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APPENDIX E

PRICE LEVEL INDEXES

General Note

This appendix contains tables showing price level indexes for SITC 2-digit commodity divisions, 3-digit groups, 4-digit subgroups, and in some cases, 5-digit items. The indexes are given in the tables for the subgroups and groups in which the amount and quality of the data were sufficient for publication. The notes that follow the table cover all the subgroups, including those not shown.

The indexes represent country-to-country comparisons of price levels of internationally traded goods at a given point in time. They are expressed as the ratio of a foreign country's price level to that of the United States for a single year.

These place-to-place indexes are aggregated from a 4-digit level. For each 4-digit subgroup a benchmark year was selected for which the best place-to-place data were available, and an index was calculated for that year. Place-to-place indexes for other years were then extrapolated from the benchmark index by the 4-digit index of price competitiveness (which, as explained in Appendix D, may be based in whole or in part on place-to-place data). Weighted averages for 3-digit groups were calculated for 1962, which was in general the year for which we had the best data. The resulting 3-digit 1962 averages were extrapolated to other years by the 3-digit indexes of price competitiveness.

Aggregation to the 2-digit level was done in the same manner, using 1962 as the benchmark and the 2-digit index of price competitiveness as the extrapolator.

For an explanation of 5-digit indexes, where they appear, see notes to the individual tables.

Table E.1
Price Level Indexes, Iron and Steel, 1953, 1957, 1961-64
(U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
67	Iron and steel						
	U.K.	92	85	79	78	76	82
	EEC	88	87	76	74	72	78
	Germany	85	83	77	76	73	78
	Japan	NA	NA	75	70	70	70
673	Bars, rods, angles, shapes, and sections						
	U.K.	NA	84	80	79	76	84
	EEC	84	84	72	66	67	72
	Germany	78	80	72	68	68	74
	Japan	NA	NA	73	63	66	67
673.2	Bars and rods (excl. wire rod)						
	U.K.	NA	NA	79	81	78	NA
	EEC	73	74	64	59	62	63
	Germany	NA	70	62	60	62	64
	Japan	NA	NA	70	NA	NA	NA
673.4 & 673.5	Angles, shapes, and sections						
	U.K.	NA	NA	78	76	75	79
	EEC	NA	104	82	79	78	85
	Germany	NA	NA	82	80	77	84
	Japan	NA	NA	79	NA	NA	NA
674	Universals, plates, and sheets						
	U.K.	98	87	77	74	68	77
	EEC	92	91	76	76	70	76
	Germany	87	86	80	79	72	78
	Japan	NA	NA	80	73	70	71
674.1 & 674.2	--3mm. or more (excl. tinned)						
	U.K.	NA	NA	84	78	75	84
	EEC	NA	105	83	80	75	88
	Germany	NA	102	86	80	74	88
	Japan	NA	NA	NA	NA	NA	81
674.3	--less than 3 mm., uncoated						
	U.K.	NA	74	69	66	NA	NA
	EEC	NA	82	68	68	63	66

(continued)

Table E.1 (concluded)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
674.3	--less than 3 mm., uncoated (continued)						
	Germany	NA	73	70	71	66	69
	Japan	NA	NA	NA	64	NA	NA
674.7	--Tinned						
	U.K.	NA	NA	NA	90	88	90
	EEC	NA	NA	90	NA	NA	NA
	Japan	NA	NA	NA	90	NA	NA
674.8	--less than 3 mm., coated (excl. tinned)						
	EEC	NA	NA	NA	79	NA	NA
	Germany	NA	NA	NA	79	NA	NA
675	Hoop and strip						
	EEC	NA	NA	NA	77	NA	NA
	Germany	NA	NA	NA	76	NA	NA
677	Iron and steel wire (excl. wire rod)						
	EEC	NA	81	69	66	65	70
	Japan	NA	NA	60	57	55	57
678	Tubes, pipes, and fittings						
	U.K.	86	82	80	84	86	87
	EEC	86	82	76	79	80	83
	Germany	86	78	76	78	80	82
	Japan	NA	NA	73	74	76	69
678.2	Tubes and pipes (excl. cast iron), seamless						
	U.K.	91	87	84	89	91	90
	EEC	111	90	82	86	87	87
	Germany	107	89	83	87	88	88
	Japan	NA	NA	70	70	76	73
678.3	Tubes and pipes (excl. cast iron) welded, etc.						
	U.K.	NA	NA	85	86	87	89
	EEC	NA	83	76	78	78	85
	Germany	NA	75	78	77	78	83
	Japan	NA	NA	NA	NA	NA	71
678.5	Tube and pipe fittings						
	U.K.	NA	NA	54	64	69	71
	EEC	NA	NA	61	65	67	65
	Germany	NA	NA	55	60	61	59
	Japan	NA	NA	NA	64	60	NA

Notes to Table E.1

Note: SITC 67: The 1962 price level index for each country is a weighted average of the 3-digit groups for which we had place-to-place data. For the *United Kingdom* all 3-digit groups are included except 679. In addition to the published indexes for 673, 674, and 678, described below, there are approximately 25 price level observations for the 3-digit groups which are not published separately. The *EEC* index excludes 676 and 679; and the *German* index, 671, 676, and 679. In addition to the 3-digit indexes shown in the table, there are a dozen observations in each case covering the unpublished groups. The *Japanese* index covers only 673, 674, 677, and 678, all of which are described below.

673: The 1962 price level indexes for the *United Kingdom* and *Germany* are each based on the 1962 weighted average of 673.2, and 673.4, and 673.5 combined, described below. The 1962 *EEC* and *Japanese* indexes are derived in the same way except that in each case one or two observations for 673.1 are also included in the average. In the case of Japan, the extrapolation to 1962 of 673.2 and of 673.4 and 673.5 combined is not shown in the table, since the indexes of price competitiveness for these two groups are not reliable enough to publish separately.

673.2: The benchmark year is 1961 for all countries. There were 22 place-to-place observations for that year for the *United Kingdom*, 26 for the *EEC*, 12 for *Germany*, and 16 for *Japan*.

673.4 and 673.5: The price level in 1964, based on 36 observations, is the benchmark for the *U.K.* index. For the *EEC* and *Germany* the benchmark is the 1962 level, with 66 *EEC* observations, 52 of which were for *Germany*. The *Japanese* price level index is shown only for 1961, for which we had 13 observations.

674: The 1962 price level index for the *United Kingdom* is the weighted average of the 1962 indexes for 674.1 and 674.2 combined, 674.3, and 674.7, described below. The *EEC* and *German* 1962 price level indexes are the weighted averages of 1962 indexes for all four 4-digit groups. The 1962 *EEC* price level for 674.7 is not shown in the table, since the index of price competitiveness for this group is not reliable enough to publish separately. The extrapolated index for 1962, however, is included in the 674 average. For *Germany* the 674.7 index, not shown in the table but included in the aggregation, is based on two place-to-place observations for 1962. The 1962 *Japanese* price level index is a weighted average of 1962 indexes for 674.1 and 674.2 combined, 674.3, and 674.7. The 1962 *Japanese* price level for 674.1 and 674.2 combined is not shown in the table, since the index of price competitiveness used as an extrapolator is not reliable enough to publish separately.

674.1 and 674.2: The benchmark year for the *U.K.*, the *EEC*, and *Germany* is 1962, with 44 observations for the *United Kingdom*, and 100 for the *EEC*, 83 of which are for *Germany*. The *Japanese* index is based on 32 place-to-place observations for 1964.

674.3: The benchmark year for the *U.K.* and *Japan* is 1962, with from 10 to 15 observations for each country. For the *EEC* and *Germany* the benchmark year is 1963, with 24 observations, half of which are for *Germany*.

674.7: The benchmark year for the *United Kingdom* and *Japan* is 1962, with between 5 and 10 observations for each. The *EEC* benchmark is 1961, based on 10 observations.

674.8: The benchmark for both *EEC* and *German* indexes is 1962, based on 71 *German* observations.

675: The benchmark year is 1962 for both the *EEC* and *Germany*. The *EEC* index for that year is based on 19 place-to-place observations, 16 of which are for *Germany*.

677: The *EEC* benchmark is 1962, with 47 observations. For *Japan*, 1964 is the benchmark year, for which we had 10 observations.

678: The 1962 price level index for each country is the weighted average of the 1962 indexes for 678.2, 678.3, and 678.5, described below. The 1962 *Japanese* price level for 678.3 is not shown in the table, since the index of competitiveness for this group is not reliable enough to publish separately. The extrapolated index for 1962, however, is included in the 678 average.

678.2: The benchmark year is 1964 for the *United Kingdom*, the *EEC*, and *Germany*. The indexes for that year are based on 91 U.K. observations and 128 *EEC* observations, 71 of which are for *Germany*. The *Japanese* benchmark year is 1963, with 73 observations.

678.3: The benchmark year is 1962 for the *United Kingdom*, the *EEC*, and *Germany*. The indexes for that year are based on 13 U.K. observations, and 51 *EEC* observations, 18 of which are for *Germany*. The *Japanese* benchmark year is 1964, with 31 observations.

678.5: The benchmark year for each country is 1962. For that year we have between 100 and 150 place-to-place observations for the *United Kingdom* and the *EEC* and between 40 and 50 for *Germany* and *Japan*.

Table E.2
Price Level Indexes, Nonferrous Metals, 1953, 1957, 1961-64
(U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
68	Nonferrous metals						
	U.K.	92	93	93	92	94	98
	EEC	96	93	91	91	92	99
	Germany	98	98	93	94	93	100
682	Copper						
	U.K.	94	93	93	94	94	99
	EEC	96	96	95	94	94	105
682.2	Copper and alloys, worked						
	U.K.	NA	NA	NA	88	NA	NA
684	Aluminum						
	U.K.	90	94	94	92	95	95
	EEC	96	90	90	89	90	90
	Germany	NA	NA	NA	94	NA	NA
684.1	Aluminum and aluminum alloys, unwrought						
	U.K.	NA	NA	NA	95	NA	NA
	EEC	NA	NA	NA	95	NA	NA
	Germany	NA	NA	NA	101	NA	NA
684.2	Aluminum and aluminum alloys, worked						
	U.K.	NA	NA	NA	86	NA	NA
	EEC	NA	NA	NA	80	NA	NA
	Germany	NA	NA	NA	82	NA	NA

Note: **SITC 68:** The 1962 price level index for each country is a weighted average of the indexes for eight of the nine 3-digit groups which make up SITC 68. The one group omitted was 688 (uranium and thorium and their alloys), which represents only 0.03 per cent of the weight of the total group. No Japanese data were available for SITC 68. For 682 (copper) and 684 (aluminum), see notes below. For a discussion of the data on other nonferrous metals in the 68 group, see Chapter 10.

682: For the *U.K.* index the best data available for both 682.1 (unwrought copper) and 682.2 (worked copper) were for 1962. The 682 index for 1962 is, therefore, a weighted average of direct 1962 place-to-place observations for both 4-digit groups. For the *EEC* the benchmarks are 1962 for 682.1 and 1961 for 682.2. The 682 index for 1962 is therefore a combination of direct observations for 682.1 and an extrapolated index for 682.2.

682.2: See 682.

684: The 1962 indexes are weighted averages of direct observations of 1962 price levels for 684.1 and 684.2. The number of observations is substantial for that year, in some cases numbering several hundred.

684.1 and 684.2: See 684.

Table E.3
Price Level Indexes, Miscellaneous Metal Manufactures, 1953, 1957, 1961-64
(U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
69	Manufactures of metal, n.e.s.						
	U.K.	97	95	97	92	92	92
	EEC	97	96	97	96	93	91
	Germany	90	87	92	92	91	90
	Japan	NA	NA	74	74	69	73
691	Finished structural parts and structures, n.e.s.						
	U.K.	NA	NA	NA	NA	93	NA
	EEC	NA	NA	144	NA	NA	NA
692	Metal containers for storage and transport						
	U.K.	NA	103	91	93	88	85
	EEC	125	107	96	98	95	96
	Japan	NA	NA	NA	95	89	NA
692.1	Tanks, vats, etc., for storage or manufacturing						
	U.K.	NA	NA	86	90	81	80
	EEC	NA	NA	NA	NA	84	NA
692.2	Casks, drums, boxes, cans, etc., for transport						
	U.K.	NA	NA	94	96	94	89
	EEC	127	108	98	99	97	98
693	Wire products (excl. electric) and fencing grills						
	U.K.	NA	95	100	95	89	89
	EEC	65	72	78	77	72	76
	Germany	74	82	90	85	80	87
	Japan	NA	NA	89	86	78	76
693.1	Wire cables, ropes, etc., not insulated						
	U.S.	NA	103	108	97	92	NA
	EEC	NA	70	80	77	66	72
	Germany	NA	NA	87	78	68	79
	Japan	NA	NA	88	86	71	NA
693.3	Gauze, netting, grill, fencing, etc., of wire						
	EEC	NA	NA	75	76	77	80
694	Nails, screws, nuts, bolts, etc., iron, steel, or copper						
	U.K.	NA	NA	89	89	87	79
	EEC	97	88	89	88	85	83

(continued)

Table E.3 (concluded)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
694.1	Nails, tacks, staples, spikes, etc.						
	U.K.	NA	NA	80	NA	NA	NA
	EEC	NA	NA	69	70	67	69
694.2	Nuts, bolts, screws, rivets, washers, etc.						
	U.K.	NA	NA	NA	91	NA	NA
	EEC	NA	NA	99	97	94	89
695	Tools for use in the hand or in machines						
	U.K.	NA	NA	101	100	99	99
	Germany	75	71	79	81	80	81
696	Cutlery						
	Japan	NA	NA	74	76	82	91
698	Manufactures of metal, n.e.s.						
	U.K.	87	77	80	84	85	87
	EEC	97	96	91	91	93	89
	Germany	96	94	89	89	91	87
	Japan	NA	NA	NA	NA	NA	73

Note: **SITC 69:** The 1962 benchmark indexes are weighted averages of the 1962 indexes for the 3-digit groups for which we have data. All eight 3-digit groups are included in the *U.K.* and *EEC* indexes for 69. The *German* index excludes 69I. The *Japanese* index is based only on 692, 693, 695, and 696. Benchmark levels estimated at the 3- or 4-digit level are based on a total of over 400 observations for the United Kingdom, about the same number for EEC, approximately 150 for Germany, and about 170 for Japan. Indexes for 697, not shown separately, are based on 1963 benchmark data.

691: This group was treated as a whole since data are not detailed enough for a 4-digit breakdown. The benchmark year for the *United Kingdom* is 1963; and for the *EEC*, 1961. Extrapolation to other years is not shown, since the indexes of competitiveness are not sufficiently reliable to publish separately.

692: The 1962 *U.K.* benchmark is a weighted average of 692.1 and 692.2, shown separately and described below. The 1962 *EEC* benchmark is a weighted average of 692.1, 692.2, and 692.3. The first two of these components are described below. For 692.3 we had a 1964 benchmark level based on nine observations and extrapolated to 1962 by the index of competitiveness for 692 as a whole. The *Japanese* index is based on a few 1963 place-to-place observations for 692.1 (extrapolated to 1962 by a competitiveness index for that group), and for 692.2 (extrapolated to 1962 by the competitiveness index for 692 as a whole). The *German* index, not good enough to publish separately, covers 692.2 only.

692.1: For both the *United Kingdom* and the *EEC* the benchmark year is 1963. There were 12 place-to-place observations in each case.

692.2: For both the *United Kingdom* and the *EEC* the benchmark year is 1964. There were 23 observations for the *United Kingdom* and 31 for the *EEC*.

693: For the *United Kingdom*, the *EEC*, and *Germany* the 1962 benchmarks are weighted averages of 693.1, 693.2, and 693.3, representing over 98 per cent of the total weight of 693. For the *United Kingdom* the benchmark year is 1962 for all subgroups. For the *EEC* the benchmark year is 1962 for 693.1, 1964 for 693.2, and 1963 for 693.3. For *Germany* the benchmark year is 1962 for 693.1 and 693.2 and 1963 for 693.3. The *Japanese* benchmark level for 1962 is based solely on 693.1.

693.1 and 693.3: See 693.

694: For both the *United Kingdom* and the *EEC* the 1962 benchmark is a weighted average of 694.1 and 694.2 (see notes below). A *German* index was also constructed, based on 1961 place-to-place data and indexes of competitiveness for both 694.1 and 694.2. This *German* index is included in the 69 aggregate but is not based on sufficient data to show separately.

694.1: For both the *United Kingdom* and the *EEC* the benchmark year is 1961. Extrapolation to other years is not shown for the *United Kingdom*, since the index of competitiveness is not sufficiently reliable to publish separately.

694.2: The benchmark year for the *United Kingdom* is 1962, and for the *EEC*, 1961.

695, 696, and 698: These groups are each treated on the 3-digit level, since data were not detailed enough for a 4-digit breakdown. The benchmark year for all countries is 1962 for 695, and 1963 for 696. For 698 the benchmark year is 1963 for the *United Kingdom*, 1962 for the *EEC* and *Germany*, and 1964 for *Japan*.

Table E.4
Price Level Indexes, Machinery Other than Electric, 1953, 1957, 1961-64
(U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
71	Machinery other than electric						
	U.K.	89	90	90	90	90	91
	EEC	92	89	91	93	93	92
	Germany	92	88	91	93	93	93
711	Power generating machinery other than electric						
	U.K.	99	94	93	93	91	93
	EEC	100	94	93	96	95	92
	Germany	96	89	91	94	94	89
711.4	Aircraft engines (incl. jet propulsion engines)						
	U.K.	NA	94	98	97	92	91
711.5	Internal combustion engines exc. for aircraft						
	U.K.	97	95	90	90	88	94
	EEC	101	95	94	96	95	92
	Germany	100	90	91	94	93	88
712	Agricultural machinery and implements						
	U.K.	88	90	86	86	86	86
	EEC	92	92	91	91	90	90
712.5	Tractors, other than road tractors						
	U.K.	80	82	79	78	77	78
	EEC	87	86	84	84	85	86
714	Office machines						
	U.K.	98	97	97	100	97	97
	EEC	117	98	97	99	98	96
	Germany	115	96	96	99	97	96
714.2	Calculating, accounting machines, etc. (incl. electronic computers)						
	U.K.	104	103	100	102	97	96
	EEC	120	100	100	103	100	98
715	Metalworking machinery						
	U.K.	77	80	81	85	86	87
	EEC	77	80	88	88	88	87
715.1	Machine tools for working metals						
	U.K.	77	80	81	85	86	87
	EEC	75	78	86	86	85	84
	Germany	80	82	87	87	89	88

(continued)

Table E.4 (continued)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
	Metal-cutting machine tools						
	U.K.	73	76	77	80	80	81
	EEC	72	73	82	80	78	78
	Germany	76	78	82	81	82	81
	Metal-forming machine tools						
	U.K.	84	88	90	97	101	100
	EEC	82	90	96	99	105	97
	Germany	88	90	99	101	108	104
715.2	Metalworking machinery other than machine tools						
	EEC	NA	NA	94	95	95	97
	Germany	NA	NA	93	94	94	96
717	Textile and leather machinery						
	U.K.	83	83	84	85	86	87
	EEC	89	86	87	88	88	88
	Germany	89	86	87	88	88	89
717.1	Textile machinery						
	EEC	88	84	85	86	86	87
	Germany	88	84	86	86	87	88
717.2	Machinery (excl. sewing) for hides, skins, or leather						
	U.K.	NA	NA	NA	71	71	65
	EEC	NA	77	74	76	75	76
717.3	Sewing machines						
	EEC	95	95	94	96	95	95
	Germany	96	96	95	97	96	96
718	Machines for special industries						
	U.K.	NA	106	106	104	102	102
	Germany	NA	99	103	106	104	106
718.2	Printing and bookbinding machinery						
	U.K.	92	97	96	93	93	94
	Germany	92	89	94	93	91	96
718.3	Food-processing machines (excl. domestic)						
	U.K.	NA	NA	NA	NA	NA	134
	EEC	99	89	91	92	93	95
	Germany	101	91	94	94	93	95
718.4	Construction and mining machinery, n.e.s.						
	U.K.	NA	109	109	108	107	107
	EEC	NA	NA	NA	NA	111	NA
	Germany	NA	106	110	115	114	114

(continued)

Table E.4 (continued)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
718.4	Construction and mining machinery, n.e.s. (continued)						
	Japan	NA	NA	103	102	100	97
718.5	Mineral crushing, sorting, etc., machinery; glassworking machinery						
	U.K.	NA	NA	90	88	80	NA
	Germany	NA	NA	NA	NA	100	NA
719	Machinery and appliances (nonelect.) and parts, n.e.s.						
	U.K.	85	85	85	86	87	88
	EEC	84	84	88	90	91	91
	Germany	84	82	87	90	91	91
719.1	Heating and cooling equipment						
	U.K.	NA	NA	94	94	94	93
	EEC	101	102	103	104	105	102
	Germany	85	87	97	101	103	102
719.2	Pumps and centrifuges						
	U.K.	92	100	96	97	96	95
	EEC	97	95	98	101	100	100
	Germany	95	91	96	100	99	99
719.3	Mechanical handling equipment						
	U.K.	NA	86	84	83	89	91
	EEC	72	80	81	86	85	85
	Germany	NA	73	74	78	78	77
719.31	Lifting and loading machinery						
	U.K.	NA	83	81	80	86	89
	EEC	NA	76	77	82	81	82
	Germany	NA	69	70	75	74	74
	France	NA	NA	NA	106	102	106
	Italy	NA	NA	NA	NA	81	NA
	Japan	NA	NA	NA	NA	73	80
719.32	Forklift and other industrial trucks						
	U.K.	NA	NA	NA	NA	101	103
	EEC	NA	105	105	106	106	102
719.5	Powered tools, n.e.s.						
	U.K.	95	90	93	90	92	89
	Germany	89	83	92	98	97	99
719.6 & 719.8	Nonelect. mach. and appliances, n.e.s. (excl. household appliances)						
	U.K.	NA	82	84	84	83	86
	EEC	82	82	89	91	92	96
	Germany	84	86	92	93	94	98

(continued)

Table E.4 (concluded)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
		719.9	Parts and accessories of machinery, n.e.s.				
	U.K.	NA	NA	63	66	70	69
	EEC	74	70	70	72	75	74
	Germany	73	69	70	72	75	74
719.92	Taps, cocks, valves, and similar appliances, n.e.s.						
	U.K.	78	69	67	69	72	74
	EEC	87	76	75	77	79	79
	Germany	80	70	71	73	77	77
	Japan	NA	NA	NA	70	71	89

Note: SITC 71: The 1962 index for each country is a weighted average of the seven 3-digit component groups.

711: The 1962 U.K. index is a weighted average of 1962 indexes for all component 4-digit groups except 711.6 and 711.7, which were relatively insignificant in OECD exports. For 711.2 and 711.8 we had 1961 benchmark levels, and for 711.3 a 1963 benchmark level. Since we did not have indexes of competitiveness for these three subgroups, the price level indexes were extrapolated to 1962 by the 3-digit competitiveness index. For 711.1 the benchmark is 1962 (see notes below for 711.4 and 711.5). The 1962 EEC and German indexes are weighted averages of the 1962 indexes for all component 4-digit groups except 711.4 and 711.7. For 711.2 we had a 1961 benchmark level; and for 711.3, a 1963 one. Since we did not have indexes of competitiveness for these two subgroups, the price level indexes were extrapolated to 1962 by the 3-digit competitiveness index (see notes below for 711.5).

711.4: The basis for the place-to-place indexes for complete aircraft engines is a multiple correlation between engine price, power (thrust), and weight, for 20 U.S. and British aircraft engines available in 1962. For a detailed description of the derivation of this equation, and comparisons with alternative measures, see the appendix to Chapter 12. The average ratio of British prices to those calculated from the regression line was divided by the average ratio for American prices to give the place-to-place index for complete aircraft engines (excluding parts) in 1962, and this ratio was extrapolated to other years by the competitiveness index for complete aircraft engines, based on time-to-time data.

A place-to-place index for aircraft engine parts for 1964 was calculated from company price data, and extrapolated back to 1962 by the competitiveness index for parts. This was combined with the 1962 index for complete engines, assuming equal weights for parts and engines.

711.5: This group was further subdivided by type of engine, and 1962 price levels were estimated separately for three types, as follows:

	U.K.	EEC	Germany
Automotive diesel engines	70	NA	85
Outboard motors	94	100	NA
Parts of internal combustion engines	87	95	90

(continued)

Notes to Table E.4 (continued)

The 1962 indexes for automotive diesel engines are mainly from Chapter 5. The indexes for outboard motors are from the appendix to Chapter 12, and those for engine parts are based on nearly 200 price comparisons by purchasers of parts, mainly engine manufacturers. The above indexes were combined with other data for gasoline engines and automotive and marine diesels, mainly from U.S. and foreign buyers, using the following weights: diesel, 4; outboard, 1; gasoline, 2; parts, 8.

712: The indexes were built up from indexes for each subgroup, but only 712.5 (tractors) is reliable enough to publish separately. Within the latter subgroup the *U.K.-U.S.* tractor comparisons are based on nearly a score of observations for 1964, obtained from 10 different sources, mostly producers. The *EEC* comparison with the United States is based on a dozen tractors; half of the comparisons were between German and U.S. prices. In some cases, where prices of tractors that were reported to be similar and competitive differed in horsepower and weight, we compared the extent and direction of the deviations of actual foreign and U.S. prices from the prices estimated by the logarithmic regression equation (based on 61 observations and including weight and horsepower) described in the appendix to Chapter 12. The comparisons for the subgroups other than tractors are based on 8 to 10 observations for 1963.

712.5: See 712.

714: The 1962 index for each country is a weighted average of the four 4-digit subgroups. Data for subgroup 714.1 are mainly price comparisons by purchasers and cost data from international companies producing in several countries. There are also some export comparisons from companies operating in several countries. The benchmark year for this subgroup is 1962 for the *United Kingdom* and 1964 for the *EEC* and *Germany*. Indexes for subgroups 714.2 and 714.3 are mainly from export price reports of international companies and cost data. Benchmark years are 1962 for 714.2, 1963 for 714.3 for the *United Kingdom*, and 1961 for 714.3 for the *EEC* and *Germany*. Price levels for 714.9 are a combination of data for item 714.91, from company export price comparisons, with estimates for machine parts based on the corresponding machine indexes. The benchmark year is 1962 for all countries for 714.9.

The place-to-place comparisons for benchmark years are based on over 35 observations from eight sources for the *United Kingdom*, on from 10 to 15 observations from six sources for *Germany*, and on more than 40 observations from eleven sources for the *EEC* as a whole.

714.2: See 714.

715: The *U.K.* index is based on 715.1 only. The 1962 indexes for the *EEC* and *Germany* are weighted averages of 715.1 and 715.2.

715.1: Benchmark levels were calculated for 1962. The *U.K.* relative price level estimate for 1962 is based on more than 50 comparisons with U.S. prices, covering all but one of the machine tool categories. About two-thirds of the data were supplied by sellers of machine tools, including U.S. companies with U.K. subsidiaries. The *EEC* estimate is composed of about 70 observations with all categories of tools included, but only about 30 observations were available for the *German* index.

For three types of machine tools there are enough observations to permit the publication of separate indexes, shown below:

	U.S.	U.K.	EEC
Drilling machines	100	NA	83
Lathes	100	NA	87
Milling machines	100	70	85

A completely independent source of machine tool price comparisons is provided by a survey of distributors of U.S. machine tools in thirty-six foreign countries taken by the National Tool Builders' Association in 1963. The results were published in *Survey of Foreign Machine Tool Markets*, National Machine Tool Builders' Association, Washington (no date, but probably 1963). These foreign distributors were asked to estimate both the price differential and the quality differential between U.S. and foreign machine tools in their countries. For each importing country we computed a quality-adjusted place-to-place comparison among the exporters' prices from these two estimates by dividing the price ratio by the quality ratio, and further adjusted it for differences in tariffs levied on tools from different sources of supply. We then averaged these across the list of purchasing countries, weighting each purchasing country's observations equally. The results follow, for the indexes unadjusted and adjusted for quality differences:

Country of Origin of Tools	Unadjusted	Adjusted
U.S.	100	100
U.K.	72	87
EEC	68	85
Germany	70	84
France	71	90
Italy	62	90
Switzerland	82	86
Japan	57	94

Both sets of indexes have been adjusted for tariff differences to place sellers' prices on an f.a.s. basis.

715.2: Relative price levels for 1961-64 as a whole were estimated from place-to-place comparisons for the *United Kingdom*, the *EEC*, and *Germany*. The years were combined because of the scarcity of place-to-place data in this group. More than 10 individual price comparisons were used for the United Kingdom and German price levels and approximately 30 for the EEC level.

These price level estimates for Germany and the EEC countries were then extrapolated to individual years by the indexes of price competitiveness. For the United Kingdom no extrapolation was possible since we did not have an index of price competitiveness.

Data for 1956 and 1957, insufficient for calculation of reliable indexes, suggest that the *German* and *EEC* price levels, particularly the former, were considerably lower relative to the United States, at about 80, while the *U.K.* relative price level was substantially higher than in 1961-64 and probably a bit above the U.S. level.

717: The 1962 indexes are weighted averages of the three 4-digit subgroups.

717.1: The benchmark year for the *EEC* and *Germany* is 1963. For the *United Kingdom* an index was constructed based on 1962 benchmark data. This 1962 index is included in the 3-digit aggregate, but is not sufficiently reliable to publish separately. For information on type and quantity of data for all countries see Chapter 12.

717.2: The benchmark year for the *United Kingdom* was 1964 and for the *EEC* 1963. A German index, not published separately, was constructed based on a 1963 benchmark, and the 1962 extrapolated figure is included in the 3-digit aggregate. For information on type and quantity of data for all countries, see Chapter 12.

717.3: The benchmark year for the *EEC* is 1964; and for *Germany*, 1963. A *U.K.*

(continued)

Notes to Table E.4 (continued)

index, not published separately, is based on a 1964 benchmark, and the 1962 extrapolated figure is included in the 3-digit aggregate. For information on type and quantity of data for all countries see Chapter 12.

718: The 1962 *U.K.* index is a weighted average of the five 4-digit subgroups. For 718.1 a 1963 benchmark index was extrapolated to 1962 by the 3-digit index of price competitiveness. For other 4-digit subgroups, see notes below. The 1962 *German* index covers all 4-digit subgroups except 718.1 (see notes below). An *EEC* index covering all five subgroups was constructed and included in the aggregation for SITC 71, but was not sufficiently reliable to publish separately.

718.2 The benchmark year is 1962 for both the *United Kingdom* and *Germany* as well as for the unpublished *EEC* index. The 1962 indexes are composed mainly of place-to-place comparisons for that year by buyers, including about 15–20 observations for both the *U.K.-to-U.S.* and the *German-to-U.S.* comparisons. The great bulk of the data is for printing equipment, which is weighted at almost three-quarters of the total.

Another set of price level estimates can be calculated using place-to-place data for all years, which we consider to be less reliable in this group than the time-to-time data. These give the following results:

	1953	1957	1961	1962	1963	1964
U.K.	83	90	95	93	95	98
Germany	90	90	92	93	94	103

These comparisons for years other than 1962 are from the same sources as the 1962 index used above. The 1961–63 indexes for both Germany and the United Kingdom should be about as reliable as those for 1962, but the earlier and later ones cover a narrower range of products and include fewer observations.

718.3: The benchmark year for the *United Kingdom*, the *EEC*, and *Germany* is 1964. Indexes for 1964 were derived from approximately 20 place-to-place observations, about evenly divided between relatives for the United Kingdom and relatives for the *EEC*. A 1961 *U.K.* index of 123 was also calculated from place-to-place data. For aggregating, the *U.K.* index was extrapolated to 1962 by the 718 index of price competitiveness, since we did not have a 4-digit price competitiveness index. Some remarks in one of the sources used suggest that the 1964 ratio for *EEC* countries other than Germany may be understated because quality differences were not taken into account. Independent data for 1963 suggest that German and other *EEC* prices in that year were both slightly higher than U.S. prices.

718.4: The benchmark year for all countries is 1963. The 1963 indexes combine buyers' and sellers' observations. Most are bid data from buyers, covering a wide variety of construction equipment, but only a few observations involve mining or oil-well drilling equipment. The *U.K.*, *EEC*, and *German* indexes each include 15–20 observations, and the *Japanese* index includes about 10. The indexes for other years are derived from indexes of price competitiveness based on time-to-time data, and thus do not represent an independent check on them, but there are a few independent observations. An average of *U.K.* price relatives for 1964, composed of fewer items and different ones from the 1963 index, is 105. A smaller set of relatives, roughly comparable in coverage in the two years, shows averages of 105 in 1963 and 104 in 1964. For *Japan*, a very small set of place-to-place observations confirms the indication of a fall in Japanese prices relative to U.S. ones. In a few cases we could compare prices offered by U.S. companies with those

offered by their subsidiaries in the United Kingdom for the same model of a machine. In all of these cases the U.K. price was lower than the U.S. one, and the average ratios for 1963 and 1964 were 93 and 96 per cent. These comparisons are likely to involve machines more similar from one country to another than those usually compared. However, their production by U.S. subsidiaries suggests that they may not have been a random sample of either U.K. or U.S. export items.

718.5: The benchmark year is 1963 for both the *United Kingdom* and *Germany*, as well as for the unpublished *EEC* index.

The U.K. price level for 1963 is based on the average of more than ten items including both complete machines and machine parts.

Approximately two-thirds of the items were parts; and one-third, complete machines. If the ratios are reweighted to give equal weights to parts and complete machines, the 1963 average is about 87, and if complete machines are given twice the weight of parts, it is about 93. There are no world trade weights distinguishing parts from complete machines, but U.S. export data for some of the machines and their parts suggest that the complete machines should have between one-half and two-thirds of the total weight. Such a weighting of the two groups would give an index of 90 instead of the 80 per cent shown here.

The *German* price level for 1963 is an average ratio for more than five items, all but one of which were complete machines.

719: The 1962 index for each country is a weighted average of all 4-digit components except 719.4 (domestic appliances, nonelectric). For 719.7, not shown separately, the indexes are based on 1962 benchmark data. For other subgroups, see notes below.

719.1: The benchmark year is 1962 for the *United Kingdom*, the *EEC*, and *Germany*. The place-to-place comparisons are based on reports from about thirty-five sources. The basic procedure was to adjust individual reports to 1962 through the use of the appropriate 5-digit time-to-time indexes. Each of the basic foreign-U.S. comparisons was computed from more than a score of observations.

719.2: The benchmark year was 1963 for the *United Kingdom*, the *EEC*, and *Germany*. Each benchmark is a weighted average of place-to-place price relatives for 1963 for each of the three subcategories. In some cases the underlying 5-digit relatives were simple averages for 1963, but more often advantage was taken of the stability of the international price relationships in 1962-64 to pool data for these years. For 719.21 and 719.22, the 1963 estimates are based on from around 35 to 125 comparisons, but for 719.23 only around a dozen observations were available.

719.3, 719.31, and 719.32: The 719.3 benchmark year is 1963 for the *United Kingdom*, the *EEC*, and *Germany*. For the *United Kingdom*, the index of price competitiveness used for extrapolation to other years was derived from place-to-place observations ranging from 5 in 1953 to 15-20 or more in later years. Most of these were in 719.31, and for that reason the index for 719.32 was strong enough to publish only for 1963 and 1964. Almost all of the data were supplied by buyers of equipment, excepting mainly loaders in SITC 719.31 and forklift trucks in 719.32. All the indexes contain wide ranges of price ratios, partly, but not completely, associated with identifiable groups of commodities, and therefore exhibit considerable erratic fluctuation. Comparisons for forklift trucks, loaders, and complex conveying systems tended to be more favorable to the United States than those for cranes and hoists. Among the latter group were a fair number of bids at prices over 40 and even over 50 per cent below U.S. prices, without any clear U.S. quality margin, according to the purchasers.

(continued)

Notes to Table E.4 (continued)

The *German* index for 1963 is derived from approximately 15 place-to-place observations, mainly supplied by purchasers from bid data. The data for 719.32, too thin to produce a publishable index, show German prices at approximately the level of U.S. ones. The German price level for 719.31 may be affected by the lack of German price data for loaders, an item for which U.S. prices tended to be much more competitive than for the cranes and hoists which make up the rest of the subgroup. The U.K. index for 1963, for example, would have been almost five percentage points lower if loaders had been excluded. Separate *French* and *Italian* indexes could be calculated only for SITC 719.31, and only for 1962-64 for France and 1963 for Italy. Even these indexes are based on only 5 to 10 place-to-place observations, mainly from bids reported by purchasers. The comparisons do not cover loaders, and the indexes probably have some downward bias on that account. The *EEC* index for SITC 719.31 is a combination of the German, French, and Italian indexes (weighted by the importance of each country in exports of this subgroup). The French and Italian indexes were extrapolated by the German index to years not covered by their data.

The EEC index for SITC 719.32 is an unweighted average of about 5 observations for 1962-64, extrapolated to individual years by the index for Germany. For 1963 the two subgroup indexes are combined using world trade weights. The *Japanese* data for 719.31 are entirely from almost 20 place-to-place observations for the two years, supplied by purchasers. The movement from one year to the next is not reliable, because of the small number of observations and the wide range of the ratios.

719.5: The benchmark year is 1963 for the *United Kingdom* and *Germany*, and 1962 for the unpublished EEC index. The 1963 price levels for both the United Kingdom and Germany are averages of place-to-place price relatives for that year. The U.K. index is an average of about 15 observations from buyers in subgroups 719.52 and 719.53, with subgroup indexes averaged to calculate the total index. The German index is a similar average, but containing only about 10 observations, also from buyers.

In subgroup 719.53 we have data on a series of bids in 1963 in which several countries participated. These provide a set of comparisons for essentially identical specifications in this group. The average ratios for these bids follow (per cent of United States):

	U.K.	Germany	Sweden
All available bids (11, 7, and 10 items)	87	95	87
Items on which all those countries bid (7 items)	82	95	75
Items on which U.K. and Sweden bid (9 items)	89		86

The U.K. level for 719.53 used in the computations for the group as a whole was 85, and that for Germany was 95.

It was possible in subgroup 719.53 to make a number of comparisons between prices offered by American companies in 1963 and those offered by their foreign subsidiaries to the same buyers, and to compare these with offers by other U.S. and foreign companies. The results suggested that, in this group at least, the comparison with subsidiaries was not equivalent to a comparison of the lowest prices offered by each country and might, in fact, be seriously biased against the United States. In every case the ratio of lowest prices was more favorable to the United States than the ratio of subsidiary to parent company prices and the averages, for four items, were: foreign subsidiary price to parent company price (8 pairs), 50 per cent; lowest price in foreign country to lowest

U.S. price, 82 per cent. The very low ratio between parent companies and their subsidiaries was confirmed by completely independent data provided by U.S. producers. We decided that parent-subsidiary comparisons in this subgroup did not provide the comparisons among lowest offers from each country called for by the design of our study and therefore excluded them from the place-to-place averages. The reason for the large difference between the two types of place-to-place information is made clear by the following data: Ratio, U.S. parent company price to lowest U.S. price, 194 per cent; foreign subsidiary price to lowest foreign price, 108 per cent. The U.S. parent companies were very high bidders in all four cases while their foreign subsidiaries were low bidders in some cases and close to the low in others.

719.6 and 719.8: The benchmark year, from which the total index was extrapolated, was 1964 for the *United Kingdom*, the *EEC*, and *Germany*. The benchmark levels were derived from separate indexes for three component groups. For the *United Kingdom*, for items 719.62–719.66, the 1963 price level was estimated from place-to-place observations for 1963 and 1964 and extrapolated to other years by the indexes of price competitiveness. The U.K. price level for 1964 was used in the two other groups. The benchmark price level estimates were based on over 30 observations. The German benchmark years were 1963 and 1964 for items 719.62–719.66, 1961 for rubber processing machinery, and 1964 for other machinery; and over 30 observations were included. For the *EEC*, for items 719.62–719.66 and for miscellaneous machinery other than rubber processing machines, benchmark price levels for 1964 were used. The 1964 price level for rubber processing machinery was extrapolated from a 1963 benchmark. More than 60 observations made up the benchmark estimates for the *EEC* as a whole.

719.9 and 719.92: The 719.9 benchmark year is 1964 for the *United Kingdom*, *EEC*, and *Germany*. This group was further subdivided into 5-digit categories. For the *United Kingdom*, for each of the 5-digit items on which we had place-to-place data, the best year was selected as a benchmark. These were 1964 for 719.92, 1962 for 719.93, and 1963 for 719.94. More than 150 individual price comparisons went into the calculation of the benchmark price levels. Each of these benchmark price levels was extrapolated to 1964 by means of indexes of price competitiveness from time-to-time data, and the 1964 item price levels were aggregated to estimate a price level for the whole subgroup. For item 719.92, for which place-to-place data are plentiful, two alternative price level indexes can be constructed entirely on this basis. The changes in their level are independent of those in the table, but the 1964 level is not. One of the two is an unweighted index of all the available observations for each year, without adjustment for changes in the composition of the sample. The second is constructed by comparing only identical products from year to year, keeping company weights constant because there are differences among companies in both product composition and in reported price level relationships. The two indexes are:

	1953	1957	1961	1962	1963	1964
Unweighted	72	75	64	67	68	74
Weighted: comparable items only	72	63	62	59	66	74

For *Germany* and the *EEC*, price levels for benchmark years in each item were extrapolated to 1964 in the few cases where that was not the benchmark year, and averaged into a price level for the subgroup as a whole. The extrapolation was by the index of price competitiveness for 719.92. Only 20 to 40 observations were available for

(continued)

Notes to Table E.4 (concluded)

estimating the benchmark levels, and the level for 719.92 is the only one that can be considered as at all solidly based. Even this is inferior to most of the price level measures used in other subgroups. For *Japan*, data were available only for item 719.92, and there were about 10 to 40 observations.

For a fair number of products in item 719.92 there are comparisons between *Swiss* and U.S. prices. However, these are confined to certain types of products, and it is therefore safer to consider only the relation of Swiss to U.K. prices for the same products, since the U.K. comparison with the United States is much more broadly based. The results, which cover only 1961-64, suggest that Swiss prices were, on the average, very similar to those of the United Kingdom. The differences favored the United Kingdom slightly for the 20 or so items covered, and the trend, if any, was in the direction of improving the relative position of the United Kingdom. Even at the end of the period, however, Swiss prices remained lower on many items.

Table E.5
 Price Level Indexes, Electrical Machinery, Apparatus, and Appliances,
 1953, 1957, 1961-64
 (U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
72	Electrical machinery, apparatus, and appliances						
	U.K.	97	94	102	103	108	106
	EEC	90	86	91	94	97	95
	Germany	90	87	93	96	98	97
	Japan	NA	103	91	89	90	91
722	Electric power machinery and switchgear						
	U.K.	NA	79	96	94	103	101
	EEC	NA	77	86	90	94	94
	Germany	NA	79	90	95	99	101
	Japan	NA	NA	85	88	90	99
722.1	Electric power machinery						
	U.K.	NA	74	90	99	108	100
	EEC	NA	64	73	79	85	86
	Germany	NA	60	71	79	83	87
	Japan	NA	NA	73	73	77	93
	Sweden	NA	NA	67	82	83	71
	Switzerland	NA	59	76	83	93	87
722.2	Appar. for making, breaking, or protecting elect. circuits						
	U.K.	NA	NA	NA	NA	NA	102
	EEC	NA	NA	106	105	106	105
	Germany	NA	NA	118	117	119	117
	Japan	NA	NA	NA	NA	NA	101
723	Equipment for distributing electricity						
	U.K.	73	73	83	87	90	86
	EEC	68	62	68	76	73	72
	Japan	NA	NA	79	69	77	77
723.1	Insulated wire and cable						
	U.K.	NA	70	80	84	87	87
	Japan	NA	NA	79	69	78	78
723.2	Electrical insulating equipment						
	Japan	NA	NA	77	72	70	69
724	Telecommunications apparatus						
	U.K.	113	112	115	115	122	118

(continued)

Table E.5 (concluded)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
724 Telecommunications apparatus (continued)							
	EEC	NA	NA	89	89	93	89
	Germany	NA	NA	88	88	93	87
	Japan	NA	104	91	86	90	88
724.1 & 724.2	Television and radio broadcast receivers						
	U.K.	111	104	113	111	109	108
	EEC	NA	NA	83	82	88	91
	Germany	NA	NA	85	84	90	92
	Japan	NA	135	111	89	98	98
724.9	Telecommunications equipment, n.e.s.						
	U.K.	114	116	116	117	127	123
	EEC	88	89	91	92	96	88
	Germany	85	86	90	90	94	85
	Japan	NA	93	84	84	87	83
725	Domestic electrical equipment						
	U.K.	NA	NA	NA	92	90	93
	EEC	NA	93	95	93	90	90
726 & 729	Other elect. mach. and apparatus (incl. med. and radiol.)						
	U.K.	89	93	98	104	107	107
	EEC	99	95	100	104	107	105
	Germany	102	98	103	107	109	107
729.2	Electric lamps						
	EEC	NA	89	92	98	109	108
729.4	Automotive electrical equipment						
	EEC	NA	NA	104	NA	NA	NA
729.5	Elect. measuring and controlling instruments						
	EEC	NA	NA	NA	NA	93 ^a	
	Germany	109	97	108	102	99	96
729.9	Electrical machinery and apparatus, n.e.s.						
	EEC	88	90	105	111	115	113
	Germany	92	94	107	113	118	115

Note: SITC 72: The 1962 price level index for each country is a weighted average of the five 3-digit groups or 3-digit combinations listed in the table, except that the *German* index excludes 725.

722: The 1962 index for each country is a weighted average of 722.1 and 722.2 (see below).

722.1 and 722.2: For the *United Kingdom* a 1962 price level benchmark for 722.1

was estimated from approximately 70 price comparisons for that year, mainly from international bidding on power and instrument transformers and on generators, and from company data on electric motors. The *German* price level for 1963 was estimated from more than 30 place-to-place observations for generators, power and instrument transformers, and electric motors. The 1963 figure was extrapolated to other years by the index of price competitiveness. The price level for *EEC* countries other than Germany was estimated from about 80 place-to-place observations for 1963, combined with the German price level for that year, and extrapolated to other years by the index of price competitiveness for the *EEC* as a whole.

For 722.2 the *U.K.* price level benchmark is 1964, based on about 30 observations. To aggregate to the 3-digit level, a 1962 figure for 722.2 was estimated from a small number of place-to-place observations for that year. However, the year-to-year movement was not reliable enough to publish as a separate index. The 1964 *German* price level for 722.2, based on about 20 observations, was extrapolated back by an index of price competitiveness based on time-to-time data. For the *EEC*, the procedure was the same as for 722.1 except that the 1964 price levels were used and the index of price competitiveness used for extrapolation applied only to Germany. There were about 50 observations for the *EEC* countries other than Germany.

Japanese price level indexes for 1963 for 722.1 (from over 20 observations) and for 1964 for 722.2 (also from more than 20 observations) were extrapolated to other years by indexes of price competitiveness.

For *Sweden* and *Switzerland* the 722.1 indexes are averages of between 10 and 30 place-to-place comparisons each year on generators and power transformers.

723: The 1962 indexes for the *United Kingdom* and *Japan* are weighted averages of 723.1 and 723.2 (see below). For the *EEC* the 1964 German price level was calculated for 723 as a whole and combined with an estimate for other than *EEC* countries calculated separately for 723.1 and 723.2. This 1964 price level for the *EEC* as a whole was then extrapolated to other years using an *EEC* index of price competitiveness as described in the notes to Table D.5. Almost 60 observations went into the 1964 price level index. The price level data for *Germany* are too weak to be shown separately.

723.1 and 723.2: The *U.K.* benchmark year for both subgroups is 1961. A total of almost 40 buyer observations was used for 723.1, but data for 723.2 were too weak to publish separately. The *Japanese* benchmark year for both subgroups is 1962. There were close to 20 observations for 723.1 and over 50 for 723.2, based in both cases on buyers' bidding records.

724: The 1962 price level index for each country is a weighted average of 724.1 and 724.2 combined, and 724.9 (see below). For an alternative set of indexes, see Chapter 13.

724.1 and 724.2: The 1962 index for each country is a weighted average of three components: 724.1 (television receivers), nontransistor radios of 724.2, and transistor radios of 724.2. Nontransistor radios were assigned 55 per cent of the world trade weight of 724.2; and transistor radios, 45 per cent. For the *United Kingdom*, the benchmark years were 1962 for 724.1, and 1964 for both components of 724.2. For the *EEC* and *Germany* the benchmark year was 1964 for all three items. Extrapolation to earlier years for all three items was by a combined index of price competitiveness for 724.1 and 724.2, since more detailed data were not available. For *Japan*, the benchmark year was 1962 for television sets, 1964 for nontransistor radios, and 1961 for transistor radios. For an alternative set of indexes, see Chapter 13.

724.9: The benchmark level for each country was estimated by combining observa-

(continued)

Notes to Table E.5 (concluded)

tions for 1962, 1963, and 1964, to calculate an average for the three years. Levels for individual years were then estimated using the index of price competitiveness.

725: The benchmark year was 1964 for the *United Kingdom* and the *EEC*. Price level estimates for that year were based on only 5 to 10 observations. The *Japanese* data were too weak to publish.

726 and 729: The 1962 index for each country is a weighted average of 726 as a whole and the eight 4-digit subgroups of 729, to the extent that we had data for each of these subgroups. A price level benchmark was established for each subgroup, using a single year, or in some cases an average for a two- to four-year period. Indexes for single years were extrapolated from these benchmarks by indexes of price competitiveness based on time-to-time data. The composition of the combined indexes and the benchmarks used are as follows. *U.K.:* 726, 1961 through 1964; 729.1, 1961 through 1963; 729.2, 1963; 729.4, 1961; 729.5, 1962; 729.9, 1962 through 1964. *EEC:* 726, 1961 through 1964; 729.1, 1962; 729.2, 1962; 729.4, 1961; 729.5, 1963 and 1964; 729.6, 1964; 729.9, 1961 through 1964. *Germany:* 726, 1961 through 1964; 729.1, 1962; 729.2, 1962; 729.4, 1961; 729.5, 1963 and 1964; 729.6, 1964; 729.9, 1961 and 1964. *Japan* (not shown in table): 729.2, 1962; 729.9, 1961 and 1964.

729.2, 729.4, 729.5, and 729.9: See 726 and 729.

^aAverage of 1963 and 1964.

Table E.6
Price Level Indexes, Transport Equipment, 1953, 1957, 1961-64
(U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
73	Transport equipment						
	U.K.	85	87	90	87	89	93
	EEC	102	100	96	96	97	98
	Germany	94	94	92	93	94	93
731	Railway vehicles						
	U.K.	NA	NA	103	102	105	NA
	EEC	109	105	115	122	123	125
731.3	Diesel locomotives						
	U.K.	NA	NA	112	110	112	NA
	EEC	NA	NA	114	NA	NA	NA
	Japan	NA	NA	104	NA	NA	NA
732	Road motor vehicles						
	U.K.	91	91	92	87	89	93
	EEC	109	107	103	101	104	106
	Germany	100	99	99	98	100	100
732.1 & 732.6	Passenger motor cars and chassis with engines mounted						
	U.K.	87	83	84	79	80	84
	EEC	108	107	97	95	97	97
	Germany	94	95	90	89	91	89
	France	129	131	108	106	109	114
	Italy	139	123	109	101	102	102
732.2, 732.3, 732.4, 732.5, & 732.7	Buses, trucks, etc., and chassis with engines mounted						
	U.K.	86	95	97	91	94	100
	EEC	92	89	100	98	102	107
	Germany	92	89	100	98	101	105
734.1	Aircraft, heavier than air						
	U.K.	NA	93	110	107	111	110
735	Ships and boats						
	EEC	68	66	58	59	56	55
	Germany	62	60	53	56	54	53
	Japan	59	62	50	51	46	46

Notes to Table E.6

Note: SITC 73: The 1962 price level index for the *United Kingdom* is a weighted average of the five component 3-digit groups. The 1962 indexes for the *EEC* and *Germany* excludes 734 (aircraft). *Japanese* data were limited to 731 and 735, and were not sufficient to construct an index for group 73 as a whole.

731: The 1962 index for the *United Kingdom* is a combination of the index for 731.3 (see below), which was assigned the OECD export weight of 731.1–731.4; and direct place-to-place data for 731.7 (parts of railway locomotives and rolling stock, n.e.s.). The 1962 index for the *EEC* is a combination of the 1961 index for 731.3 (see below), extrapolated to 1962 by the German index of competitiveness for 731.1–731.3 and assigned the weight of 731.1–731.4; and direct place-to-place data for 731.5 and 731.6 combined (railway cars not mechanically propelled), consisting mainly of about 20 price comparisons by purchasers of various types of railway cars for use outside the United States. The composition of the *German* index is the same as that for the *EEC*, but the data were too weak to publish separately. The *Japanese* data for this group were limited to 731.3 (see below).

731.3: The 1961 benchmark price levels for diesel locomotives were derived from bidding data. These were offers on locomotives of prescribed specifications made under circumstances which permitted worldwide bidding. For each bidding only the lowest offer from a country was used for the index. More than 30 individual comparisons with U.S. offers make up the 1961 averages shown here. The *EEC* index for 1961 is a weighted average of indexes for Germany, France, and Belgium, using 1963 export values as weights.

732: The 1962 index for each country is a weighted average of three subgroups: passenger cars (732.1 and 732.6), commercial vehicles (732.2–732.5 and 732.7), and motor vehicle parts (732.8). No data were available for motorcycles and parts (732.9). The benchmark year for each component was 1964. For further discussion of the benchmark data, see Chapters 14 and 15.

732.1, 732.6, 732.2, 732.3, 732.4, 732.5 and 732.7: See 732.

734.1: The 1964 benchmark index was computed from press comment, manufacturers' brochures, and other company data comparing the VC-10 and Super VC-10 with the Boeing 707 and the Douglas DC-8, the Trident with the Boeing 727, and the BAC-111 with the Douglas DC-9. Only in the last case was an adjustment made for seating capacity. For long-range aircraft, separate computations were made for sales to the United Kingdom and other sales. The indexes for the several types of aircraft were combined by weighting them in proportion to estimated orders for long-, medium-, and short-range aircraft, 1961–63, as reported by one of the cooperating companies.

735: The indexes represent a combination of separate comparisons for tankers and dry cargo vessels with equal weights. The tanker comparisons were based primarily on the oil company data referred to in the Note to Table C.6. There were, in addition, bid price comparisons, for about a dozen other tankers, scattered throughout our period, usually involving bids from several countries. The dry cargo comparisons were based largely on Maritime Administration findings of price differentials made in order to determine ship construction subsidies. We also had bid data for another score of ships, usually involving bids from several countries. The benchmark years were 1963 for the *United Kingdom* (not shown), 1961 for the *EEC* and *Germany*, and 1964 for *Japan*.

Table E.7

Price Level Indexes, Miscellaneous Manufactured Articles, 1953, 1957, 1961-64
(U.S. for each year = 100)

SITC Number	Commodity Group and Country	1953	1957	1961	1962	1963	1964
861	Scientific, medical, etc., instruments and apparatus						
	U.K.	76	85	89	88	87	91
	Germany	86	86	87	88	88	88
	Japan	NA	NA	83	82	84	83
861.7	Medical instruments, n.e.s.						
	EEC	NA	NA	80	86	89	93
	Germany	NA	NA	78	83	87	91
861.8	Meters and counters, nonelectric						
	EEC	NA	NA	NA	68	NA	NA
	Germany	NA	NA	NA	68	NA	NA
861.9	Measuring, controlling, and scientific instruments, n.e.s.						
	U.K.	NA	91	92	87	84	89
	EEC	87	86	88	88	87	86
	Germany	86	86	88	88	87	86
	Japan	NA	NA	NA	NA	90	NA
891	Musical instruments, recorders, etc., and parts and accessories						
	U.K.	NA	NA	93	91	91	89
	EEC	NA	78	83	87	92	92
	Germany	NA	77	84	88	94	94
891.4	Pianos and other string musical instruments						
	EEC	NA	NA	87	88	93	87

Note: SITC 861: The 1962 price level index for the *United Kingdom* is a weighted average of separate indexes for 861.7, 861.8, and 861.9. The benchmark years were 1963 for 861.7 and 1964 for the other two subgroups. The 1962 indexes for the *EEC* and *Germany* are based on separate indexes for 861.7, 861.8, and 861.9 (see below) and direct place-to-place data for 861.1, 861.2, and 861.3 combined (optical goods). The 1962 *Japanese* index is a weighted average of indexes for 861.1, 861.2, and 861.3 combined; 861.4, 861.5, and 861.6 combined (photographic equipment); and 861.9 (see below). The benchmark year was 1963 for all three components.

861.7: The benchmark year for the *German* index was 1964. The price level for that year is based on 60 observations from U.S. and foreign manufacturers, U.S. government bidding data, and foreign buyers. The *EEC* price level is based on a 1963 benchmark calculated by combining 1963 data on France and Italy (weighted 7.2) and a German index extrapolated from 1964 by the index of price competitiveness in Table D.7 (weighted 38.1).

(continued)

Notes to Table E.7 (concluded)

861.8: The *German* index for 1962 is based on 11 observations, mostly from bidding data. The 1962 *EEC* index is a combination of 17 observations for Italy, Netherlands, and Belgium (weighted 2.6) and the 1962 German data (weighted 15.3).

861.9: This subgroup was further subdivided into 5-digit items. The *U.K.* index is based on a 1964 benchmark which covers 861.93 (drawing, measuring, calculating instruments, etc.), 861.96 (hydrometers, thermometers, etc.), 861.97 (instruments for measuring or controlling the flow, depth, pressure, etc., of liquids or gases), 861.98 (instruments, other than mechanical, for physical or chemical analysis, etc.), and 861.9 (parts and accessories of articles in 729.5, 861.8, 861.96, and 861.97). A total of 30 observations, from both buyers and sellers, was used for the 4-digit index. The *EEC* and *German* indexes were based on 1963 benchmark levels covering 861.93, 861.96, and 861.97. There were a total of 35 observations, 24 for Germany. The 1963 *Japanese* index was based on 33 observations for that year, covering 861.93 and 861.96.

891: The 1962 *U.K.* index is a weighted average of indexes for 891.1 (phonographs, tape recorders, etc.), 891.2 (phonograph records, recorded tape, etc.), and 891.4, all of which were based on 1964 benchmark data. The *EEC* index is a weighted average of indexes for all five 4-digit subgroups, all of which were based on 1964 benchmark data. The *German* index was derived in the same way as the *EEC* index, except that it excludes 891.2.

891.4: See 891.