (- +)		
	Netherlands "shopping basket"	-	-
	Netherlands "shopping basket"	-	-
Saar	Ffrs. 100.- = (1.08 +)		
	Netherlands "shopping basket"	0.76	0.75
	Saar "shopping basket"	0.82	0.81

+) NOTE : official rates of exchange

Year : 1954

Country : SAAR

STEEL

PURCHASING POWER PARITIES (P.P.P.) IN THE
STEEL - PRODUCING AREAS (RECIPROCAL VALUES)

Country	Weighting system	Including rent	Exclusive of rent
Germany (Fed.Rep.)	DM 1.- = (83.30 +)		
	Saar "shopping basket"	91.79	93.83
	German "shopping basket"	97.30	99.60
Belgium	Bfrs. 100.- = (701.- +)		
	Saar "shopping basket"	753.80	771.60
	Belgian "shopping basket"	798.45	813.-
France	Ffrs. 100.- = (100.- +)		
	Saar "shopping basket"	99.40	99.35
	French "shopping basket"	103.97	104.09
Italy	Lit. 100.- = (56.- +)		
	Saar "shopping basket"	58.-	56.88
	Italian "shopping basket"	64.82	63.75
Luxembourg	Lfrs. 100.- = (701.- +)		
	Saar "shopping basket"	738.40	749.60
	Luxembourg "shopping basket"	790.48	806.40
Netherlands	Hfl. 1.- = (92.10 +)		
	Saar "shopping basket"	122.03	123.50
	Netherlands "shopping basket"	131.17	134.05
Saar	Ffrs. 100.- = (- +)		
	Saar "shopping basket"	-	-
	Saar "shopping basket"	-	-

+) NOTE : official rates of exchange

A N N E X

ADJUSTMENT OF P.P.P. TO 1953 VALUES

1. The purchasing power parities available to us are those for 1954 whereas statistics on the net income of miners and steel workers are at present available only in respect of the year 1953. It thus becomes necessary to adjust the 1954 P.P.P. to 1953 values.
2. This adjustment can be made with the aid of the cost of living indices which are available for all the Community countries. These indices are, of course, not strictly comparable. However, they involve only minor short-term corrections which in the light of experience and the opinion of the experts consulted by the High Authority can be answered for.
3. The cost of living indices in the Community countries were, in 1953, as follows (1954= 100).

Cost of living indices

	<u>1954</u>	<u>1953</u>
Germany (Fed. Rep.)	100	99.1
Belgium	100	98.3
France	100	100.-
Italy	100	94.7
Luxembourg	100	98.3
Netherlands	100	101.5
Saar	100	96.5

4. The following example illustrates the application of these data. If we examine developments in Germany and the Netherlands, we find that in Germany the index rose from 1953 to 1954 by roughly 1 % and in the Netherlands by roughly 5 %.

Our purchasing power parities were computed for 1954.

Related to Germany, this meant that we had compared the whole of the Netherlands worker's expenditure in Hfl. with the total expenditure of the German worker in DM.

The 1954 P.P.P. for the Netherlands in relation to Germany was worked out as follows :

$$\text{P.P.P.} = \frac{\text{Value of "shopping basket" in Hfl.}}{\text{Value of "shopping basket" in DM.}}$$

The result, as shown above, was DM. 1.- = Hfl. 0.78 (in the coalfields; including rent). This ratio may also be expressed as follows :

$$\text{P.P.P. DM. 1.-} = \frac{78}{100} \text{ Hfl.}$$

Now, if we go back from 1954 to 1953, we find that the value of the "shopping basket" in the denominator is reduced by 0.9 % and that of the "shopping basket" in the numerator by 5.3 %.

This gives us the following result for 1953 :

$$\frac{\frac{78 \times 94.7}{100}}{\frac{100 \times 99.1}{100}} = \frac{78}{100} \times \frac{94.7}{99.1} = \frac{73.866}{99.1} = 0.745 = \underline{\underline{0.75}}$$

5. The calculation can be carried out in the same way for all combinations of countries; it is sufficient to work out a correction factor from the ratio of the cost of living indices (always on the basis of 1954 = 100), placing the index of the country with which all the other countries are compared, in the denominator, and the index of the other (varying) country in the numerator.
6. The table overleaf shows the purchasing power parities for 1953. Subsequent computations of real incomes were based on these figures.

PURCHASING POWER PARITIES FOR 1953

(including rent)

I. C O A L

		Germany (Fed.Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands	Saar
Germany (Fed. Rep.)	DM 1.-		12.54	97.81	148.42		0.75	99.63
Belgium	Bfrs.100.-	8.62	-	794.40	1316.40		6.06	823.68
France	Ffrs.100.-	1.17	13.64	-	166.50		0.88	105.70
Italy	Lit. 100.-	0.81	9.70	67.99	-		0.61	70.43
Luxembourg	Lfrs.100.-							
Netherlands	Hfl. 1.-	1.46	17.40	137.31	211.86		-	138.88
Saar	Ffrs.100.-	1.06	12.86	98.54	155.12		0.77	-

II. S T E E L

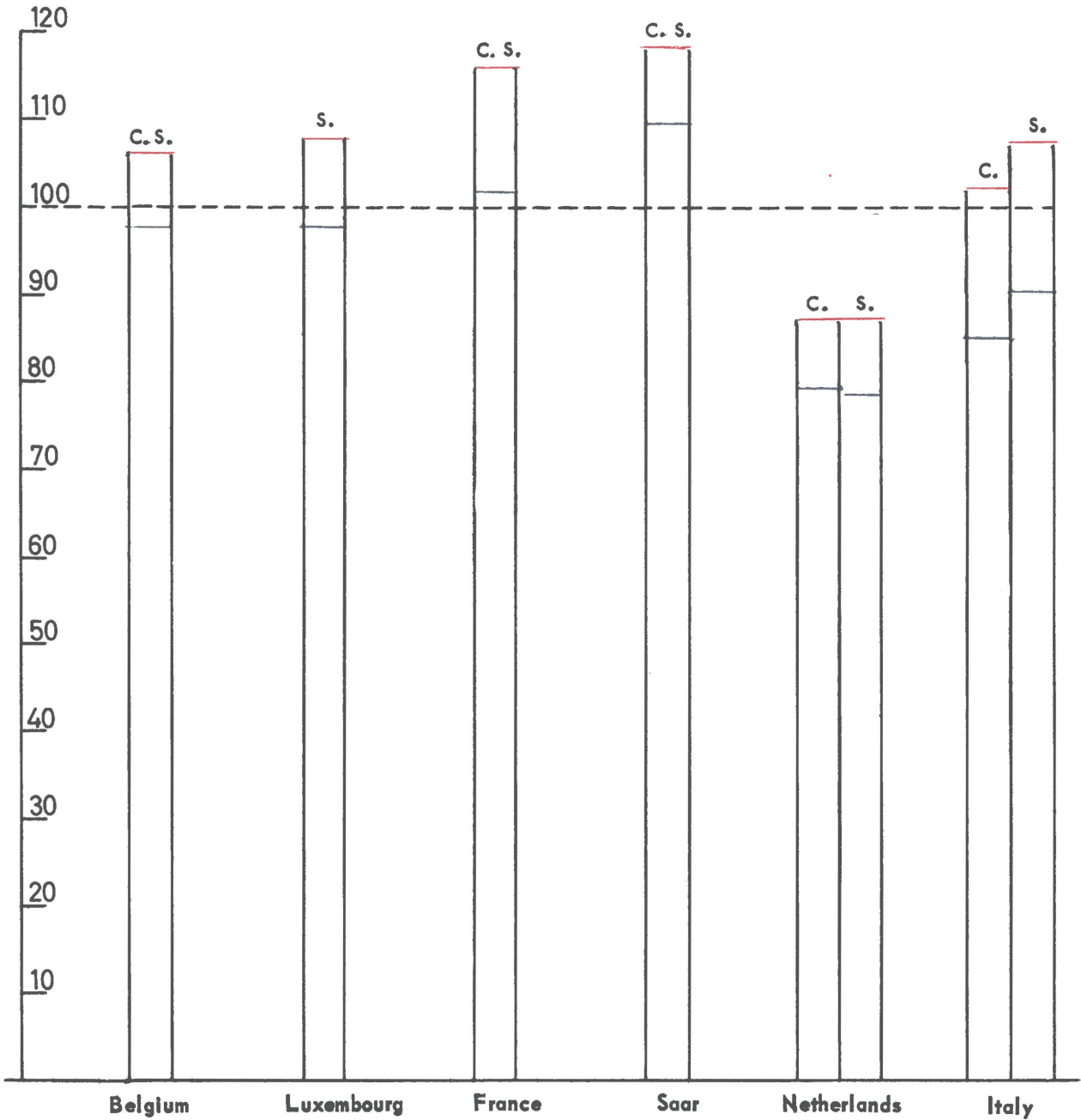
		Germany (Fed.Rep.)	Belgium	France	Italy	Luxem- bourg	Nether- lands	Saar
Germany (Fed.Rep.)	DM 1.-	-	12.54	97.27	155.73	12.76	0.75	99.63
Belgium	Bfrs.100.-	8.62	-	800.21	1354.78	101.57	5.96	823.68
France	Ffrs.100.-	1.17	13.59	-	173.94	13.75	0.86	105.48
Italy	Lit. 100.-	0.76	9.17	64.91	-	9.18	0.56	68.15
Luxembourg	Lfrs.100.-	8.54	100.60	797.55	1334.27	-	6.37	815.46
Netherlands	Hfl. 1.-	1.46	17.57	138.39	222.61	17.81	-	140.51
Saar	Ffrs.100.-	1.06	12.86	99.19	164.11	13.27	0.77	-

G R A P H S

**PURCHASING POWER PARITIES
COMPARED WITH OFFICIAL RATE OF EXCHANGE**

GERMANY (Dm.- =)

OFFICIAL RATE = 100



German weighting system

Weighting system of country concerned.

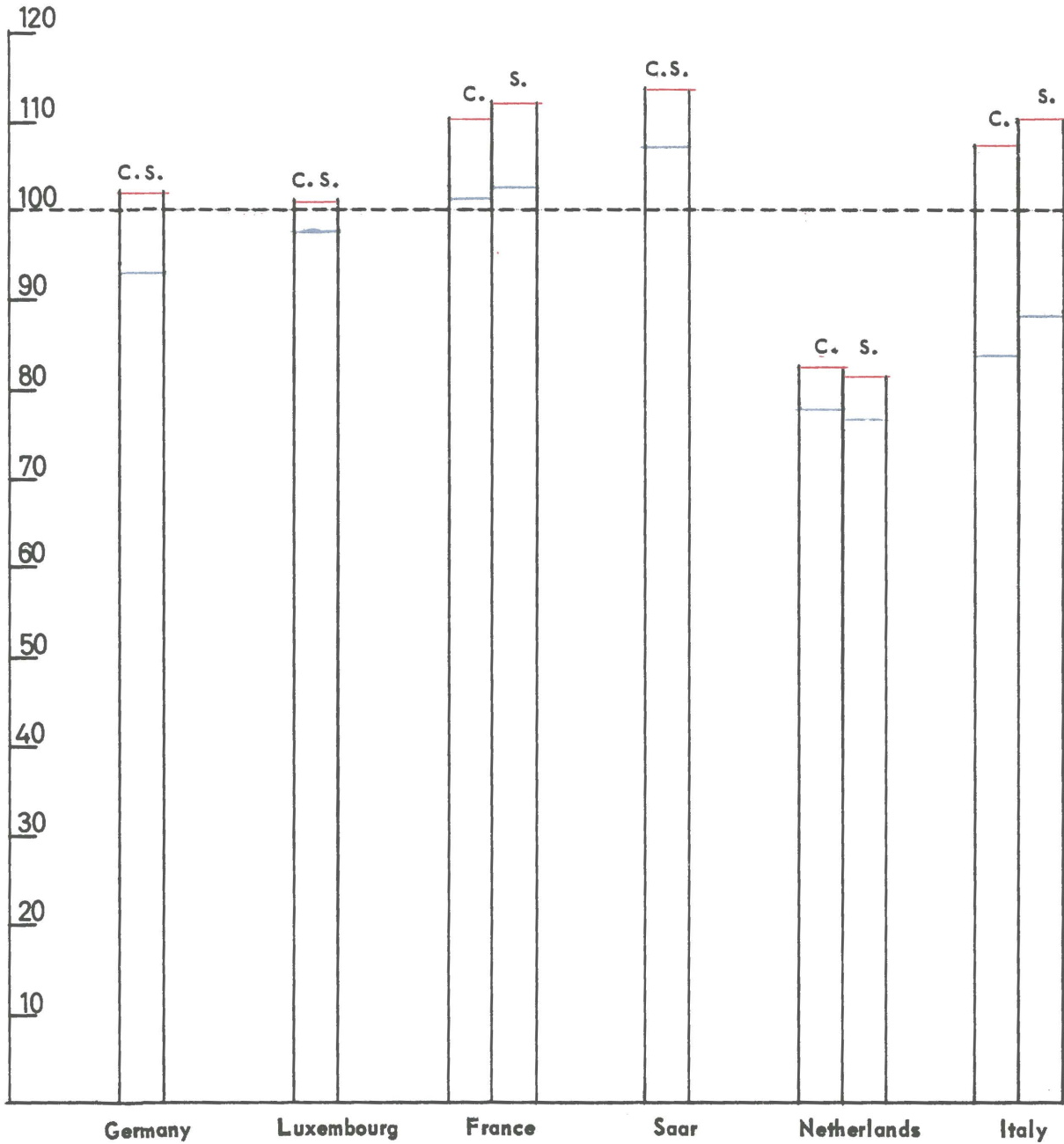
C = Coal

S = Steel

**PURCHASING POWER PARITIES
COMPARED WITH OFFICIAL RATE OF EXCHANGE**

BELGIUM (Bfr. 1.- =)

OFFICIAL RATE = 100



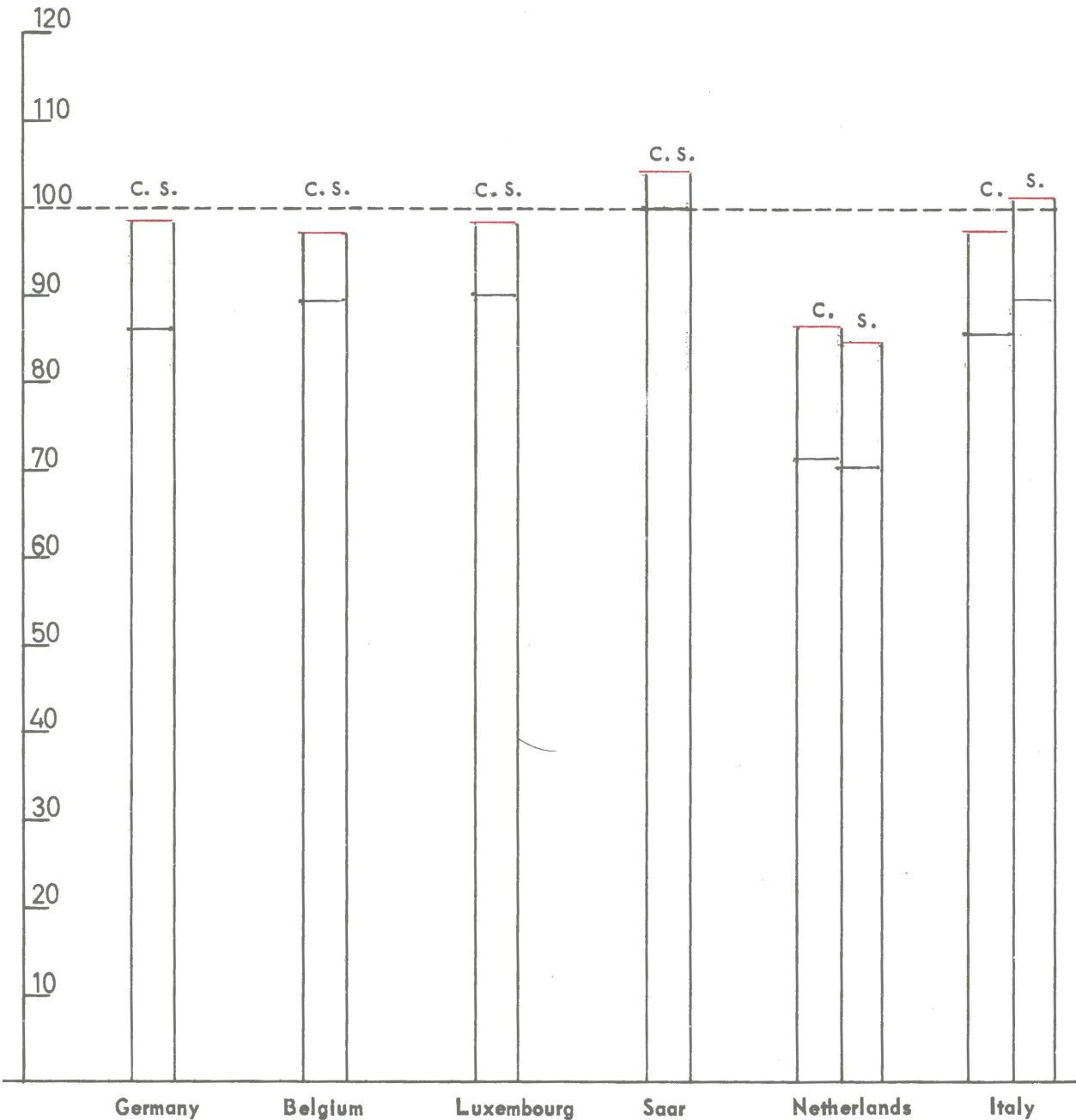
Belgian weighting system
Weighting system of country concerned.

C = Coal S = Steel

**PURCHASING POWER PARITIES
COMPARED WITH OFFICIAL RATE OF EXCHANGE**

FRANCE (Ffr. 1.- =)

OFFICIAL RATE = 100



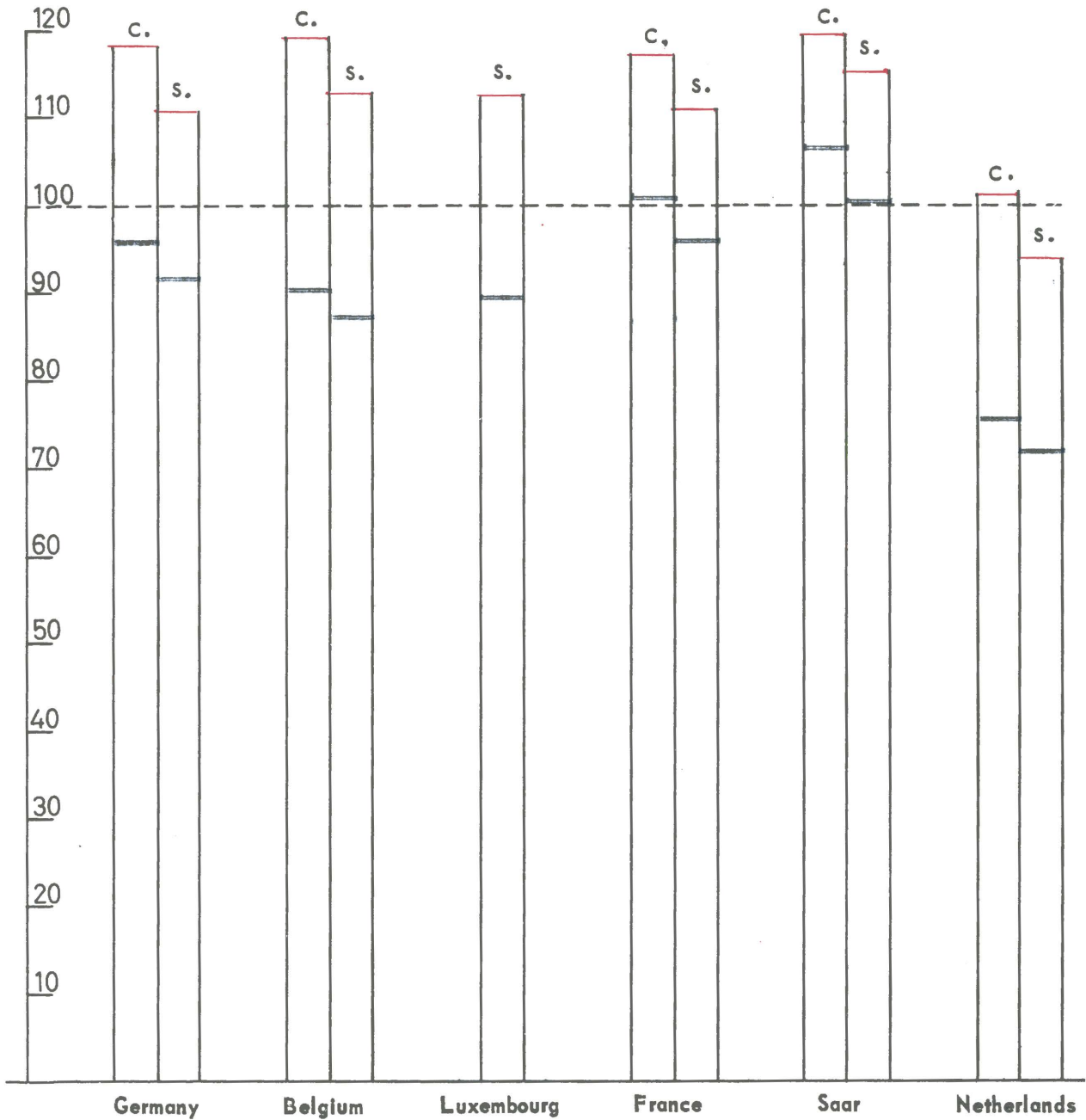
French weighting system
Weighting system of country concerned

C = Coal S = Steel

**PURCHASING POWER PARITIES
COMPARED WITH OFFICIAL RATE OF EXCHANGE**

ITALY (Lit. 1.- =)

OFFICIAL RATE = 100



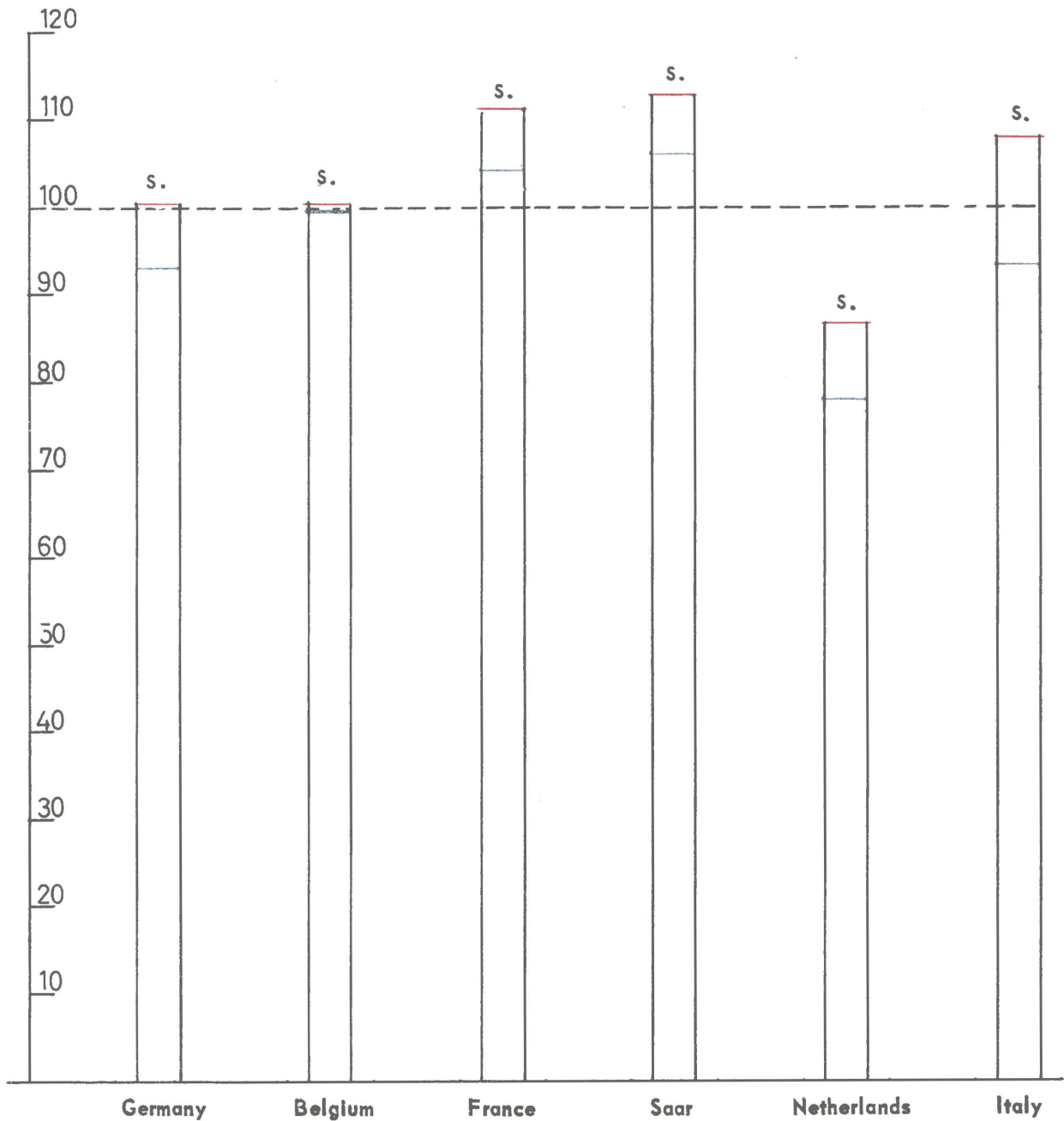
Italian weighting system
Weighting system of country concerned

C = Coal S = Steel

**PURCHASING POWER PARITIES
 COMPARED WITH OFFICIAL RATE OF EXCHANGE**

LUXEMBOURG (Lfr. 1.- =)

OFFICIAL RATE = 100



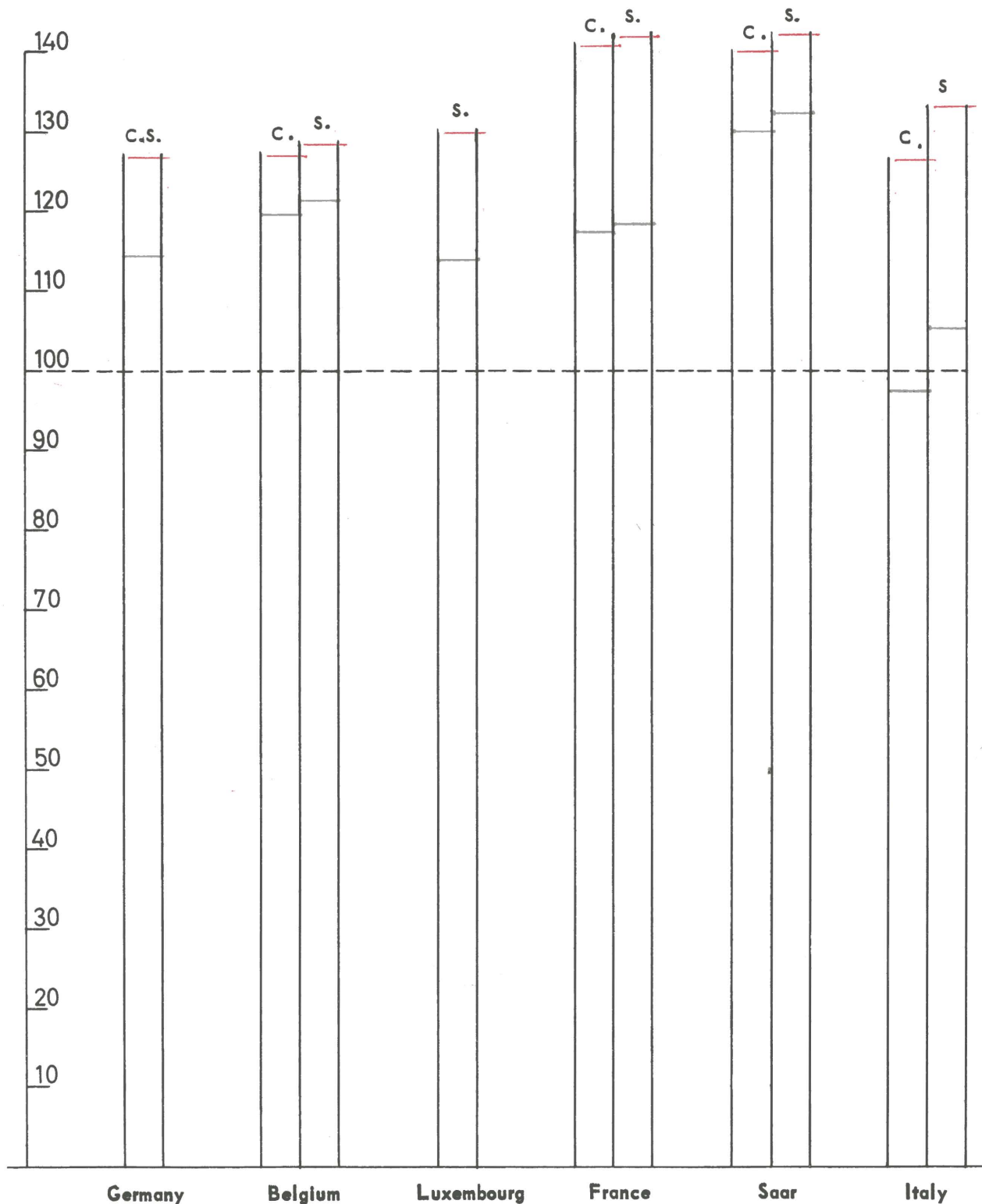
Luxembourg weighting system
 Weighting system of country concerned.

S = Steel

PURCHASING POWER PARITIES COMPARED WITH OFFICIAL RATE OF EXCHANGE

NETHERLANDS (Hfl. 1.- =)

OFFICIAL RATE = 100



Dutch weighting system

C = Coal

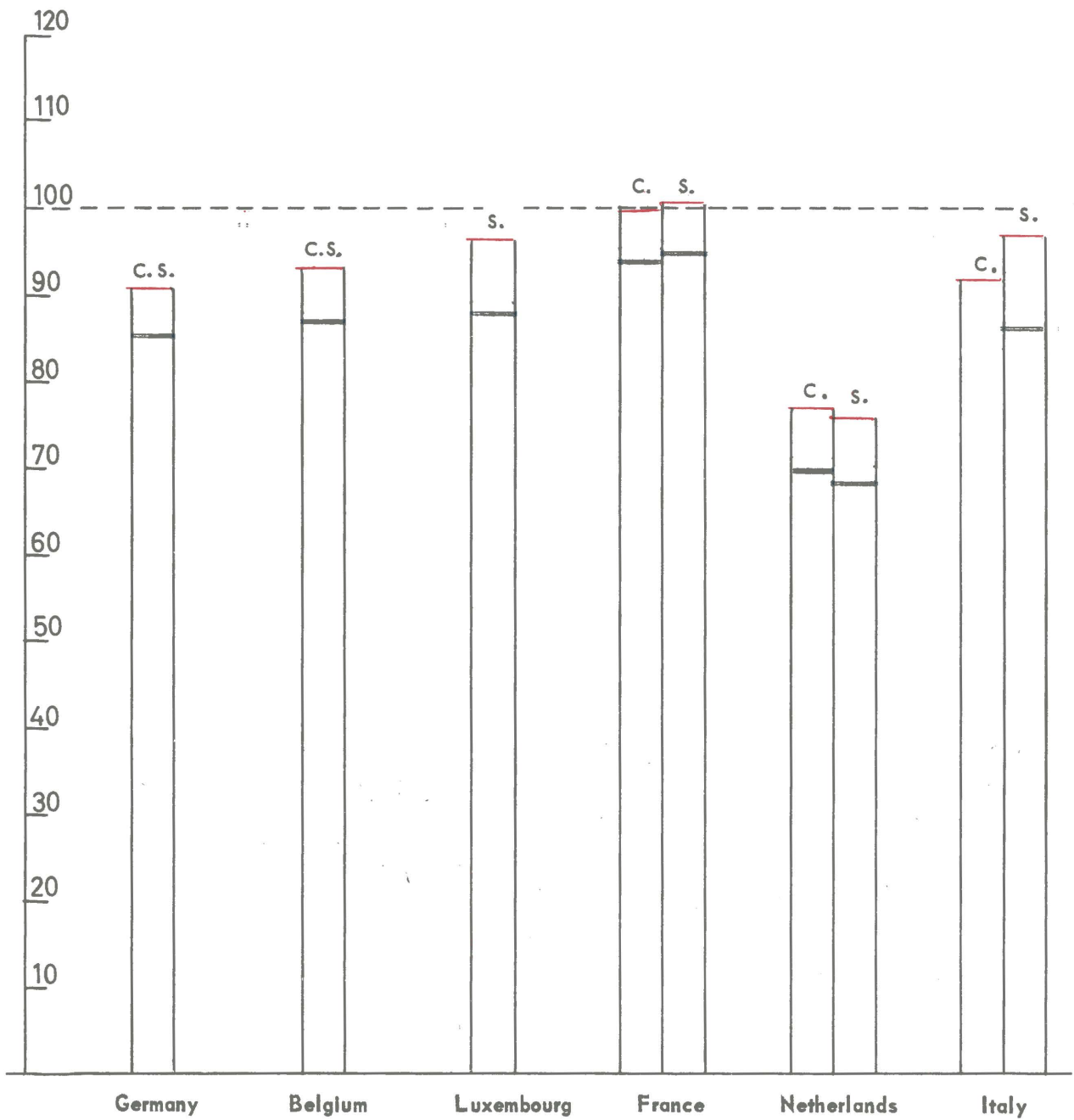
S = Steel

Weighting system of country concerned.

**PURCHASING POWER PARITIES
COMPARED WITH OFFICIAL RATE OF EXCHANGE**

SAAR (Ffr. 1.- =)

OFFICIAL RATE = 100



Saar weighting system
Weighting system of country concerned.

C = Coal S = Steel

P A R T I I I

FIRST COMPARISON OF THE REAL INCOME OF COALMINERS AND
STEELWORKERS IN THE COMMUNITY IN 1953.

PROVISIONAL RESULTS

1. The statistical survey of the nominal incomes of the workers of the Community having been completed and the purchasing power parities in the Community countries computed, it is now possible, for the first time, to gain some idea of the relation of the real incomes of the coalminers and steelworkers employed in the Community.
2. The data published in the following pages obviously represent only preliminary approximate values which will be subject to revision in the light of further inquiries and fresh information (1).
3. In the first place, the results published are confined to the year 1953; data in respect of 1954 are expected to be available in a few months' time.
4. In order to assess the value of these results correctly, it is necessary to view them against the general economic background of the Community and in conjunction with the particular economic and social structure of each country.
5. In view of the complex nature of the problem, it is not possible, for the moment, to formulate a single simple answer; several answers are provided according to the different hypotheses on which the comparisons are based. Before setting out the results in detail, it is essential to give a brief summary of the various methods adopted.

(1) The reservations made by some of the experts, in particular by the representatives of French employers, are dealt with in the Annex (see pp. 69 ff.).

A. METHODS OF COMPARISON

6. In order to arrive at a country-by-country comparison of real incomes, it is necessary
 - a) to define nominal income;
 - b) to describe the classes of workers to which this income relates;
 - c) to list the purchasing power parities with the aid of which the nominal incomes are converted into terms of purchasing power.

I. INCOMES

7. Since 1952, the High Authority has been carrying out periodical surveys, notably for the purpose of compiling statistics on the income of coalminers and steelworkers (2). It has been possible to standardize the relevant questionnaires to a large extent with the assistance of committees of experts (consisting of representatives of employers, workers and the government as well as representatives of the various statistical offices).
8. The publication quoted contains numerous data on these incomes, from which a selection has been made. More comprehensive data are to be published at a later date.
9. The comparisons published in this brochure are based on a closely defined net annual income of coalminers and steelworkers. Annual figures were given preference because short-term data (hourly wages, for instance) do not include certain elements of income (e.g. family allowances, Christmas bonuses, etc.) which are essential for comparative purposes. Moreover, tax deductions can be calculated accurately only in respect of annual figures. This net income is the combined result of three factors: the wages paid by the employers, payments by the State to the wage-earners; payments to the State by way of taxes and contributions.

(2) See latest publication: "Salaires et charges sociales dans les industries de la Communauté".- Interim edition.- Luxembourg, May 1955.

10. In order to be able to define the net annual income (3), it is necessary to start out from the gross annual earnings. Accordingly, we considered in respect of both the coalmining industry and the iron and steel industry (4):
- a) wages proper (direct wages, bonuses on results, various gratuities);
 - b) payments for days not worked (paid public holidays, statutory holidays with pay, special holiday allowances, other off-days with pay, payment in lieu of holidays).

11. In the case of coalmining industry, certain allowances in kind and similar gratuities which play an important part in this industry, have also been included in the gross annual earnings. These allowances in kind are made up mainly of concessionary coal, electricity and gas, but housing facilities have also been taken into account. Rent-free accomodation provided by the mines has been put down at normal rental value, while in the case of housing at a reduced rent, the amount included in the gross annual earnings is the difference between the normal rent and the reduced rent.

In the case of the iron and steel industry, it has not yet been possible to take account of allowances in kind granted to the workers; however, they play a considerably less important part here than in the coalmining industry as regards both concessionary coal and housing facilities. For this reason, we have considered, for the purposes of this survey, in respect of the iron and steel industry, only those workers who are paying "normal" rent.

12. For the purpose of our comparison of real incomes, we have first converted the gross annual earnings into net annual earnings. After all, from the worker's point of view, the net earnings are more important. Moreover, the difference between gross and net earnings (i.e. income

(3) See the above-mentioned publication on "Salaires et charges sociales dans les industries de la Communauté", in particular the following tables: Coalmining Industry, Nos.7 and 8; Iron and Steel Industry, Nos. 28 and 29.

(4) For details, see data given in the above-mentioned publication on "Salaires et charges sociales dans les industries de la Communauté".

tax and social security contributions) represents items of expenditure for which it is difficult to establish country-by-country price-comparisons and, thus, to compute corresponding purchasing power parities.

13. As already pointed out, gross earnings are converted into net earnings by deducting income tax and workers' social security contributions. These deductions have been worked out by the different countries in accordance with existing rules and regulations, in respect of three different classes of workers, viz. unmarried workers, married workers with no children, and married workers with 2 children.

In our comparisons of real incomes, only married workers have been considered in this initial survey, since the method of weighting on the basis of family budgets, which has been employed for computing the purchasing power parities, (see No. 26 below) cannot be applied to unmarried workers without considerable modifications.

14. Finally, the net earnings have been converted into net income. For this purpose, payments which, in some countries, are made in the form of family allowances, children allowances, etc. were added to the net earnings. These extras have been worked out by the different countries in accordance with existing rules and regulations. They relate to married workers with no children and those with two children.

15. In conclusion, it must be pointed out that the net income so defined should not be confused with other concepts of income. Apart from the extras in the form of family allowances, etc. (see No. 14 above), we are exclusively concerned with incomes which are directly related to the workers' activity in the coalmining and iron and steel industries, and not with family incomes which would include income from other sources, as for instance from letting or leasing property, earnings of other members of the family, etc. Income derived from superannuation schemes, old-age pensions, sickness and unemployment benefits, etc. are also excluded. These will be dealt with in a separate survey, planned for 1956, of the family budgets of coalminers and steelworkers.

16. The following table gives the definition of net income.

Definition of coalminers' and steelworkers' net income.

<u>Coalmining</u>	<u>Iron and steel industry</u>
I. Wages proper.	I. Wages proper.
II. Payment for statutory and public holidays.	II. Payment for statutory and public holidays.
III. Cash value of allowances in kind: a) concessionary coal, b) housing facilities.	III. Not covered by this survey.
IV. I + II + III = gross earnings.	IV. I + II = gross earnings.
V. Worker's income tax.	V. Worker's income tax.
VI. Worker's social security contributions.	VI. Worker's social security contributions.
VII. IV - V - VI = net earnings.	VII. IV - V - VI = net earnings.
VIII. Family and similar allowances.	VIII. Family and similar allowances.
IX. VII + VIII = <u>net income</u> .	IX. VII + VIII = <u>net income</u> .

II. CLASSES OF WORKERS UNDER CONSIDERATION.

17. This comparative survey covers the workers employed in the coalmining and iron and steel industries. The former include all workers employed in the coalmines and their ancillary services, but not those working in subsidiary plants such as coking and briquetting plants, brick-works,

nitrogen producing plants, etc. In the case of the iron and steel industry, the survey covers the process workers and those employed in the ancillary and subsidiary plants, the latter being considered in proportion to those activities of the enterprises which fall under the Treaty (5).

18. In the present publication it is not possible to include data on iron-ore mines, as the consumer prices are not yet known for certain iron-ore mining districts (e.g. Salzgitter, Elba, etc.), so that the corresponding purchasing power parities cannot be computed. However, work on compiling these data is now to start.

19. The data on gross earnings relate to all the workers employed in the coalmining and iron and steel industries included in the classes referred to above (No. 17). It is not yet possible to provide such information in respect of specific qualified trades or jobs. The average gross earnings, therefore, represent averages worked out by dividing the total gross earnings for the year by the number of workers employed.

20. The disparities between the average yearly gross earnings from one country to another are explained by the differences in hourly earnings on the one hand, and those in the number of hours worked and paid on the other. The hourly earnings depend largely on the type or grade of trade involved, the age-groups concerned, the percentage of apprentices, etc., while the number of hours worked and paid for depend on the number of working days and the number of paid off-days. These factors obviously play a very different part in each individual country. In the course of this survey, we shall merely give such average results for each country as are typical of the earnings accruing to the workers under their respective national and social conditions. The analysis merely presents the disparities brought to light by a comparison of real incomes; the reasons for the existence of such disparities will be dealt with in future publications.

(5) For details, see "Salaires et charges sociales dans les industries de la Communauté"; introductory notes on the statistical tables relating to the coalmining and iron and steel industries.

21. Another problem, which arises already in connection with the calculation of gross annual earnings, is that of the definition of "the worker". In many countries, it is usual to base information on the number of workers on the books, i.e. the number of workers listed in the enterprises' personnel registers at the end of each month.

22. Another form of calculating incomes is that based on the number of workers in attendance. The income of a worker in attendance is that which would be payable to a worker who, apart from his paid holidays, would neither be absent at any time nor work overtime. In accordance with the request made by the committee of experts on "Methods of comparing real incomes", we have included in the following pages both forms of income statistics (i.e. workers on the books and workers in attendance). Some experts, especially those of the coalmining industry, prefer the former while those of the iron and steel industry prefer the latter.

23. In the case of the coalmining industry, a distinction is made between underground and surface workers. In respect of surface workers, complete comparability of data on nominal incomes has not yet been attained.

24. The following table gives a brief summary of the methods employed.

DEFINITION OF THE WORKERS TO WHOM THE STATISTICS
ON EARNINGS AND/OR INCOME APPLY

Coalmining industry

- | | |
|---|--|
| 1. Workers employed in the mines and their ancillary services. | 1. Workers employed in the process departments and the ancillary and subsidiary plants, the latter being considered in proportion to those activities of the enterprise which fall under the Treaty. |
| 2. Gross earnings per worker on books. | 2. Gross earnings per worker on books. |
| 3. Gross earnings per worker in attendance. | 3. Gross earnings per worker in attendance. |
| 4. Gross earnings including value of concessionary coal, accommodation in mine-owned houses. | 4. Gross earnings of workers paying normal rent. |
| 5. Income tax, social insurance contributions and family allowances worked out for married workers with no children, married workers with 2 children. | 5. Income tax, social insurance contributions and family allowances, worked out for married workers with no children, married workers with 2 children. |
| 6. Net income of underground and surface workers. | 6. Net income for the average of all the workers employed in the iron and steel industry. |

The net annual incomes shown in the following tables (1953) merely indicate the average amount paid in each case (worker on books or worker in attendance); differences from one country to another in the number of hours worked, the pattern of employment (age-groups, qualified trades, percentage of apprentices, etc.) have not been eliminated. Knowledge of these factors is still too scanty, for their true value to be correctly assessed. They will be dealt with in future surveys.

III. CONSUMERS' PURCHASING POWER PARITIES

25. The methods employed for computing the purchasing power parities have been fully explained in an earlier section of this report (6). It will, therefore, be sufficient to give a few brief particulars at this stage.
26. In order to obtain "keys" with the aid of which the nominal incomes of the workers in the Community can be converted into real incomes, the High Authority, in the autumn of 1954, conducted an enquiry into the prices of essential consumer goods and services in the principal centres of the Community. The data thus obtained enabled it to work out the price ratios for each article as between two countries. In order to obtain a comprehensive picture of the situation, it is, of course, not sufficient to know the price ratios of the various items; it is essential to know the average ratio in respect of each pair of countries. This average ratio is called "purchasing power parity". It expresses the number of currency units which have equal purchasing power in countries A and B, on the basis of certain closely defined preconditions. These purchasing power parities have been computed only in respect of the coal-mining and steel-producing areas of the Community, the criterion used being the consumption of working-class families ("shopping basket"). At the present stage of our enquiries, these "shopping baskets" must still be looked upon as provisional values.
27. This consumption varies, of course, in the different countries, which makes it necessary, in this initial stage of our enquiry, to work out the calculation in several groups. Thus, for instance, in computing the purchasing power parities between Germany and Belgium, we can proceed as follows :
- a) DM 1 = Bfr. on the basis of the German "shopping basket";
 - b) DM 1 = Bfr. on the basis of the Belgian "shopping basket";
- and, conversely,
- c) Bfr. 1 = ... DM on the basis of the Belgian "shopping basket";
 - d) Bfr. 1 = ... DM on the basis of the German "shopping basket".

(6) See pp. 5 ff.

Consequently, for each country in relation to another, there are two purchasing power parities (and thus, as will be shown further on, also two comparisons between real incomes).

28. Where called for by the particular structure of a country (Italy, France, the Netherlands), these purchasing power parities have been computed separately for the coalfields and the steel-producing areas.
29. The purchasing power parities have been worked out both inclusive and exclusive of rent. The data on rent must be considered as provisional; their effect upon the overall results is, however, rather slight. For this reason, the following calculations have been based on the purchasing power parities including rent.
30. It must also be pointed out that the purchasing power parities were computed for 1954, whereas the data on incomes relate to 1953. It was, therefore, necessary to adjust the purchasing power parities to 1953 values with the aid of the corresponding detail price indices. The method employed has been fully explained earlier (7).
31. Finally, for the sake of accuracy, it must be mentioned that the purchasing power parities relate to actual consumer expenditures, in which such minor items as school fees, premiums paid to private insurance companies and savings are not included. The part played by these items in the overall family budgets is, however, so small that the goods and services covered may be considered representative. Outgoings on income tax and social insurance need not be taken into account in a comparison of prices, since these items have been deducted from the income; for, as pointed out in No. 16, the net incomes only are being compared here.
32. To sum up, we may set down the facts relating to the purchasing power parities as follows:

(7) See pp. 37 - 39.

PURCHASING POWER PARITIES

- a) Starting point: Survey of prices of essential consumer goods and services in the centres of the Community (1954).
- b) Calculation of price ratios for each separate item and each pair of countries.
- c) Computation from the price ratios (see b), of general averages for each pair of countries, worked out first with the "shopping basket" of the one country and then with that of the other.
- d) This computation (see c) gives the so-called "purchasing power parities" which represent the number of currency units having equal purchasing power in countries A and B (for coalminers and steelworkers; for coalfields and steel-producing areas).
- e) Where necessary, the purchasing power parities are computed separately for the coal and steel-producing areas.
- f) The conversion of nominal income into real income has been effected on the basis of the purchasing power parities including rent (the latter data being provisional).
- g) The purchasing power parities for 1954 were adjusted to 1953 values with the aid of corresponding index figures, so as to arrive at a comparison of real incomes for 1953.

B. Practical comparison of real incomes for 1953.
=====

33. We are now in a position to carry out the desired comparison in respect of 1953. It is based on net annual incomes (= gross earnings less income tax, less the workers' social insurance contributions, plus family allowances). The computations relate to married workers with no children and married workers with two children. The figures are given for workers on the books on the one hand and workers in attendance on the other. In the following paragraphs, we present two practical examples of such computations.
34. Let us consider a comparison between the Saar and the Netherlands relating to the coalmining industry, in this case underground workers on the books. In table No. 8a "Coalmines" of the publication entitled "Salaires et charges sociales dans les pays de la Communauté", we find the following data:

Married worker with no children, living in a mine-owned house :

Average net annual income in 1953:

Saar	Ffr.	550 765
Netherlands	Hfl.	3 939

These two income figures must now be converted with the aid of the purchasing power parities listed on page 39. There we find the following figures:

Purchasing power parities for 1953

Saar/Netherlands and Netherlands/Saar

- A. Ffr. 100 Saar "shopping basket" = Hfl. 0.77
B. Hfl. 1 Netherlands "shopping basket" = Ffr. 138.88

35. The real income for 1953 of the classes of workers mentioned is now to be compared, with the Saar taken as starting point:

a) First comparison:

The Saar worker spends his Ffr. 550 765 in the Saar on the basis of the Saar "shopping basket" =
Ffr. 550 765.

The Dutch worker takes his Hfl. 3 939 to the Saar and there spends them on the basis of the Saar "shopping basket". Since, according to paragraph 34 A, Ffr. 100 = Hfl. 0.77, his Hfl. 3 939 represent

$$\frac{3\ 939}{0.77} \times 100 = \underline{\underline{\text{Ffr. 511 585}}}$$

It can, therefore, be said that, on the basis of the buying habits in the Saar, the real income of the Dutch coalminer (underground worker, married with no children, living in a mine-owned house) amounts to

$$\frac{511\ 585}{550\ 765} \times 100 = \underline{\underline{93\ \% \text{ of the real income of the Saar miner.}}}$$

b) Second comparison:

The Saar worker takes his Ffr. 550 765 to the Netherlands and there spends them on the basis of the Netherlands "shopping basket". According to paragraph 34 B, his purchasing power works out as follows:

$$\frac{5\ 507.65}{138.88} \times 100 = \underline{\underline{\text{Hfl. 3 966}}}$$

The Dutch worker spends his Hfl. 3 939 in the Netherlands on the basis of the Netherlands "shopping basket". The comparable real incomes (based on the Netherlands "shopping basket" thus amount to:

Hfl. 3 966 for the Saar worker,
Hfl. 3 939 for the Dutch worker.

On the basis of the Dutch buying habits, the real income of the Dutch coalminer (as defined above) amounts to

$$\frac{3\ 939}{3\ 966} \times 100 = \underline{\underline{99\ \% \text{ of the real income of the Saar miner.}}}$$

36. These figures show that the real incomes of the Dutch worker when compared with those of the Saar worker vary considerably according as we base the comparison on the Netherlands or on the Saar "shopping basket". The Saar "shopping basket" is obviously more advantageous to the Saar worker (real wages of the Netherlands worker equalling only 93 % of those of the Saar worker), while the Netherlands "shopping basket" is more advantageous to the Dutch worker (the Dutch worker's real wages equalling 99 % of the Saar worker's real wages). The following tables provide, in each case, the two figures.

37. Our second example is taken from documents relating to the iron and steel industry. In table No. 29 of the repeatedly quoted publication on "Salaires et charges sociales dans les industries de la Communauté", we find the following data for 1953: Average net income of a married worker with no children (workers in attendance):

Belgium	Bfr.	67 074
Saar	Ffr.	434 240
Netherlands	Hfl.	3 269

38. This time, we obviously require the purchasing power parities for 1953 grouped as follows (see p. 39)

- A. Bfr. 100 Belgian "shopping basket" = Ffr. 823.68 (Saar)
- B. Ffr. 100 Saar "shopping basket" = Bfr. 12.86
- C. Ffr. 100 Saar "shopping basket" = Hfl. 0.77
- D. Hfl. 1.-- Netherl. "shopping basket" = Ffr. 140.51 (Saar)

39. We now follow the same arrangement as that adopted in paragraph 35, again taking the Saar as our starting point, except that in this example we are making a comparison with two other countries.

a) First comparison:

The Saar worker spends his Ffr. 434 240 on the basis of the Saar "shopping basket" = Ffr. 434 240 (Saar)

The Belgian worker takes his Bfr. 67 074 to the Saar and there spends them on the basis of the Saar "shopping basket". The purchasing power parity in his case is (according to paragraph 38 B):

Ffr. 100 = Bfr. 12.86. His real income (based on the Saar "shopping basket"), therefore, amounts to

$$\frac{67\ 074}{12.86} \times 100 = \text{Ffr. } 521\ 571 \text{ (Saar).}$$

The Dutchman takes his Hfl. 3 269 to the Saar and there spends them on the basis of the Saar "shopping basket". According to paragraph 38 C, his purchasing power parity is Ffr. 100 = Hfl. 0.77 (Saar). His real income (based on the Saar "shopping basket") thus amounts to:

$$\frac{3\ 269}{0.77} \times 100 = \text{Ffr. } 424\ 545 \text{ (Saar).}$$

This gives us the following comparative figures (all based on the Saar "shopping basket") :

Saar	Ffr. 434 240 =	100 %
Belgium	Ffr. 521 571 =	120 %
Netherlands	Ffr. 424 545 =	98 %

Comparative figures of this kind are provided, for each country, in the following tables headed "Net annual income of workers in the different countries, converted into..., according to the ... weighting system" (in this example: converted into Ffr. (Saar) according to the Saar weighting system).

b) Second and third examples:

Here we are concerned with three countries. Instead of using each time the "shopping basket" of the reference country (in our case the Saar "basket"), we must now, in line with the example given for coal (35 B) adopt the "shopping basket" of the other country. In this way, we arrive at the following comparisons:

aa) Saar and Belgium :

The Saar worker takes his Ffr. 434 240 (Saar) to Belgium and there spends them in accordance with Belgian buying habits. The purchasing power in his case is (according to 38 A): Bfr. 100 = Ffr. 823.68 (Saar).

His real income in Belgium thus amounts to:

$$\frac{434\ 240}{823.68} \times 100 = \text{Bfr. } \underline{\underline{\underline{52\ 720}}}$$

The Belgian worker has Bfr. 67 074 in his pocket and spends them at home on the basis of the Belgian "shopping basket" = Bfr. 67 074.

In this instance (Belgian "shopping basket"), the Belgian worker's real income works out at

$$\text{Bfr. } \frac{67\ 074}{52\ 720} \times 100 = \underline{\underline{127 \% \text{ of the Saar worker's real income.}}}$$

bb) Saar and the Netherlands:

The Saar worker takes his Ffr. 434 240 (Saar) to the Netherlands and there spends them on the basis of the Netherlands "shopping basket". According to 38 D, his purchasing power parity is: Hfl. 1.-- = Ffr. 140.51 (Saar).

His real income, therefore, (on the basis of the Netherlands "shopping basket") amounts to

$$\frac{434\ 240}{140.51} \times 100 = \underline{\underline{\text{Hfl. 3 091.}}}$$

The Dutchman stays at home and spends his money on the basis of his normal "shopping basket", in accordance with his own net income of Hfl. 3 269.

In this instance (Netherlands "shopping basket"), the Dutchman's real income works out at

$$\frac{3\ 269}{3\ 091} \times 100 = \underline{\underline{106 \% \text{ of the Saar worker's real income.}}}$$

- c) We have seen that the comparative figures in both the second and the third examples, as set out under b) above, were worked out on the basis of the income of the Saar worker. In the comparison Belgium/Saar, we are concerned with the Belgian "shopping basket", in the comparison Netherlands/Saar, with the Netherlands "basket". Although both the Belgian and the Netherlands real incomes are expressed in % of the Saar worker's real income (Belgium = 127 % of the Saar and the Netherlands = 106 % of the Saar), these percentages cannot be compared with one another because the figure for Belgium/Saar is based on the Belgian "shopping basket" and that for Netherlands/Saar on the Netherlands "shopping basket". In this case, only one "pair of countries" can be compared at a time. These computations are listed in the lower part of the following tables which are therefore headed: "Net annual incomes, converted into the currency units of the other countries, compared with the net annual income paid in these countries". (In our example, we have compared the

Saar worker's net income with that of the Belgian and the Dutch worker in accordance with the Belgian and Dutch weighting system respectively.

40. The following tables cover these classes of workers:

- I. Coal, underground workers on the books,
- II. Coal, underground workers in attendance,
- III. Coal, surface workers on the books,
- IV. Coal, surface workers in attendance
- V. Steel, workers on the books,
- VI. Steel, workers in attendance.

It must be emphasized once more that the computations presented in this survey are the first provisional results which answer only one question, namely that concerning the ratio of the purchasing power of the average incomes in the various Community countries in 1953. In the meantime, the disparities between the various countries have been further reduced.

C. T A B L E S

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Underground workers on books, married with no children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,456</u>	51,694	380,855	550,123		3,052	420,377
Belgian worker	5,245	<u>65,767</u>	482,163	678,010		3,780	511,407
French worker	4,458	54,891	<u>436,057</u>	641,355		3,176	442,518
Italian worker	3,544	39,955	315,900	<u>525,973</u>		2,483	339,075
Luxemburg worker							
Dutch worker	5,252	65,000	447,614	645,738		<u>3,939</u>	511,558
Saar worker	5,528	66,866	521,064	782,003		3,966	<u>550,765</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Underground workers on books, married with 2 children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,772</u>	55,360	407,863	589,136		3,268	450,189
Belgian worker	6,092	<u>76,393</u>	560,066	787,557		4,390	594,036
French worker	5,827	71,742	<u>569,917</u>	838,237		4,151	578,361
Italian worker	4,187	47,207	373,235	<u>621,436</u>		2,933	400,616
Luxemburg worker							
Dutch worker	5,868	72,624	500,114	721,475		<u>4,401</u>	571,558
Saar worker	6,177	74,713	582,211	873,771		4,431	<u>615,397</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Underground workers in attendance, married with no children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,770</u>	55,336	407,692	588,889		3,267	450,000
Belgian worker	6,215	<u>77,941</u>	571,415	803,515		4,479	606,073
French worker	5,127	63,123	<u>501,448</u>	737,532		3,652	508,878
Italian worker	4,229	47,685	377,013	<u>627,726</u>		2,963	404,671
Luxemburg worker							
Dutch worker	5,655	69,983	481,932	695,246		<u>4,241</u>	550,779
Saar worker	5,865	70,947	552,863	829,726		4,208	<u>584,376</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Underground workers in attendance, married with 2 children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>5,106</u>	59,234	436,410	630,370		3,497	481,698
Belgian worker	7,087	<u>88,867</u>	651,518	916,155		5,107	691,034
French worker	6,679	79,973	<u>635,308</u>	934,414		4,627	644,721
Italian worker	4,610	51,971	410,900	<u>684,149</u>		3,229	441,045
Luxemburg worker							
Dutch worker	6,280	77,723	535,227	772,131		<u>4,710</u>	611,688
Saar worker	6,541	79,113	616,496	925,225		4,692	<u>651,636</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Surface workers on books, married, with no children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>3,781</u>	43,863	323,162	466,790		2,590	356,698
Belgian worker	4,598	<u>57,655</u>	422,691	594,381		3,314	448,328
French worker	3,550	43,711	<u>347,238</u>	510,719		2,529	352,382
Italian worker	3,485	39,293	310,664	<u>517,256</u>		2,441	333,455
Luxemburg worker							
Dutch worker	3,661	45,314	312,045	450,163		<u>2,746</u>	356,623
Saar worker	3,943	47,695	371,671	557,796		2,829	<u>392,856</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Surface workers on books, married with 2 children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,032</u>	46,775	344,615	497,777		2,762	380,377
Belgian worker	5,440	<u>68,221</u>	545,768	703,309		3,921	530,490
French worker	4,919	60,561	<u>481,098</u>	707,601		3,504	488,226
Italian worker	4,128	46,546	368,004	<u>612,726</u>		2,892	395,001
Luxemburg worker							
Dutch worker	4,185	51,799	356,704	514,590		<u>3,139</u>	407,662
Saar worker	4,581	55,420	431,864	648,133		3,287	<u>456,480</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Surface workers in attendance, married with no children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>3,836</u>	44,501	327,863	473,580		2,627	361,887
Belgian worker	4,713	<u>59,098</u>	433,270	609,258		3,396	459,549
French worker	3,748	46,144	<u>366,565</u>	539,145		2,670	371,996
Italian worker	3,532	39,817	314,808	<u>524,156</u>		2,474	337,904
Luxemburg worker							
Dutch worker	3,849	47,640	328,068	473,279		<u>2,887</u>	374,935
Saar worker	3,976	48,098	374,811	562,509		2,853	<u>396,175</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Coal - Surface workers in attendance - Married with two children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,091</u>	47,459	349,658	505,062		2,802	385,943
Belgian worker	5,560	<u>69,724</u>	511,173	718,804		4,007	542,177
French worker	5,116	62,994	<u>500,425</u>	736,027		3,644	507,839
Italian worker	3,916	44,153	349,084	<u>581,224</u>		2,743	374,693
Luxemburg worker							
Dutch worker	4,385	54,274	373,750	539,180		<u>3,289</u>	427,143
Saar worker	4,616	55,839	435,129	653,033		3,3L2	<u>459,931</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Steel - Steelworkers on books, married with no children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,423</u>		378,034	581,974	51,792	3,029	417,264
Belgian worker							
French worker	3,887		<u>378,096</u>	582,493	47,407	2,732	381,184
Italian worker	3,829		342,757	<u>596,191</u>	44,683	2,678	363,287
Luxemburg worker	6,210		576,262	863,137	<u>79,236</u>	4,449	597,106
Dutch worker	4,148		361,744	555,536	48,838	<u>3,111</u>	404,026
Saar worker	4,283		404,530	626,116	52,326	3,037	<u>426,698</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT
COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES
OF THE OTHER COUNTRIES ACCORDING TO THE
VARIOUS WEIGHTING SYSTEMS

Steel - Steelworkers on books, married with two children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxem- burg	Nether- lands	Saar
German worker	<u>4,784</u>		408,889	629,474	56,019	3,277	451,320
Belgian worker							
French worker	5,257		<u>511,356</u>	787,792	64,116	3,695	515,532
Italian worker	4,441		397,645	<u>691,663</u>	51,838	3,107	421,463
Luxemburg worker	7,392		685,964	1027,451	<u>94,320</u>	5,296	710,776
Dutch worker	4,715		411,163	631,429	55,510	<u>3,536</u>	459,221
Saar worker	4,903		463,130	716,816	59,906	3,477	<u>488,510</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Steel - Steelworkers in attendance, married with no children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>4,893</u>	56,763	418,205	643,816	57,295	3,351	461,604
Belgian worker	5,349	<u>67,074</u>	493,554	731,450	66,673	3,818	521,571
French worker	4,097	49,807	<u>398,562</u>	614,022	49,973	2,880	401,817
Italian worker	4,006	46,051	358,685	<u>623,896</u>	46,759	2,803	380,169
Luxemburg worker	6,310	79,275	585,600	877,124	<u>80,520</u>	4,521	606,782
Dutch worker	4,359	54,849	380,116	583,750	51,319	<u>3,269</u>	424,545
Saar worker	4,359	52,720	411,680	637,183	53,251	3,091	<u>434,240</u>

NET ANNUAL INCOME OF WORKERS IN THE DIFFERENT COUNTRIES IN 1953 CONVERTED INTO THE CURRENCIES OF THE OTHER COUNTRIES ACCORDING TO THE VARIOUS WEIGHTING SYSTEMS

Steel - Steelworkers in attendance, married with two children

Worker under consideration	Net annual income in						
	DM	Bfr.	Ffr.	Lit.	Lfr.	Hfl.	Ffr.
	on basis of "shopping basket" in						
	Germany	Belgium	France	Italy	Luxemburg	Netherlands	Saar
German worker	<u>5,300</u>	61,485	452,991	697,368	62,061	3,630	500,000
Belgian worker	6,210	<u>77,874</u>	573,024	849,226	77,410	4,432	605,552
French worker	5,467	66,460	<u>531,822</u>	819,322	66,682	3,843	536,165
Italian worker	4,619	53,099	413,572	<u>719,368</u>	53,915	3,232	438,345
Luxemburg worker	7,498	94,197	695,825	1042,222	<u>95,676</u>	5,372	720,995
Dutch worker	4,941	62,181	430,930	661,786	58,179	<u>3,706</u>	481,299
Saar worker	4,979	60,227	470,303	727,918	60,834	3,531	<u>496,076</u>

G R A P H S

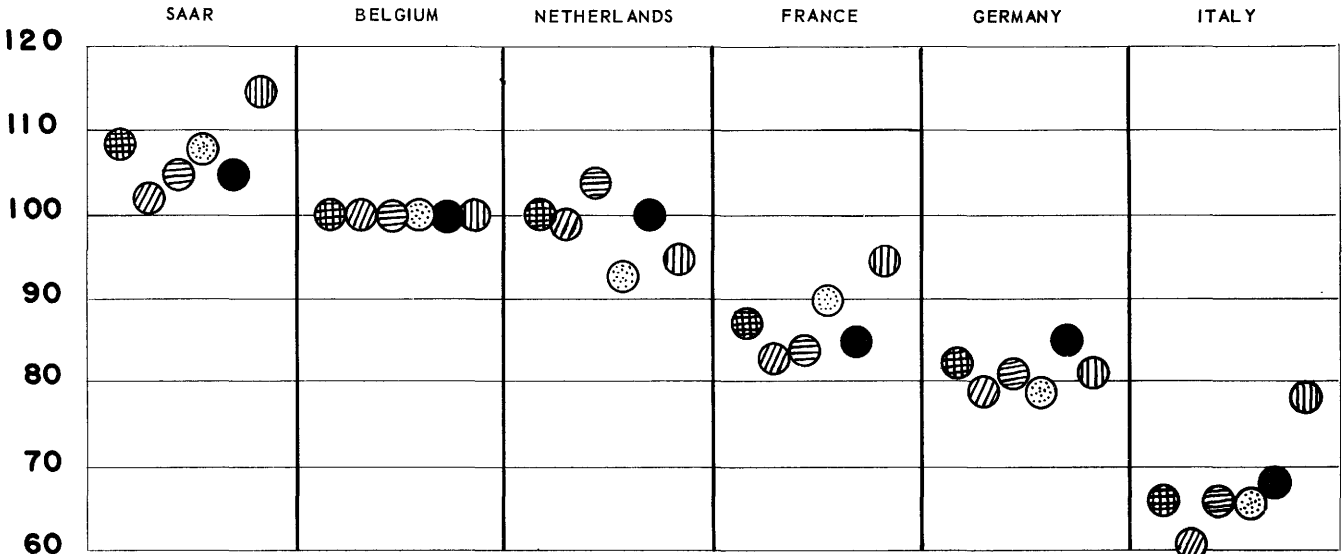
COMPARISON OF THE REAL INCOMES OF COALMINERS

IN THE COMMUNITY IN 1953

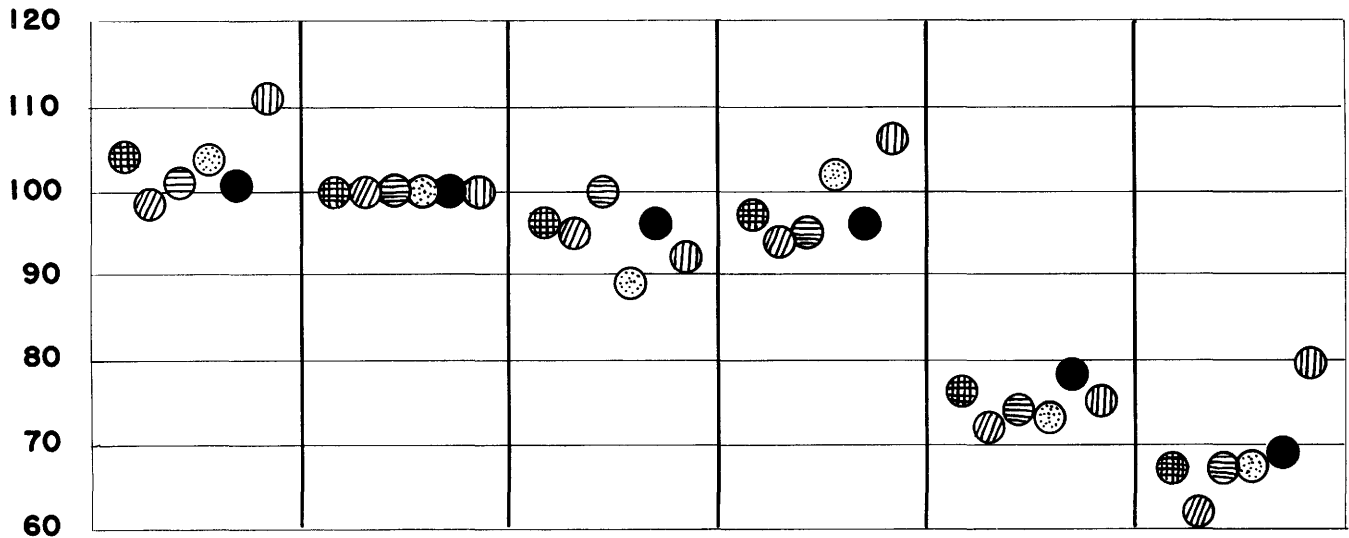
UNDERGROUND WORKERS ON THE BOOKS, LIVING IN MINE-OWNED HOUSES

BELGIUM = 100

MARRIED WITH NO CHILDREN



MARRIED WITH 2 CHILDREN



KEY TO "SHOPPING BASKETS"



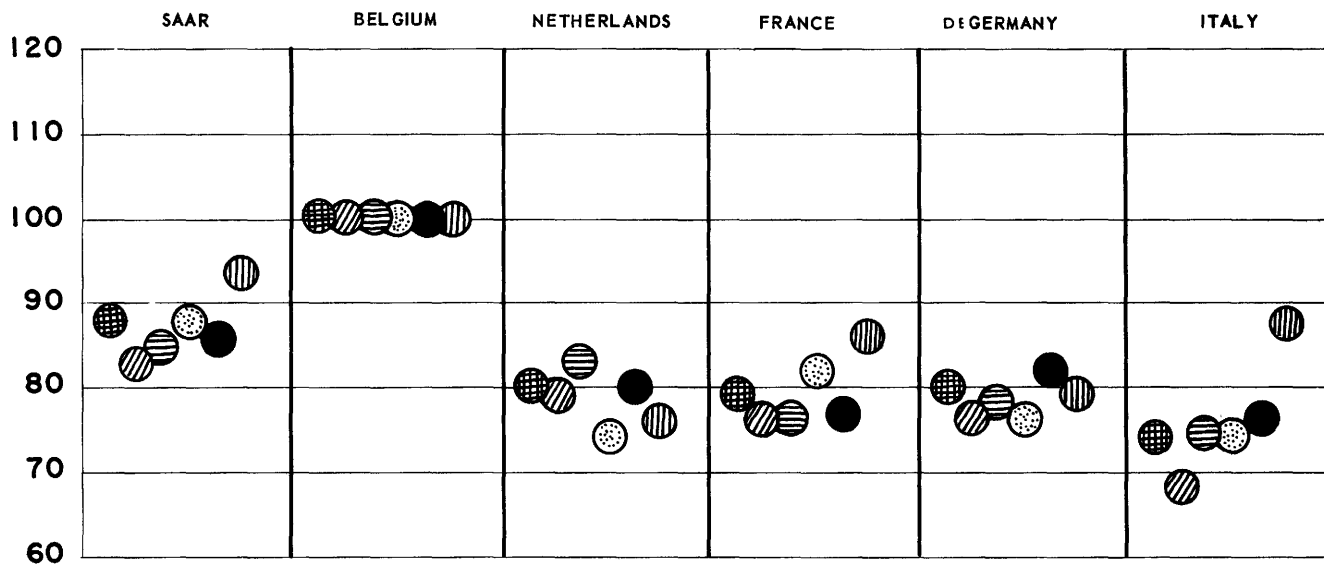
COMPARISON OF THE REAL INCOMES OF COALMINERS

IN THE COMMUNITY IN 1953

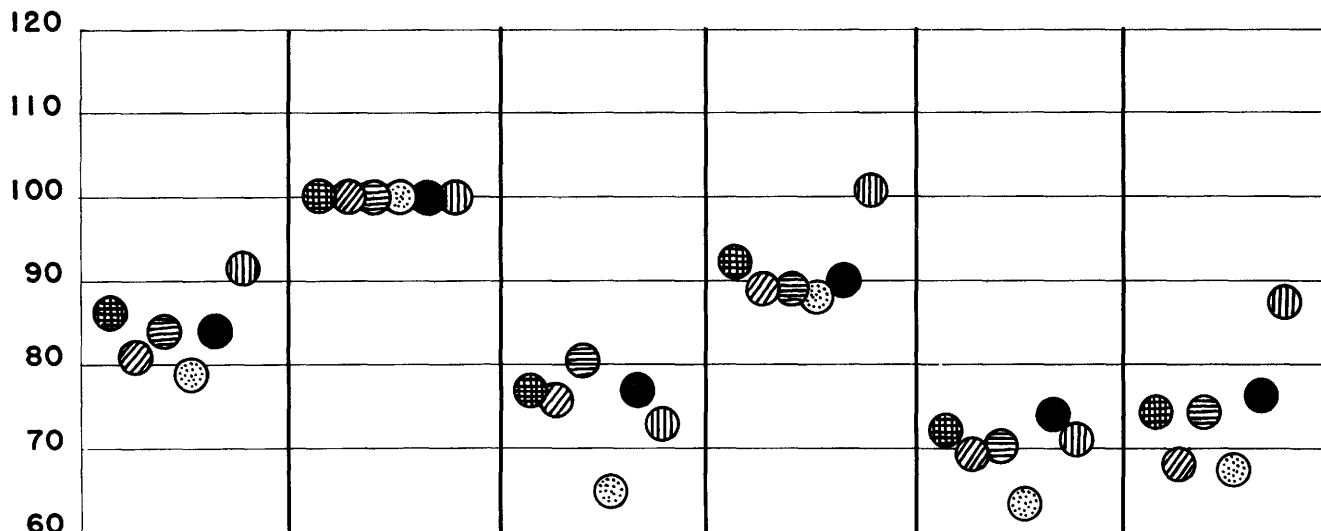
SURFACE WORKERS ON THE BOOKS, LIVING IN MINE-OWNED HOUSES

BELGIUM = 100

MARRIED WITH NO CHILDREN



MARRIED WITH 2 CHILDREN



KEY TO "SHOPPING BASKETS"



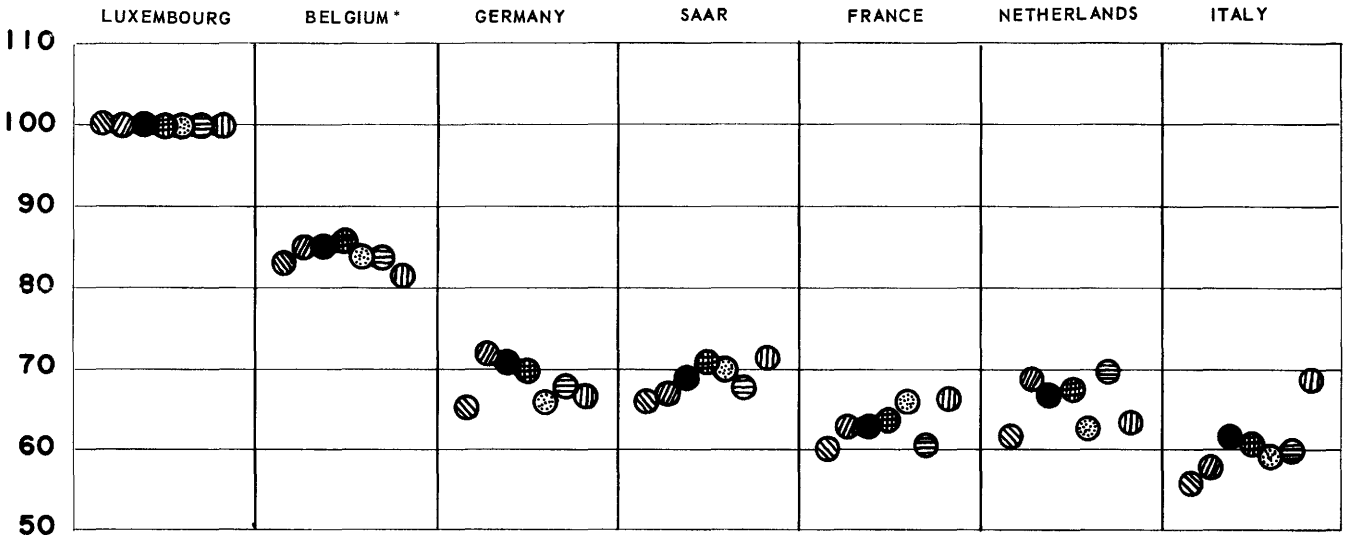
COMPARISON OF THE REAL INCOMES OF STEELWORKERS

IN THE COMMUNITY IN 1953

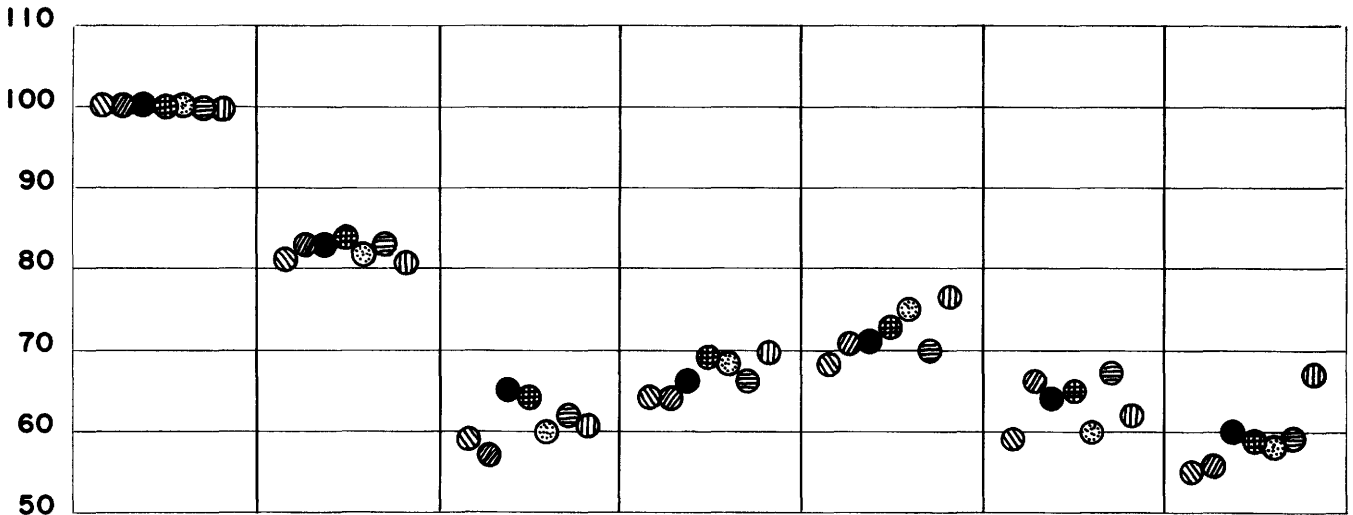
STEELWORKERS ON THE BOOKS

LUXEMBOURG = 100

MARRIED WITH NO CHILDREN



MARRIED WITH 2 CHILDREN



KEY TO "SHOPPING BASKETS"



* BELGIUM: WORKERS IN ATTENDANCE

ANNEX I: Examination of some points of criticism

1. In view of the difficulties indicated with regard to method, it is obvious that the attempt to establish comparison between the real incomes of miners and steelworkers can easily result in criticism of the scope and applicability of such comparisons. Following a discussion in the "Committee on Methods of Comparing Real Incomes" in Luxembourg on July 12, 1955, many of the experts expressed agreement with the findings so far, while others, notably the representatives of the French employers, submitted their reservations in writing.
2. The High Authority has stressed the provisional nature of the findings submitted, and emphasized that much additional study remained to be done. We will, however, note briefly what observations have been made; should further contributions to the subject become available to us, it is intended to reproduce them in future issues of STATISTICAL INFORMATION.
3. In regard to the purchasing power parities, criticism was levelled at the provisional nature of the weighting systems. These objections are justified, and were raised by the High Authority itself also (see p. 8, point 7). It is, however, a known fact that alterations within a country's weighting system do not as a rule greatly affect the final result. If, for example, we were, in dealing with price relations between France and Germany, to take as our starting-point not the German but the French "shopping basket" (which is very different), the purchasing power parity for the 220 items would change only 3 % at most. And this although the French and German "baskets" are very different indeed, the correlation coefficient being only 0.56.
4. Another point is that concerning rents. As mentioned on p. 6, point 4, the figures used provisionally are the estimates for the countries, taken some from official and some from private sources. These data were approved by the experts concerned, though it was stressed that they were of a provisional nature. The inquiries now being made are expected to produce more accurate results in the near future. This factor too is not one likely to be much affected by any changes which may take place.

Expenditure on rent amounts to only 3.3 - 8.6 % of the family budget, and it is not the rents themselves but the relations between these rents which are used for purposes of calculation.

5. As regards nominal income, two points call for elucidation.

a) As noted on p. 41, point 9, above, net income is governed by three factors, viz.

- 1) wages and allowances in kind from the enterprises;
- 2) payments by the State, such as family and similar allowances;
- 3) workers'taxes to the State and contributions to social security bodies.

The first point is the only one concerned with wage policy proper; the State is both donor and recipient. Obviously, the interplay of these three factors may take very different forms in the different countries, and this fact needs to be borne in mind when analyzing the comparative figures submitted by the High Authority.

b) The nominal net incomes as published in May 1955 are average figures. They simply give, for instance, the average net income (according to our definition) obtained in 1953 by an underground mineworker, married, with no children, living in mine-owned accommodation. This average shows his purchasing power, but does not indicate whether the actual income is high or low, because each country's average is based on different proportions of skilled workers, different age-groups and differences in the number of hours worked, the number of paid off-days and the length of statutory holidays with pay. To work out why there are these discrepancies between the real incomes in the different countries would require further detailed research which could only be carried out by means of much laborious work with the experts. We are only concerned at this stage to establish the facts, not to explain them.

6. Another point is to what extent the survey on net incomes to date can be considered sufficiently comprehensive, to serve as a basis for comparisons.

a) As pointed out on p. 43, it has not yet been possible to take into consideration sickness, accident and unemployment benefits or disablement pensions. These items do not fall within the concept of gross earnings, since they are not directly connected with the work done. They should, however, be taken into account in working out the net income, in the same way as family allowances. So far, it has not been possible to do so, in the absence of adequate data. The partial figures available for certain countries do, however, suggest that the items thus disregarded are not of any great importance, and do not differ materially from one country to another.

The family-budget statistics at present to hand (for miners in Western Germany and the Saar, for workers generally in Belgium and the Netherlands) show that the percentage of such benefits is not more than 4 - 5 % of the net annual income. Further study is to be devoted to this matter at a later date, but the findings will probably not appreciably alter the position.

b) As regards the question of increasing expectations from various social insurance funds, the whole concept has been queried. It is an undoubted fact that a worker with a given net income is in a better position if he is entitled to an old-age pension than a worker with the same net income who is not so entitled. But the increase in entitlements belongs more to a survey on means than to one on incomes. It is a factor in general living conditions, and although it would be most important in any comparative survey on standards of living, it should not be included in the first stage of a comparative survey on real incomes.

7. One important element in the computation of net incomes (according to our definition) is "advantages in respect of housing". In this connection observations by certain experts indicate two points as being of particular interest, viz. the method of computing the advantage in respect of rent (for the collieries) and the extent to which it has up to now been possible to take that advantage into consideration (for the iron and steel industry).

- a) The nominal income of miners was calculated by including, as an actual item of income, either the difference between the reduced rents paid by them and the full normal rents payable in the district concerned, or, where, as in France, miners are given free accommodation, the full rent usually charged locally. The figures concerned were, of course, only approximate ones, to be improved as time went on. A written opinion submitted by an expert from the "Charbonnages de France" argues that the advantage in respect of rent is really much greater, since "in most Community countries housing legislation is such that to occupy a particular housing unit and pay the normal rent represents an advantage when we consider the real cost of the housing unit".

Though the actual building costs do constitute an item in labour charges, they cannot be taken as such in the computation of incomes. It seems reasonable rather to consider the advantage accruing to the worker from the fact that, instead of paying the normal local rent, he gets free accommodation from the enterprise or lives in housing provided by it at a reduced rent.

Moreover, the provision of accommodation again belongs more in the category of general conditions affecting the standard of living rather than the actual income.

- b) In the case of steelworkers, it has not yet been possible to take account of the advantage of reduced rents or rent-free accommodation, as the relevant figures for all six countries will not be available for some little time. This fact was expressly noted

on p. 42, point 11: the net income figures, therefore, relate in this instance to workers living in non-works-owned accommodation at normal rents (1).

8. Finally, the French employers further stated that to combine the data published in May 1955 on net incomes with the purchasing power parities just computed would be wholly out of order, since both sets of figures contained factors of uncertainty whose results in combination would be incalculable.

As has already been shown in points 3 -7 above, many of these so-called uncertainties are in fact calculable, or else play no part in the comparison of real incomes with which we are concerned here. Uncertainty regarding the weighting of the purchasing power parities is negligible: in the case of France, the most it could do would be to help bring the average for the French "shopping basket" nearer to those for the other "baskets". As regards income, two factors have been eliminated, viz. expectations from social insurance funds and, for mine-workers, advantages in respect of housing. What does remain uncertain is the advantage enjoyed by steelworkers regarding rent, as the data are not yet available for all the countries: provisionally, therefore, the figures given are for workers paying normal rent. A further factor of uncertainty is that concerning receipts by workers from sickness insurance, unemployment benefit, etc. As was mentioned earlier, this item has not yet been fully worked out, but in the countries for which we do possess the relevant data its proportions are inconsiderable. It is hardly to be supposed that they would be much greater for the working population in

(1) The French experts are not yet agreed as to the extent to which steelworkers enjoy reduced rents or rent-free accommodation in France. A survey will be required to clear up this point.

France (1), particularly as expenditure by employers for this purpose, compared with overall expenditure on the labour force, is lower than in the other countries. In addition, such expenditure goes not only on the payment of current incomes, but also, and indeed mainly, on the building-up of funds for later on (e.g. pensions).

For all these reasons, the computations given in the foregoing pages are perfectly admissible as first estimates for general guidance.

9. Furthermore, the computations listed on pp. 57 - 68 are not in the least surprising as regards results. The differences in real incomes between one country and another are less than those which are often observable between different industries and industrial areas within a single national economy. What is more, they are on the whole less than the differences noted by OEEC as existing in private consumption per head of the population between the countries of the Community. Finally, the discrepancies between miners' and steelworkers' real incomes in the different countries were most likely further reduced between 1953 and 1955.

(1) The French "Service du contrôle général de la Sécurité sociale" has estimated the annual average of social benefits (exclusive of family allowances) paid out to wage-earners in 1951 at Ffr. 11,000 (cf. INSEE publication "Etudes et Conjuncture", No. 5, May 1955, p. 430).

Allowing for the rise in prices between 1951 and 1953, a comparison of this figure with the net annual incomes for 1953 as published by the High Authority in May 1955 shows that the benefits amount to less than the 4 - 5 % mentioned in point 6 above.

ANNEX II

Members
of the Committee on Methods of Comparing
Real Wages

Germany

Dr. Bischoff
Dr. Deneffe
Dr. Frey
Prof. Gleitze
Hagner

Dr. Jacobs
Witting
Wolfram
Dr. Wolter

Belgium

Van den Bempt
Bertinchamps
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Fallon
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Avv. Foglia
Dott. Gori
Comm. Purpura
Volonte

Luxembourg

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Schlechter
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Schuler
Wagner
Weiss
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Netherlands

Bogers
Van Braam
Buiten
Dr. van Dierendonck
Dr. ten Have
Jacob
Palmen

Saar

Aunervier
Prof. Blind
Mombert

Observers

Teichert, OEEC
Björkenheim, ILO

Members
of the Sub-Committee on Prices

Germany

Dr. Bischoff
Dr. Deneffe
Prof. Gleitze
Dr. Jacobs

Belgium

Van den Bempt
Dufrasne
Latin
Oury

France

Descamps
Dumas
Dumay

Italy

Barsanti
Chiari
Gori

Luxembourg

Prof. Schmit

Netherlands

Bogers
Van Braam
Van Ijzeren

Saar

Prof. Blind