

2100 M Street NW, Washington DC 20037 Telephone (202) 872-8350

New York Office: 277 Park Avenue, New York NY 10017 Telephone (212) 371-3804

BACKGROUND NOTE

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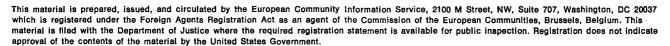
March 27, 1974

EC CONSUMER SURVEY FINDS INCREASED PESSIMISM

Consumers in most of the six original European Community countries think the general economic situation deteriorated last year and expect further deterioration this year. The EC Commission recently published the results of its fifth consumer attitude survey of 25,000 households in Germany, France, Italy, the Netherlands, and Belgium, conducted in October 1973.

The percentage of families expressing pessimism about the economy ranged from a low of 37 per cent in the Netherlands to a high of 66 per cent in Italy. Dutch attitudes had improved considerably since the Commission's first survey, in April 1972. In Italy, on the other hand, pessimists had increased 13 per cent.

Except in the Netherlands, more families thought the economy would worsen over the next 12 months than did in April 1972. Although the percentage of families expecting a downturn was about the same throughout (averaging 35 per cent), it had increased by 12 per cent in Germany, 16 per cent in Italy, 11 per cent in France, and only by 3 per cent in Belgium since April. The Netherlands, by contrast, dropped 25 points from 61 per cent to 36 per cent.



Concurrently, optimism about the economy rose further in the Netherlands (up 15 per cent) and fell in the other countries by an average of 8 per cent.

The Commission's poll reflected the Community's high inflation rate. In all countries, a majority thought prices had gone up sharply during the past year (50 per cent in Germany, 68 per cent in the Netherlands, 69 per cent in Italy, 76 per cent in France, and 80 per cent in Belgium). A strong majority in France (about 74 per cent) expected a steeper rise in prices. Families were less pessimistic about prices in the other countries, ranging from 12 per cent in Germany to 23 per cent in Italy. About half the Italians and Germans, and 44 per cent of the Dutch felt inflation would continue at its current rate. Only 14 per cent thought so in France.

Except for Germany, fewer households thought unemployment would rise in October than did in April 1972. Pessimism dropped to about 37 per cent in Belgium (down 16 per cent), France, and Italy (down 7 per cent each). Although 53 per cent of the Dutch families interviewed expected a higher jobless rate, 78 per cent thought so in April. More Germans expected higher unemployment in October (39 per cent) than did in April (30 per cent).

Most families saw their financial situation as unchanged over the last 12 months. Percentages ranged from a low of 54 per cent in Germany to a high of 63 per cent in France. A small percentage thought it had gotten worse. Percentages ranged from a low of 3 per cent in the Netherlands to a high of 6 per cent in Italy. About 62 per cent of all families expected their situation to stay the same over the next year. Asked if October was a good time to buy, a majority said yes in Belgium (59 per cent) and France (55 per cent). Forty-eight per cent agreed in the Netherlands, 31 per cent in Germany, and 29 per cent in Italy.

The majority in Germany (59 per cent), the Netherlands (61 per cent), and Belgium (73 per cent) also thought it was a good time to save. Slightly under 50 per cent thought so in France. Since April 1972, the number dropped by 8 per cent in Germany and 5 per cent in France, but rose in the Netherlands and Belgium (2 per cent each). Italy had the sharpest decline, falling 27 points from 69 per cent to 42 per cent during the same period.