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Re-cutting the cake

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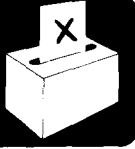
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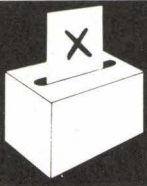
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Keep going!

Roy Jenkins attacks 'false democrats'

Extract from a speech at Glasgow, July 1, 1977.

Two years ago, the British people decided by a majority of a little more than two to one that they wished to remain part of the European Community. It was the first Referendum in British history, and produced a result far more decisive than any General Election has ever done. Those who had most insistently demanded the innovation of the Referendum — because they thought it would produce exactly the opposite result — were temporarily stunned by the sudden revelation that they were populists without the support of the people.

Steadfastness

Now they have recovered from their concussion and seek to re-open the issue. I wonder if they consider for a single moment how damaging are their attitude to the interest of the Britain of which they presumptuously claim to be the guardians. Even if they had a coherent alternative policy — which they do not — it would wreck itself upon the rock of inconsistency. A weakened Britain has, in any event, a difficult course to pursue. No possible policy will work unless we stick to it. To float around like a feather blown by every wind of political opportunism is a certain recipe for national disaster. Our principal remaining moral capital in

Europe and the world is that which we accumulated over 30 years ago by our memorable steadfastness in the face of daunting adversity. We have already used up far too much of it by a combination of economic weakness, which is not wholly our own fault, and a narrow short-sightedness for which we have nobody but ourselves to blame. Yet a considerable residue of credit still remains. With only a little vision and courage it could be deployed remarkably effectively. But the essential element of such a deployment would be the re-creation of a feeling that we were people on whom others could count. No-one any longer expects us to be a rich country. But with an almost touching faith, they still hope that we will be consistent and reliable. It is exactly this store of remaining national credit which the false democrats who first demanded and now deny the Referendum seek to undermine.

Backbone

They say our membership of the European Community has not gone well in the past two years. Many of their arguments for this are demonstrably false, but even if they were true, they ought not to weigh with a people with steel in their backbone. The main reason that we have not yet made a full success of our membership of the European

Community is that we have never really tried. Our governments have been too inhibited by the minority of unreconstructed anti-Europeans in their midst, men who have paid lip-service to the result of the Referendum but have done everything in their power to undermine its verdict. They claim to have trembled before the voice of the British people, but in fact

they have merely trimmed to subvert it.

There is no major line of policy on which one can ever set out without knowing that it involves a passage through rough water. Those who now cry 'back' would by similar fluctuating advice have frustrated everything worthwhile which this nation has ever done.

A positive balance

From a speech by Dr David Owen, UK Foreign Secretary, on July 11, 1977

No-one but a fool would suggest that everything has gone smoothly since we entered the European Community four years ago. There have undoubtedly been disadvantages. But these disadvantages must be balanced against the advantages. For example, the prices we have been paying for some of our food have probably been higher than they would have been had we remained outside the Community; on the other hand a few years ago, when world food prices rocketed, the CAP protected consumers in the Community from some of the effects of this. Similarly, entry into the Community has exposed our industries to greater competition than they would have had to face had we maintained our tariffs against Community exporters. But by the same token our manufacturers — particularly the more efficient ones — have been given an opportunity to capture new markets on a scale they could not otherwise have enjoyed.

If it was possible to draw up a formal balance sheet on the economic aspects of our membership, I think it would be found that on balance we

have gained — not at the expense of our partners — but in comparison with what would have happened had we stayed outside. But a comprehensive balance sheet could not be confined to economic matters. Political factors of great importance are involved as well. If we ask ourselves whether, on balance, our influence in the world is greater or smaller than it would have been had we stayed outside the Community, I have no hesitation in concluding that membership has been of advantage to us. As we grow more used to working within the Community, these advantages will I believe become more obvious. Entry has been for decades a hotly contested issue inside and outside the Labour Party. In the referendum, the people of Britain decided; it was the Labour Government that gave the people the opportunity to decide. Our task now is to accept the will of the people, to argue within the Community for improvement, to reform where necessary, to criticize constructively, but above all to play our full part in an evolving Community of nine member States committed to achieve a greater European unity.



The Summer in Europe

Community on human rights in Uganda

At a session in Luxembourg on June 21, the EC Council of Ministers adopted the following statement on Uganda:

'The Council agrees to take steps, within the framework of its relationship with Uganda under the Lomé Convention, to ensure that any assistance given by the Community to Uganda does not in any way have as its effects a reinforcement or prolongation of the denial of basic human rights to its people.'

Fighting fraud

The European Commission is stepping up its fight against fraudulent abuses of the guarantee section of its Agricultural funding. Partial experience with checks of company's books has revealed that this is an effective method of uncovering irregularities and have been a contributing factor in the increase in the number of cases uncovered: 51 in 1973, 89 in 1974, 119 in 1975 and 109 in 1976. Consequently the Council of Ministers has agreed to give the Commission more systematic powers to check commercial records of a representative sample number of firms in each member State.

Spain applies

On July 28, 1977, Spain submitted a formal application for membership to the EC, joining Greece and Portugal — two other newly democratic candidates seeking entry into the European Community.

EIB loan for Scotland electricity

A loan equivalent to £4.1 million (6.2 million units of account) has been provided by the European Investment Bank, the EEC's long term finance institution, to help to meet the cost of improving electricity supplies in the North West and North of Scotland.

The loan has been granted to the North of Scotland Hydro-Electric Board for a term of 15 years at an interest rate of 8.95 per cent.

Mine safety

The Commission has announced a grant of 2,134,500 European units of account (£1,387,425) towards 15 research projects into safety in mines, in several Community countries.

The grants are equivalent to 60% of the total cost of each project.

Labour



The tripartite conference

Union, employers, and governments discuss economic problems

The representatives of trades unions and employers' organizations met at Luxembourg on June 27, 1977, together with Ministers of Finance/Economic Affairs and Ministers of Employment/Social Affairs, under the chairmanship of Mr Denis Healey, President of the Council of Ministers, to discuss progress on the restoration of full employment and stability in the European Community, since last year's conference.

Employment

Extensive discussions took place at the conference. As a result, during the next months Community tripartite institutions* will, together with the Commission, carry out an intensive work programme concentrated on four areas. These are the implications of a move towards *work sharing*; *employment creation in the tertiary sector*, including the public sector, *changes in pattern of employment and investment* in the Community caused by international trade; how to ensure conditions for *employment-creating growth*, and in particular the likely employment effects of investment in the Community over the next two years.

The wide ranging discussion at the

conference was summed up by the UK Chancellor, Denis Healey, acting as President of the Council. He paid tribute to the participants at the conference for stimulating a high level of discussion and debate. The following are extracts from his summing-up speech.

Analysis

'I think we all agreed that compared with the objectives we set ourselves a year ago, progress has been disappointing. We have seen progress in some countries on inflation, and on balance of payments deficits, but far too often progress in these areas partly reflected the fact that expansion had been less rapid than was hoped, and there is no doubt that we have not met the objectives we set ourselves in the fields of economic growth. Moreover, as OECD agreed when we discussed this in the Ministerial Meeting in Paris on Friday, the prospect is of inadequate growth next year unless there is a substantial further effort and further action both at the international level, at the Community level and at the national level.

'Now why has our record on growth been so inadequate? Again all of us I think would agree that a major cause is the fact that we all face simultaneously unprecedented levels of

*Principally the Standing Committee on Employment and the Economic Policy Committee.

inflation together with unprecedented levels of unemployment. And rightly or wrongly it is a fact that the fear of inflation together with unprecedented discouraging expansion.

'... In the last few years we have seen a bunching of a number of extremely unfavourable factors, the disturbance of the world monetary system which followed the collapse of Bretton Woods, the increase in world prices, particularly of oil prices following the OECD initiative in 1973, and the deepest recession since the war which reflected the way in which the oil consuming countries reacted to the deflationary impact of the increase in oil prices. But at the same time I think many of us suspect that some of the relationships which we have come to take for granted may be changing, particularly the relationship between growth, investment, employment and inflation. There is no doubt, as I said a moment ago, that the fear of inflation is a major constraint on the expansion of demand which in our traditional philosophy is the natural response to under-capacity use on the scale we now have it. There is no doubt too that divergence between economic performance in the various Community countries is an element in our current difficulties. We all recognize that this divergence in performance and situation requires some divergence in policy but, as became clear in our discussion today, some of us believe that the recognition of the need for the stronger economies to take more risks with expansion is not as firmly developed in some of those economies as some would wish.

Structural?

'There has been a great deal of discussion today on the question as to

whether the predicament we now face is essentially cyclical or structural, but nobody who listened to our debate could deny that it has elements of both.

'There is no doubt that our problems have been escalated by the increases in the supply of labour which have been much discussed today — the growing number of young people coming on to the labour market and the growing desire of women to work — and I think that many of us felt that changes in our industrial structure have also added to the problem and will require some changes in the shape and direction of investment and will require some changes in the shape and direction of investment and will require greater thought being given to training for some of the skills which are scarce in this new situation.

Community

'... There was a general agreement that the Community has some responsibility, notably in its use of the social and regional funds, to deal with some of the structural problems which we have discovered; and we generally agreed, I think, that there should be closer co-ordination in the use of these various Community instruments. There was a predictable disagreement about the use of similar instruments by national governments; but I think we all agreed today that intervention is needed on some of our structural problems like textiles and shipbuilding.

'... One of the central issues, on which there was some disagreement, was whether higher investment will necessarily follow increased profitability. And I think that there will be agreement that it will not necessarily follow higher profitability. There

have been many examples in past history when it did not; and if I may quote Dr Friderichs's point, there is no doubt that employers also need the assurance of a continued and buoyant demand if they are to invest their profits in extra capacity.

Method

'We pass to the question of what methods we should choose to try to improve the situation. I think we were all agreed that every effort must be made to achieve world-wide growth on a scale which will substantially reduce unemployment, because we know that we cannot eliminate unemployment unless we can achieve growth above the underlying increase in productive potential, although I am bound to say that many of us showed uncertainties as to what the underlying increase in productive potential now is. This is one of the matters affected by the structural problems of which I spoke, and one of the baffling things to me at any rate, and I expect to you, is the apparent difference in the relationship between employment and output in some of the Community countries at this time. We know that the stronger economies have problems in reconciling such growth with the avoidance of further inflation. But without the maximum effort on the part of the stronger economies, we shall not achieve the pace of recovery towards full employment at which we must all aim. And meanwhile for their part the weaker economies must continue to fight inflation, must strive to increase net exports and to increase their industrial efficiency.

'We had a good deal of discussion on the problem of financing both domestic and external deficits and I think again we agreed that this will

require fiscal and monetary action on the national level and some international action, notably by the IMF on the global level and by the EIB and by Commission borrowing and borrowing by other Community organizations too. But several of us insisted that such borrowing must be on realistic terms and be put to realistic and productive use. A good deal was said about the importance of joint action as well as national action for saving energy and for increasing sources of energy other than oil.

'But a central element in our discussion was on labour market policies and it seemed to me that three types of labour market policy received general approval in our debate today . . . cyclical labour market measures . . . , structural labour market measures . . . (and) . . . labour market measures which are intended to relieve manpower bottlenecks. These (latter) are appearing increasingly as a constraint on growth, even at the very modest and inadequate levels at which we see growth at the present time.

Areas of Controversy

'Some thought that demand should be increased through increase in wages; some thought that demand was better increased through reductions in taxation; some thought demand could best be increased by increased private investment, some by increased public spending. I will not attempt to try to reconcile these disagreements because they go to the heart of our political and economic life. I can only say that I believe that there too the problem is rather to agree on the right combination of these four alternative ways of dealing with the problem, rather than to choose one at the expense of the other three.'



Re-cutting the cake

The Regional Fund's Second Annual Report

In 1976 the European Regional Development Fund helped to create or maintain 55,000 jobs in the Community's industrial and services sector. Grants were made to 1,545 investment projects.

With 5 million people unemployed in 1976, a total of 55,000 jobs may not sound impressive. But 1976 marked the first full year's working of the Fund and its resources were slender. The Second Annual Report of the ERDF outlines how the money was spent, and how the impact of the Fund can be improved in the future.

Economic background

The Fund had to operate against a difficult economic background in 1976. Despite an upward trend in industrial production and exports compared with 1975, the trend of investment, particularly important for regional development, was discouraging. Except in the Federal Republic of Germany and Denmark investment remained static, while the divergence in the economies, already marked in 1975, continued to increase.

Ireland, Italy and the United Kingdom continued at the bottom of the league as far as productivity was concerned, but top when it came to inflation. As a result, in these three countries, productivity per head failed to rise above the Community average in any region. In the United Kingdom too, unemployment levels

were above average in every region but the South East.

Such divergence in the economy obviously pose problems for the Community and reinforce the necessity for an active regional and structural policy.

The Fund is but one element of this policy. Its contribution, therefore, cannot be assessed in isolation, but should be seen as part of a range of instruments of financial assistance at the Community's disposal, such as the European Investment Bank (EIB), the Social Fund and the Guidance Section of the Farm Fund.

As from January this year, one Commissioner, Signor Antonio Giolitti, has been given responsibility for co-ordinating all funds with a structural role, demonstrating the Commission's determination to make real progress in helping the poorer regions.

Fund activities in 1976

The Fund budget for 1976 amounted to 500 million units of account (ua)*. The Commission adopted 307 grant decisions for 1,545 investment projects, representing a total volume of investment of 4,732 million ua (for details see table IV).

**The Community should move to a new system of financing based on the European Unit of Account (EUA) in January. The EUA represents a basket of Community currencies which naturally changes value,*

unlike the present pre-Smithsonian unit of account which permanently represents 42p. The EUA currently is worth about 66 pence. Calculations for this paper are based on the valuation of 1 ua = 42p.

But Community totals in ua cannot all be translated into £s at 42p, since other currencies floated at different rates; while £s were eroded vis-a-vis ua's, most other currencies were not so much, or they even improved, so that Community figures must remain in ua's. Next year will see 'real' currency values operating against the EUA.

As in 1975, all the money available was committed. A quarter of the commitments went to projects in the industry and services sectors, creating or maintaining 55,000 jobs, and 75 per cent to infrastructure projects.

Actual payments from the Fund in 1976 amounted to 277 mua. This was because money is only paid out of the Fund as an agreed phase or the total project is completed. Remaining balances are carried over to the following year.

Electrical and electronic engineering projects topped the list of large aided projects in 1976, followed by the chemical industry and metal production and processing. Finished metal goods led for small projects, followed by electric and electronic engineering and then mechanical engineering. The number of service sector projects involved was very low.

Industrial estate development accounted for most infrastructure aid from the Community. This was true in West Germany, Belgium, the Netherlands, Italy and the UK (in the latter this was mainly for 'advance factories' built by local authorities for later letting); in France the

emphasis was on roads to service industrial estates; in Ireland help was also given to improve the telephone network.

The Report notes that as far as jobs were concerned aid to smaller projects was more productive than to large ones. The infrastructure projects, however, should produce more jobs in the future.

'Topping up' and 'additionality'

Under Fund regulations the maximum grant available is 30 per cent of public expenditure on the project. In 1976 the level of Fund assistance averaged 27.4 per cent of eligible public expenditure for small projects and 17.7 per cent for major projects. This was because some applications were for grants at less than the maximum rate, and in some cases the Commission itself, in agreement with the Regional Policy Committee and the Fund Committee, varied the level of grant.

Grants can be used for 'topping up' or 'overall additionality'.

Topping up (i.e. the payment of Community assistance on top of national aid to a given investment) is limited by the Fund regulation to investments in the industrial, handicraft and service sectors. The member State may choose either to use Fund assistance to supplement aid granted to the particular investment by public authorities, or to retain it as a partial repayment of such aid. So far, member States have always chosen the second alternative. Even so in the infrastructure field, aid from the Fund is usually directly paid over to the local or regional authorities concerned, so clearly showing the direct role of the Fund in local development.

Overall additionality (i.e. adding total national and Community resources together for regional development) finds greater favour with the Commission. The Report points out that if the main structural and regional imbalances within the Community are to be corrected, Community resources must be added to the member countries' own regional development efforts and must not replace them wholly or in part.

In Britain resources from the Fund have enabled in particular an extension of the advance factory programme. Fund assistance for infrastructure projects, transferred to the local authorities concerned, has enabled them to reduce the loan charges incurred in their current investment programmes.

Despite a call in the First Annual Report for member States to identify in their national budgets how the principle of additionality is applied, the Commission notes that in some States the situation is still unsatisfactory.

Where the money went

Assistance from the Fund can only be given to those areas aided by member States under their own systems of regional aid. To give maximum impact Fund aid has been concentrated on investments located in national priority areas.

Thus in 1976 in Denmark, 70 per cent of Fund assistance went to Greenland; in the Federal Republic, 68 per cent went to Berlin; in France, 87 per cent of assistance went to regions of the West and Southwest, to Corsica and the overseas departments; in Italy all Fund aid went to the Mezzogiorno.

In the United Kingdom, the Northern Region received most from

the Fund in 1976; 52 per cent of the grants went to 46 industrial and service projects, the remainder to infrastructure such as development of industrial estates and advance factories, port installations, energy distribution, water supplies, roads and telephones. Scotland and Wales were the next beneficiaries. These three regions, together with Northern Ireland received 83 per cent of the total Fund grants (approximately £96m) to the United Kingdom.

Controls

In collaboration with member governments, the Commission made 87 inspection visits during the year, bringing the number of such spot checks for 1975/6 up to 131.

Growing experience led to improvements in the checking procedures although administrative problems still remained. No irregularities were discovered in the course of the inspections.

Looking ahead

The Report emphasizes the need for accurate information and statistics on which to base regional development programmes and ensure a fair allocation of the Fund. Regional programmes, prepared according to a common outline approved by the Regional Policy Committee in 1976, have to be sent to the Commission by the end of 1977.

The Report also welcomes the move by the new Commission to co-ordinate Community structural policies. The aim must be to ensure that financial assistance and particular policies are not contradictory, but as far as possible contribute to implementing the same purposes, by better concentration of resources.

Studies have shown, for instance, that areas with inadequate agriculture have not, by comparison with other regions, received Community financial aid in proportion to the gravity of their structural problems. This is a matter that needs remedying. The Commission is also undertaking detailed analyses of industries in difficulties, such as the textile and car industries, to see whether help can be given through the several financial instruments at the Community's disposal. The Commission notes with satisfaction that the EIB, in 1976, concentrated its activities in the less favoured regions of the Community.

Information on the Fund

The Commission notes that Regional Fund grants are particularly suited to bring Community activities to public notice, and considers that the attention the Commission gave to publicity during 1976 had good results. This was particularly true, according to the Report, in Italy, the UK and Ireland, the principal beneficiaries of the Fund. Press information and hoardings on Community aided projects had the most impact on public opinion. The latter were used to good effect in Britain and Italy in 1976; now the Commission is insisting that hoardings are erected systematically in all member States during 1977.

Conclusions

The Report points out that the Regional Fund budget was fixed by the Conference of Heads of State and Governments in December 1974. The exceptionally high rates of inflation experienced by the Community in 1975 and 1976, particularly in the main beneficiary countries, devalued the Fund's resources and reduced possibilities of assistance.

In any event, by itself, the Fund can make only a relatively modest contribution to solving regional problems. The Commission regrets, however, that because national governments preferred to use Community grants as part substitution instead of additional payments on projects the impact was less than it should have been. The Commission also notes that no member State made use of the facility, provided for by Fund regulation, to grant interest rebate on loans from the EIB. This, it suggests, could have made loans more attractive for a number of investments whose short-term profitability is uncertain and, via the Fund, made more resources available for regional development.

In spite of economic difficulties and lack of adequate resources, the Commission believes that the value of the Fund was well vindicated in 1975-76. Greater co-ordination of financial aids should enable the Commission to tackle the needs of the poorer areas better in 1977. This, it says, is a priority task.

Regional fund grants £64m

The Commission has approved a third allocation of grants for this year from the European Regional Development Fund, totalling 144.35 mua. This brings the total approved since the first grants, made in October 1975, to 1,090 mua.

The new grants relate to 304 investment projects in six member States, representing a total investment of 1,312 mua. 42.7 mua are granted for 113 projects in the industry, handicraft and service fields and 99 mua for 181 infrastructure projects.



How much a pound?

Unit prices and the consumer

The Commission has proposed that all foodstuffs for supply to the end consumer shall have their selling prices and unit prices marked and displayed.

The importance of unit pricing for the consumer lies in the fact that it helps to compare the prices of similar products which are on sale in a wide variety of packed quantities or package sizes. This can be achieved in part by standardizing the quantities packaged into logical ranges. But this still involves some arithmetical calculation on the part of the consumer and for some products is simply not practical.

Unit pricing offers a more complete means of achieving market transparency.

Variety

Given the wide variety of package sizes and quantities currently used it is frequently difficult for the consumer to obtain a straightforward insight into the price range of a number of products. The result is that not many people will succeed in choosing the cheapest product off the shelves. For people who regard price as an important purchasing criterion, unit pricing is a vital item of information.

Savings

It has been shown that with a system of unit pricing the consumer can make appreciable savings (3-10 per cent). And apart from its financial advantages, unit pricing can also cut the time factor involved in purchasing. A further advantage of unit pricing is that an illogical price range (e.g. a large package that costs more per unit than a small package) can be more easily identified and is less likely to be put on the market.

The same applies to unnecessarily bulky and possibly deceptive packaging.

The cost of unit pricing schemes is not evenly spread. As far as large and intermediate sized chains are concerned, unit pricing can even be an economic benefit. Small shops, however, do not have the benefit of computerisation. Pricing and labelling is a labour intensive operation for which they are least equipped.

Evidence given to the Commonwealth of Massachusetts Consumer Council (USA) indicates that the spin-off benefits of unit pricing in the way of inventory control and more accurate pricing systems have often more than offset any cost to larger stores.

The existence and use of the com-

puter is nowadays a vital element in supermarkets' pricing systems. The cost of the computer system is already passed on directly to the consumer and the computerised labelling systems can cope with printing out additional information such as the price per unit measurement with little problem and, most importantly, little extra expense.

Manufacturers have maintained that displaying unit prices encourages price increases. But surveys carried out in France show that the marking and display of the unit price tends to promote competition and therefore help to moderate prices. Experience in other countries has shown that consumers can make useful savings through the use of unit pricing.

Flexible

The main burden of expense would fall on the small retailer if a rigid system of pricing and labelling of all items were employed. The European Commission has consequently opted for a more flexible system as regards the small retailer where only the minimum requirements of display boards (rather than individual pricing of goods) would be required.

Within the Community, four countries have already introduced legislation regarding unit pricing and some other countries have taken steps in this direction. Some governments see the obligation to mark and display the unit price as part of an anti-inflation policy and as an instrument of social policy.

The European Commission's aim is to introduce compulsory unit pricing throughout the Community to obtain the maximum benefit for

the consumer. This implies that the retailers should have the minimum financial burden to bear (extra costs would in any case be passed onto the consumer) and that the consumer could reap the maximum gain from increased competition and reduced prices.

Scope

The draft Directive on unit pricing adopted by the European Commission covers all foodstuffs for supply to the final consumer and put up for sale. This includes those sold in bulk that are not packaged or that are broken down only in the presence of the consumer. It applies to foodstuffs prepackaged in variable quantities (such as cheese) and those prepackaged in predetermined quantities (bottled milk for example). It does not include foodstuffs sold in hotels, restaurants, public houses, and similar establishments where consumption takes place on the premises. Neither does it apply to foodstuffs purchased by the consumer for professional or commercial reasons. Advertising offering goods for sale and catalogues mentioning prices of foodstuffs would be subject to the same rules.

The directive is flexible about forms of price marking or display. It is proposed that information as to price per unit of sale and of measurement would be provided by means of labels, shelf labels, signs, posters or wall charts. Whichever used must be easily noticed and not likely to mislead the consumer.

The price of foodstuffs not immediately accessible, such as those in refrigerated cabinets, would have

to be displayed by a nearby wallchart or poster. The price of beef, for instance, would be displayed on a board with price per kilo/pound, together with the unit prices of all other meats, so that easy comparison could be made.

Information on prices in advertisements, special offers and catalogues would come under the same rules as those for identifying foodstuffs for sale. If prices in advertisements were not shown at the place of sale, the advertisements would have to state when the offer was due to expire or whether it applied only while stocks lasted.

Net weight

The price per quantity marked would refer to litres in the case of liquids and kilograms in the case of solids (or equivalents agreed by the member State). It would refer to the net quantity and particularly the net drained weight, as in tinned fruit for example. Retailers in the UK would illustrate the weight and/or volume of foodstuffs in either the imperial system of pounds, ounces and pints, or the international metric system of kilograms and litres. They would have to display both systems if it meant that consumers would be better informed.

The unit price for products sold by the piece, such as eggs, would not be obligatory. But the ordinary price per unit would have to be shown.

Foodstuffs sold in standard bottles or tins would not have to show a unit price. But member States would decide on the list of products that could be sold by the piece. In Denmark for instance, eggs are sold by the

kilo. Member States would also have the power to decide on what sizes of standard packages should be exempted from the directive. Non-standard bottles and tins would have to display a unit price.

The Commission is of the opinion that, by enabling the consumer to make comparisons at the point of sale, unit pricing is likely to intensify pressure to keep prices low. The Directive, if adopted, could help thwart certain misleading advertising ploys and help to reduce the waste resulting from the use of certain types of packaging.

The cost

Such a Directive would involve little extra expense for retailers, particularly the smaller ones who risk being burdened most. Consumers would save time by being able to make quick and easy comparisons. They may also be able to save money in the same way, and would less easily be taken in by deceptive and bulky packaging, for instance, and misleading statements of special offers, price reductions and other incentives.

Price per unit of measurement, along with standard packages and weight or quantity labelling, are methods of helping consumers make rational choices when shopping for food or household goods.

But greater use of unit pricing needs to be promoted by consumer education. Not only must consumers become more aware of how to use unit pricing information, but also of the actual and substantial benefits which they can achieve as a direct result of taking it into account.



Making toys safer

The Commission's concern

Toys can be dangerous to small children. Even the most solicitous parent cannot keep a child under observation all the time. Licking and chewing can poison, small things like doll's eyes can be swallowed; wooden or plastic toys can break or splinter and cause injury; chemical sets, knives, catapults and air guns are not safe in small hands.

While no toy can be completely foolproof, the number of accidents caused to children from toys is a matter of growing concern. The United Kingdom and Germany stand out already for their stringent safety standards and controls for toys, but in other Community countries, such as Italy, the regulations are minimal.

This situation is changing, and recently there have been moves to catch up on safety legislation.

But raising the standard of safety in one country can be tantamount to protection against other Community manufacturers. Although EEC toys can be imported into Italy without problems, Italian toys have great difficulty in being accepted in Germany and elsewhere.

Both from a concern for greater child safety and to avoid the pitfalls of protectionism, the European Commission has been working on proposals to achieve uniform and high safety standards throughout the EEC. Its aim is to bring safety standards up to the level of the most advanced countries.

According to UK figures for 1973/4,

out of a total of 13,855 reported home accidents in 12 months in six urban areas in England and Wales, 238 involved toys. Of these 77 per cent happened to children under 15 years, with 44 per cent of those under four years of age. More than half the accidents were caused by falls; cuts and bruises accounted for 32 per cent, the rest were caused by inhaling, swallowing, putting objects in the ears or nose and poisoning (1 per cent).

Toys causing most accidents were swings, balls, toy cars and trucks, toy guns and pellets. Taken together, marbles, glass eyes or beads, fish hooks, a dummy and a pea-shooter caused a number of other accidents.

The Bureau of European Consumer Unions has called for the collection of similar data in all Community countries under the auspices of a central data collection agency.

Meanwhile, safety requirements diverge dramatically across the Community. Some are incorporated in general safety or consumer legislation; others deal with specific aspects of toy manufacture.

The Commission's draft Directive concerning inflammability and the mechanical and physical properties of toys is nearly ready for submission to the Council of Ministers. When adopted, the Commission notes, the Directive will be a complete innovation for some countries and an abrupt change from existing practices.