

Week of October 13 to 18

SOCIAL: THE SIGNS OF A HIGHER COST OF LIVING

How does one measure living standards? More often than not by the obvious signs of material comfort (called "social indicators" by specialists) such as possession of cars, telephones and television sets. According to statistics, the number of cars increased from 8.3 per 100 inhabitants to 28.4 per 100 inhabitants during the period 1960 to 1976 in the European Community. If one considers that there are about 2 children per family in Europe, it would be correct to say that a European family which does not have a car is indeed rare. During the same period, the number of telephones (per 100 inhabitants) rose from 9.8 to 32.4 and the number of television sets from 9.4 to 26.7 (more on page 3).

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BUDGET: Towards a Europe with limited means

Is the European Community facing financial failure? The question is more and more pertinent these days, especially after the Ministers of Finance of the Member States approved their version of a 1981 budget for the Community which has all the hallmarks of belt-tightening. Even though it is calculated in billions, the European Community budget has remained within reason and last year it represented about 2.6 percent of the total of the member states' budgets. This nevertheless has not prevented the Community reaching the limit of its disposable resources.

These finances come from three separate sources: customs duties on goods entering the Community, levies applied to agricultural trade with third countries and a portion of the value-added tax collected in each country. The amount of VAT that the member states should contribute to the Community budget in 1981 totals 0.95 percent, with the maximum set at 1 percent. This means that the margin of manoeuvre is extremely slim.

Up to now, the European Commission has refrained from making firm propositions to increase this limit in resources. But the lack of resources undermines its desire to develop new Community policies, especially in the social, regional, industrial, research and energy fields. It is unanimously acknowledged that some way should be found to reduce agricultural spending, which now absorbs more than 70 percent of the Community budget, but few dare attack directly the only real integrated joint policy of the Community, the Common Agricultural Policy.

This lengthy and complex problem already led to a first institutional crisis last year when the European Parliament refused to accept the budget proposed by the Council of Ministers for 1980.

And everything points to a repetition for this year, judging from the fervour of the first debate on the proposal presented by the Council of Ministers for 1981. This recommendation represents a sizeable reduction of the budget first proposed by the European Commission last summer. This first draft had already limited the Commission expenditures for energy, industrial and transportation policy, but it had increased funds for regional, social development and spending. The Council of Ministers, however, made cuts in these sectors, thereby once again stressing the agricultural domination of the budget. On the eve of the accession of Greece to the Community and at a time when the Parliament and the Commission were both proposing new programmes, this Council action has created a new controversy.

The European Commission has already "dissociated" itself from the possible consequences of the Council decision. Commissioner Henk Vredeling also had some harsh words to say recently to a Belgian labour audience. According to him, the Finance Ministers took "truly scandalous" decisions by "blindly hacking away" at a budget proposal which the Commission had "already reduced to its bare bones". He concluded that "if this disgraceful project is adopted, the Commission next year will simply be in a situation where it will be unable to fund a whole series of programmes. It will mean a failure".

But the situation has not yet reached that stage since the Council will have to consider the amendments the Parliament is sure to make.

SOCIAL: Where it shows the standard of living is going up (from page 1.)

Naturally, all the figures have to take into account the fact that the price of these various consumer items and services may have evolved. Nevertheless, even if it is obvious that their usage has greatly expanded in Europe during a period of 15 years, it is also clear that the United States is still far ahead. Again in 1976, since the Community-level figures are not available for later years, there were in fact 50 private vehicles, 69.5 telephones, and 57 television sets for every 100 American citizens. Given the fact of the current change in the business climate, it seems unlikely that Europe will reach such an advanced stage of "over-consumption."

On the other hand, Europeans benefit from better medical protection than Americans, at least at a quantitative level. There were in fact in 1976 10.3 hospital beds for every 1000 inhabitants in the Community and only 6.3 in the United States.

As for the number of doctors, it was at that time in 1976, 178 in Europe and 159 in the United States for every 100,000 residents. That means that on average there are some 629 patients for every American doctor while their European counterparts are responsible for "only" 562 persons each.

EDUCATION: European scholarships for professors

The European Community's education policy focuses essentially on encouraging and extending cooperation between people responsible for the different education systems in the EEC Member States. By coordinating these systems, the Commission, in fact, encourages students to follow additional studies in countries other than their own. Within the framework of this programme, whose main guidelines were defined in 1976, the European Commission has just announced 449 new scholarships designed to allow professors and research assistants in the Community to undertake study visits to other Member States.

These scholarships, which will be renewed for the 1981-82 academic year, are divided into three categories:

- 132 professors, research assistants and administrators in higher education will receive scholarships for educational visits lasting about four weeks;
- 130 scholarships are granted for educational experts and vocational guidance experts for visits lasting two weeks;
- 187 scholarships are granted to local and regional administrators of educational establishments for students between 11 to 19 years, for visits lasting one week.

The Commission has also decided to grant 85 other scholarships to universities and other higher education institutions in the Community for the development of joint study programmes. This would focus either on the reinforcement of existing cooperation or aim at extending such cooperation to institutions in other Member States. Completely new programmes could also be set up.

The European Commission is currently helping 169 different programmes and 350 universities or higher education institutions.

The Commission is also promoting the mutual recognition of diplomas and certificates given in different Member States, and developing student exchanges between European countries with a view to promoting the learning of new languages.

This policy is designed not only to promote contacts between young Europeans, which in itself is an important enough task, but also to contribute to the solution of employment problems currently facing the nine EEC countries.

INDUSTRY : Auto sector at a crossroads

The European automobile industry, upon which an estimated 6 million persons depend for their livelihood, is at a major crossroads in its history. Having overcome the first energy crisis a few years ago, this industry is now confronted with a desperate need to adapt to a radically altered environment following the second energy shock.

While the European Community auto industry is still the leading producer of vehicles in the work in front of the United States and Japan, it nevertheless must make some urgent decisions to face a new challenge of competition from these and other automakers on its own market and internationally as well. Despite this enviable record of having produced more than 11 million vehicles in 1979, the European auto industry is still in some ways at a disadvantage because it is largely fragmented along national lines rather than being a unified entity like its American and Japanese competitors. In fact, only four European manufacturers produce more than the one million vehicles annually that some experts feel are the minimum for a viable operation.

Given the fact that the automotive industry accounts for an average of 14 percent of industrial employment in the Community and between 5 and 8 percent of the gross national product, its continued competitiveness and viability are a matter of utmost importance. A number of other industries, such as steel, rubber and glass, are also intimately dependent on its continued performance.

But the industry and officials at all levels in Europe are anxiously examining the future and the changes that will have to be made. For instance, will the customer preference shift, already evident in the United States, towards more efficient and economical cars mean that the US producers will be even more competitive by turning out their own autos in a field once dominated by Europe? Will the production of "world cars" which can be produced simultaneously in different markets, drastically alter the commercial climate? Will the competition of Japan and even other producers also affect the European industry's output and sales?

Japanese exports to the European Community in the last eight years have increased by 374 percent. In addition, Japan has become an important competitor in other markets as well. For instance, its share of the American market increased from 5.5 percent to 23 percent in a few years and a similar pattern has been evident in the developing world.

These facts illustrate why the European auto industry needs to improve its competitive position. To accomplish this, considerable attention and investment will have to take place into research and development and to boost the productivity of the European worker and factories. In this respect, one must compare European performance to the impressive record of the Japanese industry which, because of a higher degree of automation, produces 45 cars per person employed annually, compared with the European mark of 12 vehicles per employee and the Americans' 10. The report advocates a new strategy not only for the short term but also for the medium and long term which includes investment in productivity but also in sales, distribution and maintenance operations, in order to keep abreast of the evolving car needs of the population.

SOCIAL: Occupation: unemployed....

If the total number of unemployed in the European Community is extremely worrisome, it is nevertheless sometimes overlooked that there is a distinction between the "temporary" unemployed, who are deprived of work for relatively short periods, and others who are unable to find work and, either by force or by choice, settle into a more permanent type of unemployment. Statistics provided by the national employment services in the different Community member countries offer nearly unanimous confirmation of a longer and more tenacious form of unemployment in recent years.

Belgium has the largest number of unemployed who have been registered without work for over six months, reaching 61 percent of the total number of unemployed as of October 1979. In Italy, the proportion of the unemployed seeking work for more than six months was 52 percent and it ranges between 41 and 38 percent in the United Kingdom, the Netherlands, Germany and France. In Denmark, on the other hand, this category represents only 17 percent of the total without work.

In all Community countries, it is the older worker who is most likely to be without work for long periods. In addition, this phenomenon affects both men and women over 50 equally, while, for persons under 25, it is the women who are most frequently unemployed for more than six months.

But whether man or woman, prolonged unemployment is difficult to accept. The unemployed person knows he is threatened with disqualification and that his chances of finding the job he has a right to diminish day by day.

"Where did you spend your holidays?", "where will you be going this summer?", "Oh, I can't wait for the holidays"... where would we be without our annual vacation away from the wear and tear of daily life... and for the lucky ones amongst us "vacation" means travelling and touring strange and sometimes unexplored parts of the world...

While Man has always travelled, the development of "tourism" is a relatively recent phenomenon. It is an outcome of industrial and political revolutions in the nineteenth century, and the direct result of increases in incomes, extension of holiday and leisure time, better transport facilities, the introduction of cheap charter flights and better package tours. Combined with this is man's desire to see the world with his own eyes.

Today tourism is the second largest commercial sector in the world. In 1979, there were about 270 million international tourists who generated about 75,000 million dollars or 5.5% of international trade. There are about 31,000 travel agencies in the world, and about 2,500 tour operators. In short, tourism is second only to oil in international trade.

Regardless of the world economic recession, tourism expanded by 4 or 5% in 1979. A recent survey undertaken by the World Tourism Office indicates that it is basically the low-income families in the Western countries which are hardest hit by the economic crisis, but long-distance travellers, who are often bound for the developing countries and tend to be in the higher income bracket, are less affected.

The tourist trade seems to be booming in Africa. In 1979, Africa welcomed 5.3 million tourists (8% more than in 1978) and 13.8 million went to East Asia and the Pacific (an increase of 15% compared with 1978 figures), while the growth rate in Europe was only around the 4% mark.

Similarly, African tourist earnings have gone up by 20% and East Asian and Pacific tourist earnings by 25 %, while the American figure is only 18.5% and the European one a mere 13.6%.

It is clear, therefore, that tourism is a growing source of foreign exchange earnings for a number of developing countries, and a positive factor in their development. Total tourist income in Africa came to 1,800 million dollars in 1979 or 2.4% of the world total. In addition, the African tourist trade provides jobs for almost 220,000 people.

Tourism can also stimulate local agriculture and other sectors of the economy, including construction, entertainment, local handicrafts, etc.

The European Community is an active participant in the development of tourism in a number of countries in the African, Caribbean and Pacific (ACP) region which are linked to the EEC through the wide-ranging Lomé Convention.

Under the terms of the Convention, the Community provides assistance to ACP countries either through the European Investment Bank in the form of investments in tourism infrastructure or through the European Commission in the form of financial and technical assistance for tourism planning, organisation marketing, management marketing studies and promotion. Such assistance can either be given directly to one state or to several countries for the development of regional tourism.

EEC assistance for the development of the tourism sector has been granted to most ACP countries, and particularly, Barbados, Botswana, Guyana, Liberia, Nigeria, Surinam, Zambia and the Netherlands Antilles, to name but a few.

Such aid often takes the form of training programmes for young people interested in learning the tourist trade. Some 400 students from the tourist sectors of 25 ACP countries were given grants under the Lomé Convention.

The EIB for its part has granted £ 10.86 million since 1975 for tourist investments in the ACP countries.

The development of intra-regional cooperation is also an important aspect of the tourist trade in the developing countries, particularly in Africa. While intra-regional tourism accounts for more than 86% in Europe, 85% in America, 67% in the Middle East, 58% in Asia and the Pacific, in Africa it is only 12%. The most intra-regional tourism takes place in West Africa. The Ivory Coast and Senegal have a particularly well-developed tourist infrastructure.

Another ACP region where tourism is a growing sector is the Caribbean. In 1978 tourism earned approximately 17,000 million dollars for the Caribbean, including the Bahamas.