

EUROPEAN ECONOMY

Supplement — Series A

No 6 — June 1979

Recent economic trends

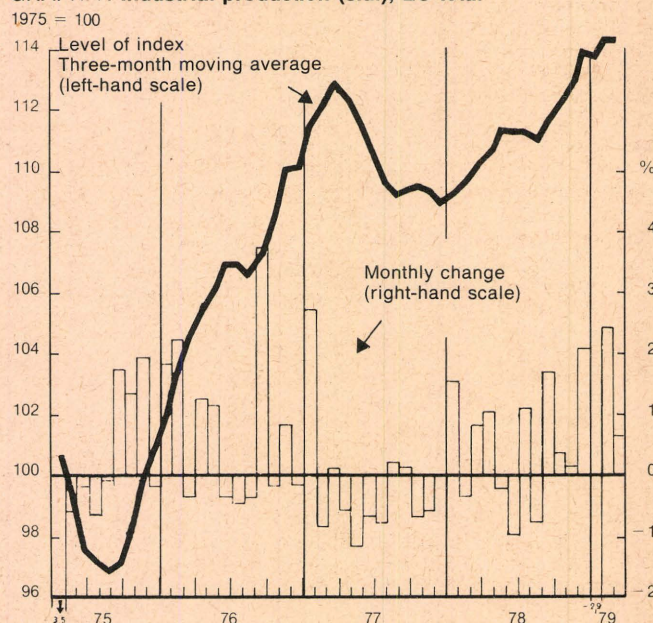
Economic convergence and action to combat inflation. — The economic policy measures adopted or proposed in the Community during May (see the list of major economic policy measures on the last page) reflect two main concerns. The first relates to the need to carry out adjustments so as to improve the convergence of economic structures. Efforts in this area include the start-up of the new Community financial facility to promote investment and the proposals made by the Commission in drawing up the draft Community budget for 1980. The second relates to the use of monetary policy to reduce the risk of renewed undue pressures, both internal and external: in May, the Federal Republic of Germany and Belgium raised interest rates, while the Netherlands and Denmark introduced measures to restrict lending to private customers.

Moderate expansion in industrial production. — Following the spurt in February, industrial production in the Community grew less briskly in March (0.7%, see Table 1) so that the seasonally adjusted index was only slightly above the high level recorded at the end of 1978. The slowdown in March was mainly due to an appreciable fall-off in Italy. Between the fourth quarter of 1978 and the first quarter of 1979, industrial production in the Community remained stationary. The highest 12-month increases were achieved in the United Kingdom (6.9%), Denmark (10.7%), Belgium (7.1%) and Luxembourg (8.8%). In Italy, the rate was 5.9%, while in the Federal Republic of Germany and France the year-on-year increase was below the rate for the Community as a whole (4.9%).

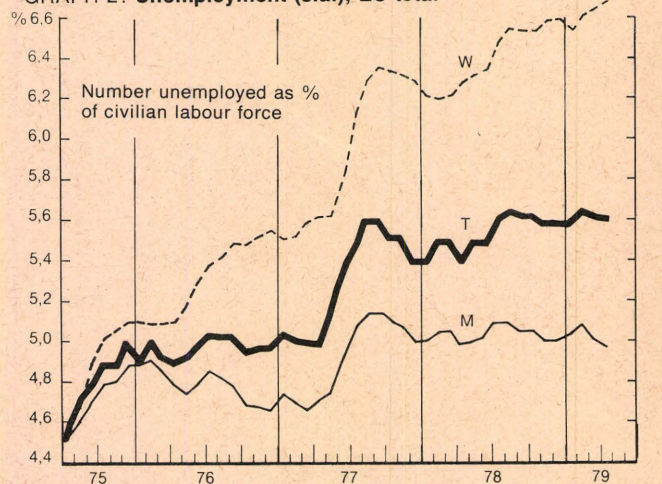
Overall unemployment situation still unchanged. — In April, the seasonally adjusted unemployment rate for the Community as a whole remained at 5.6% (see Graph 2 and Table 2). However, this overall stability masks fairly pronounced changes in unemployment in terms of structure by sex and geographical distribution. Unemployment among women continued to worsen in the Community as a whole: in April, the female unemployment rate rose to 6.7%, while the unemployment rate among men remained at 5%. Looking at the trend by country, it was only in Italy and France that the unemployment situation deteriorated, while in the other Member States it improved to a greater or lesser extent. Compared with the same month in 1978, the number of wholly unemployed in the Community showed a rise of 2.9% in April. The distinct drop in unemployment in the Federal Republic of Germany, the United Kingdom, Denmark and Luxembourg contrasts with an increase in the other Member States.

Continued upward trend in consumer prices. — The index of consumer prices for the Community increased by 1.1% between March and April, bringing the increase over the twelve months to April to 8.6%. Among the member countries the monthly increases in April ranged from 0.2% in Belgium and Luxembourg to 1.7% in the United Kingdom (see Table 3). On a twelve-month basis the highest rate of increase was in Italy (13.9%), and the lowest rate (3.5%) was in

GRAPH 1: Industrial production (s.a.), EC total



GRAPH 2: Unemployment (s.a.), EC total



Luxembourg and the Federal Republic of Germany. The price rises observed in April reflected an increase in food prices, adjustments in administered prices in some Member States and the higher cost of imported raw materials, especially oil. The six-month increase in the index, seasonally adjusted and expressed as an annual rate, reached 9.4% in April compared with rates of around 6½% in the first half of 1978 and just over 7½% in the second half.

Wholesale prices (national indices)

% change on previous period

| | D | F | I | UK | EC |
|-------------------|------|------|------|------|-------|
| 1975 | 1,2 | 0,9 | 8,5 | 24,1 | 7,6 |
| 1976 | 5,8 | 10,4 | 22,9 | 16,4 | 12,6 |
| 1977 | 1,8 | 6,7 | 17,4 | 19,2 | 10,6 |
| 1978 | -0,3 | 4,6 | 8,4 | 9,9 | (5,4) |
| 1978 I | 1,0 | 1,1 | 2,1 | 2,5 | 1,6 |
| II | 0,3 | 3,1 | 2,3 | 2,4 | 1,9 |
| III | -0,6 | 0,5 | 1,8 | 1,7 | 0,9 |
| IV | 0 | 2,8 | 2,3 | 1,5 | (1,6) |
| 1979 I | 3,5 | 3,8 | 4,4 | 2,5 | (3,2) |
| March 79/March 78 | 4,9 | 10,4 | 12,1 | 8,6 | 8,5 |

Source: Eurostat.

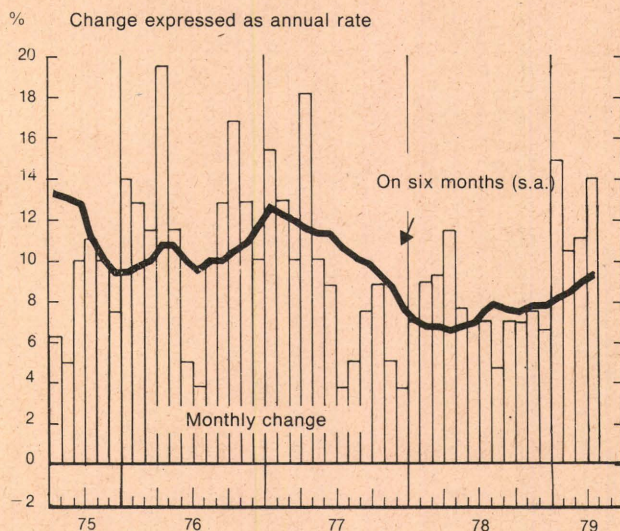
Surge in wholesale prices. — After moderate rises during 1978 (see Table above), wholesale prices in the Community accelerated sharply in the first quarter of 1979, the increase from the previous quarter reaching 3.2%. This movement was apparent in all the Community countries for which figures are available. Part of the explanation lies in the effects of unusually severe winter weather on the wholesale prices of agricultural products. However, there was a similar acceleration in industrial prices, largely reflecting the faster rates of increase in commodity prices, notably in the price of oil. During 1978 wholesale prices rose less rapidly than did consumer prices, whereas in the first quarter of 1979 the position was reversed.

Trade balance showing hesitant trend. — Despite the sharp increase in import prices, the Community's trade balance has shown no major deterioration so far. The surplus of the Federal Republic of Germany, after shrinking in the first quarter, increased again in April, while the deterioration in the French deficit during the first quarter did not continue in April (see Table 4). Denmark's trade deficit widened between March and April, while the provisional figures at present available for the Benelux countries suggest that their trade deficit has if anything narrowed since the beginning of the year. Between the first quarter of 1978 and the same period in 1979, the Community's aggregate deficit has probably contracted slightly.

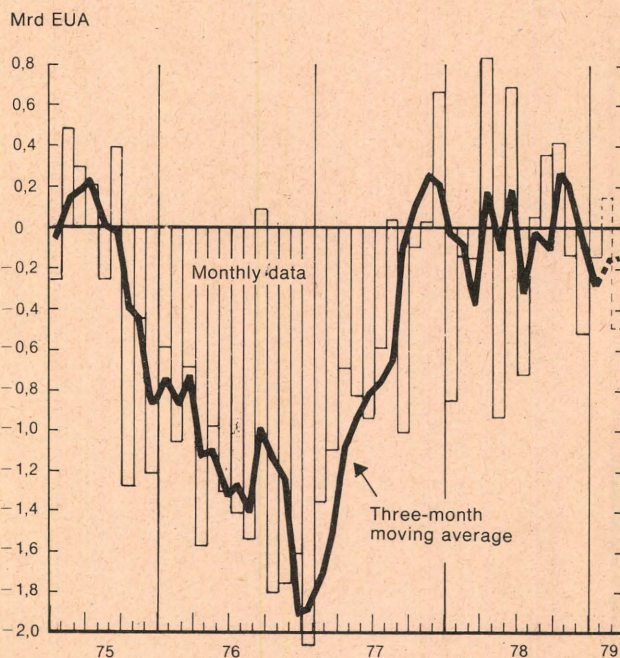
Dollar continuing to strengthen. — Taking the average for May, the dollar value of the ECU fell by about 1% compared with the previous month (see Table 5 and Graph 5). Since January, when the dollar began to recover, the fall in the ECU has amounted to 2½%. However, the advance of the dollar has merely wiped out its depreciation between November 1978 and January 1979. In May, the ECU's conversion rate into the dollar was thus approximately the same as in November 1978, when the US Administration acted to support the dollar. Following a sharp rise between August 1978 and April this year (+18.9%), the yen value of the ECU fell slightly in May (-0.3%). Lastly, the ECU lost some ground in May against the SDR. The fluctuations of Community currencies against the ECU were insignificant; only the Danish krone, the Irish pound and the Belgian franc showed a fall in excess of 0.5% compared with April, while the appreciation of the pound sterling, the Italian lira and the German mark remained below this level.

5 June 1979.

GRAPH 3: Consumer prices, EC total



GRAPH 4: Trade balance (s.a.), EC total



GRAPH 5: Value of ECU and EUA

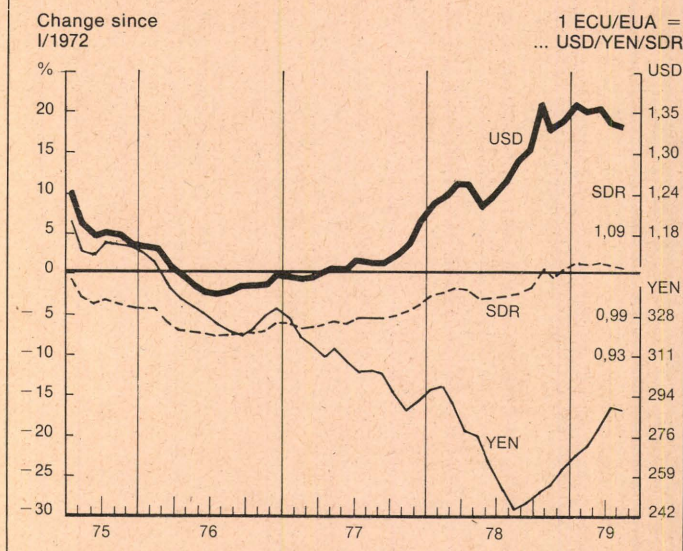


TABLE 1: Industrial production¹ - Percentage change on preceding period (s.a.)

| | Percentage change on preceding period (rate) | | | | | | | | | | | | | | | | | | Change over 12 months % 3 | | |
|-----|--|-------|------|------|-------------------|------|------|------|------|------|-------|------|------|------|------|-------|-------|------|---------------------------------|--|--|
| | 1974 | 1975 | 1976 | 1977 | 1978 | 1978 | | | | 1979 | | | | 1978 | | | | 1979 | | | |
| | | | | | | I | II | III | IV | I | Sept. | Oct. | Nov. | Dec. | Jan. | Febr. | March | | | | |
| DK | -1,1 | - 5,7 | 9,2 | 0,8 | 2,3 | -2,8 | 7,2 | -2,1 | 3,2 | -3,3 | -4,1 | 2,2 | 2,8 | -2,5 | -3,5 | -1,1 | 5,8 | 10,7 | | | |
| D | -1,1 | - 6,2 | 7,4 | 2,8 | 2,2 | 0 | 0 | 2,6 | 0,8 | 0 | 1,7 | 0 | 0 | 0 | 0 | -0,8 | 0,8 | 3,8 | | | |
| F | 2,5 | - 8,9 | 9,7 | 1,6 | 1,6 | 2,2 | 1,6 | -1,2 | 1,8 | 0,5 | 1,6 | 0 | 0,8 | 0,8 | -0,8 | 0 | 1,5 | 3,7 | | | |
| IRL | 2,9 | - 6,1 | 9,0 | 8,1 | 12,1 ² | 2,1 | 3,0 | -1,3 | : | : | 10,7 | 0,9 | : | : | : | : | : | 8,2 | | | |
| I | 3,9 | - 8,8 | 11,6 | 0 | 2,0 | 3,6 | -0,8 | 0,4 | 5,8 | 1,2 | 1,8 | 5,0 | 0,4 | -1,5 | -0,2 | 4,9 | -2,6 | 5,9 | | | |
| NL | 5,0 | - 4,8 | 5,9 | 0,8 | 1,3 | 0 | -0,5 | 1,3 | 2,9 | -1,0 | 2,4 | 0,8 | 0,8 | 4,6 | -3,7 | -0,8 | 0 | 2,3 | | | |
| B | 4,0 | - 9,8 | 7,7 | 0,4 | 2,5 | -1,1 | 1,7 | 2,0 | 4,2 | -0,6 | 3,0 | 0,6 | -1,0 | 7,5 | -6,3 | 1,7 | 1,9 | 7,1 | | | |
| L | 3,5 | -21,9 | 6,4 | 0,5 | 1,5 | -0,2 | 1,3 | 2,3 | 0,6 | -0,1 | -4,9 | 4,3 | -1,2 | 3,2 | -6,0 | 7,0 | 0,4 | 8,8 | | | |
| UK | -2,6 | - 4,8 | 2,7 | 4,6 | 3,1 | 1,3 | 3,0 | 0,9 | -1,5 | 0,6 | -1,4 | -2,1 | 1,2 | 1,8 | -6,8 | 9,0 | 1,1 | 6,9 | | | |
| EC | 0,6 | - 6,6 | 7,3 | 2,2 | 2,2 | 1,8 | 0,5 | 0,9 | 1,9 | 0 | 1,7 | 0,2 | 0,2 | 2,1 | -2,9 | 2,4 | 0,7 | 4,9 | | | |

TABLE 2: Unemployment rate - Number of unemployed as % of civilian labour force (s.a.)

| | 1974 | 1975 | 1976 | 1977 | 1978 | 1978 | | | | 1979 | | | | 1978 | | | | 1979 | | | | Change over 12 months % 3 |
|-----------|------|------|------|------|------|------|-----|-----|-----|------|------|------|------|------------------|-------|-------|-------|-------|--|--|--|---------------------------------|
| | | | | | | I | II | III | IV | I | Oct. | Nov. | Dec. | Jan. | Febr. | March | April | | | | | |
| DK | 2,0 | 4,6 | 4,7 | 5,8 | 6,6 | 6,6 | 6,6 | 6,7 | 6,6 | 6,0 | 6,7 | 6,6 | 6,6 | 5,9 ⁴ | 6,2 | 5,9 | 5,4 | -16,8 | | | | |
| D | 2,2 | 4,2 | 4,1 | 4,0 | 3,9 | 3,9 | 3,9 | 3,9 | 3,7 | 3,6 | 3,8 | 3,8 | 3,7 | 3,7 | 3,6 | 3,5 | 3,4 | -12,5 | | | | |
| F | 2,3 | 3,9 | 4,3 | 4,9 | 5,3 | 4,9 | 5,1 | 5,5 | 5,7 | 5,9 | 5,7 | 5,7 | 5,8 | 5,8 | 5,9 | 6,0 | 6,0 | 21,2 | | | | |
| IRL | 6,3 | 8,7 | 9,8 | 9,7 | 8,9 | 9,2 | 8,9 | 8,6 | 8,5 | : | 8,6 | 8,6 | 8,4 | 8,3 | : | : | : | -8,6 | | | | |
| I | 4,9 | 5,3 | 5,6 | 6,4 | 7,1 | 7,0 | 7,0 | 7,1 | 7,3 | 7,5 | 7,2 | 7,3 | 7,4 | 7,3 | 7,6 | 7,6 | 7,8 | 13,1 | | | | |
| NL | 2,9 | 4,1 | 4,4 | 4,3 | 4,3 | 4,1 | 4,2 | 4,4 | 4,4 | 4,4 | 4,4 | 4,4 | 4,3 | 4,3 | 4,3 | 4,4 | 4,3 | 1,7 | | | | |
| B | 3,2 | 5,3 | 6,8 | 7,8 | 8,4 | 8,2 | 8,4 | 8,4 | 8,5 | 8,6 | 8,5 | 8,5 | 8,5 | 8,5 | 8,6 | 8,7 | 8,7 | 5,3 | | | | |
| L | 0,0 | 0,2 | 0,3 | 0,6 | 0,8 | 0,9 | 0,8 | 0,9 | 0,7 | 0,8 | 0,7 | 0,7 | 0,7 | 0,8 | 0,8 | 0,7 | 0,7 | -17,7 | | | | |
| UK | 2,4 | 3,8 | 5,3 | 5,7 | 5,7 | 5,8 | 5,7 | 5,7 | 5,5 | 5,5 | 5,6 | 5,5 | 5,4 | 5,4 | 5,5 | 5,5 | 5,3 | -7,7 | | | | |
| EC | 2,9 | 4,4 | 4,9 | 5,3 | 5,5 | 5,5 | 5,5 | 5,6 | 5,6 | 5,6 | 5,6 | 5,6 | 5,6 | 5,6 | 5,6 | 5,6 | 5,6 | 2,9 | | | | |
| of which: | | | | | | | | | | | | | | | | | | | | | | |
| males | 2,9 | 4,3 | 4,7 | 5,0 | 5,0 | 5,0 | 5,1 | 5,1 | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 | 5,0 | 5,1 | 5,0 | 5,0 | -0,4 | | | | |
| females | 3,0 | 4,4 | 5,3 | 6,0 | 6,4 | 6,2 | 6,3 | 6,5 | 6,6 | 6,6 | 6,5 | 6,6 | 6,6 | 6,5 | 6,6 | 6,6 | 6,7 | 7,5 | | | | |

TABLE 3: Consumer price index - Percentage change on preceding period

| | 1974 | 1975 | 1976 | 1977 | 1978 | 1978 | | | | 1979 | | | | 1978 | | | | 1979 | | | | Change over 12 months % |
|-----|------|------|------|------|------|------|-----|-----|-----|------|------|------|------|------|-------|-------|-------|------|--|--|--|-------------------------------|
| | | | | | | I | II | III | IV | I | Oct. | Nov. | Dec. | Jan. | Febr. | March | April | | | | | |
| DK | 15,3 | 9,6 | 9,0 | 11,1 | 10,0 | 1,3 | 1,6 | 1,2 | 2,9 | 0,9 | 1,9 | 0,6 | 0,1 | 0 | 0,6 | 0,9 | 0,5 | 7,1 | | | | |
| D | 7,0 | 5,9 | 4,6 | 3,9 | 2,6 | 1,3 | 0,9 | 0 | 0,1 | 2,1 | 0 | 0,3 | 0,4 | 1,1 | 0,6 | 0,7 | 0,5 | 3,5 | | | | |
| F | 13,6 | 11,7 | 9,6 | 9,5 | 9,3 | 1,6 | 2,9 | 2,7 | 2,1 | 2,2 | 0,9 | 0,5 | 0,5 | 0,9 | 0,7 | 0,9 | 1,0 | 10,0 | | | | |
| IRL | 17,0 | 20,9 | 17,9 | 13,6 | 7,6 | 1,4 | 1,8 | 3,1 | 1,5 | 4,1 | 0,5 | 0,5 | 1,4 | 1,4 | 1,3 | : | : | 10,9 | | | | |
| I | 19,2 | 17,0 | 16,7 | 18,4 | 12,1 | 2,6 | 3,1 | 2,4 | 3,0 | 3,8 | 0,9 | 1,0 | 0,5 | 1,7 | 1,5 | 1,3 | 1,6 | 13,9 | | | | |
| NL | 9,8 | 9,9 | 8,9 | 6,7 | 4,3 | 0,1 | 2,0 | 0,7 | 1,1 | 0,3 | 0,4 | 0,1 | -0,1 | -0,5 | 0,6 | 1,3 | 0,6 | 4,0 | | | | |
| B | 12,7 | 12,8 | 9,2 | 7,1 | 4,5 | 1,3 | 0,5 | 1,1 | 1,0 | 1,2 | 0,2 | 0,3 | 0,4 | 0,6 | 0,3 | 0,1 | 0,2 | 3,8 | | | | |
| L | 9,5 | 10,8 | 9,8 | 6,7 | 3,1 | 0,7 | 1,0 | 0,5 | 0,9 | 1,3 | 0,6 | 0,3 | 0 | 0,8 | 0,5 | 0,2 | 0,2 | 3,5 | | | | |
| UK | 16,0 | 24,2 | 16,5 | 15,8 | 8,3 | 1,7 | 2,7 | 1,8 | 1,7 | 3,1 | 0,4 | 0,8 | 0,8 | 1,5 | 0,8 | 0,8 | 1,8 | 10,1 | | | | |
| EC | 12,7 | 13,3 | 10,9 | 10,8 | 7,5 | 1,6 | 2,2 | 1,6 | 1,6 | 2,6 | 0,6 | 0,6 | 0,5 | 1,2 | 0,8 | 0,9 | 1,1 | 8,6 | | | | |

TABLE 4: Trade balance - fob/cif, million EUA (s.a.)

| | 1974 | 1975 | 1976 | 1977 | 1978 | 1978 | | | | 1979 | | | | 1978 | | | | 1979 | | | | Change over 12 months ³ |
|---|---------|--------|---------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|--------|--|--|--|---------------------------------------|
| | | | | | | I | II | III | IV | I | Oct. | Nov. | Dec. | Jan. | Febr. | March | April | | | | | |
| DK | -1 860 | -1 357 | -2 949 | -2 803 | -2 294 | -602 | -471 | -543 | -608 | -544 | -220 | -216 | -173 | -190 | -214 | -140 | -252 | -111 | | | | |
| D | 16 227 | 12 234 | 12 301 | 14 520 | 15 967 | 3 458 | 4 100 | 3 982 | 4 380 | 3 394 | 1 607 | 1 431 | 1 342 | 1 183 | 1 149 | 1 062 | 1 372 | 22 | | | | |
| F | -5 804 | -1 704 | -7 672 | -6 128 | -4 081 | -1 285 | -1 091 | -591 | -972 | -1 265 | -224 | -277 | -471 | -464 | -463 | 17 | -335 | -104 | | | | |
| IRL | -986 | -468 | -786 | -870 | -1 129 | -199 | -312 | -310 | -308 | -435 | -140 | -112 | -56 | -168 | -99 | -168 | : | -128 | | | | |
| I | -8 965 | -2 895 | -5 772 | -2 239 | -319 | -16 | 323 | -419 | 23 | -246 | 106 | 103 | -186 | -185 | 322 | -381 | : | -319 | | | | |
| NL | -149 | 136 | 116 | -1 680 | -2 198 | -174 | -517 | -615 | -849 | -140 | -295 | -434 | -120 | -8 | -105 | -43 | : | -24 | | | | |
| B/L | -1 338 | -1 615 | -2 224 | -2 439 | -1 813 | -696 | -468 | -459 | -460 | : | -88 | -104 | -268 | -75 | -39 | : | : | 292 | | | | |
| UK | -13 174 | -7 793 | -8 852 | -5 516 | -5 588 | -1 515 | -1 238 | -1 468 | -1 231 | : | -328 | -552 | -352 | -313 | : | : | : | 330 | | | | |
| EC | -16 049 | -3 461 | -15 838 | -7 154 | -1 455 | -1 121 | 585 | -365 | -269 | (-500) | 406 | -153 | -523 | -145 | (150) | : | : | (-350) | | | | |
| EC Trade balance fob/fob (in '000 million EUA) | -3,8 | 7,4 | -1,5 | 13,3 | 4,2 | (5,2) | : | : | : | : | : | : | : | : | : | : | : | : | | | | |
| EC Balance of payments on current account (in '000 million EUA) | -8,9 | 1,6 | -5,1 | 2,1 | 13,1 | 1,7 | (4,2) | : | : | : | : | : | : | : | : | : | : | : | | | | |

TABLE 5: Value of ECU and EUA - 1 ECU = 1 European unit of account (EUA) = ... units of national currency or SDR

| | 1978 | | | | | 1979 | | | | 1978 | | 1979 | | | | | Change over 12 months % | |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------------------|------|
| | 1974 | 1975 | 1976 | 1977 | 1978 | | | | | I | | | Jan. | Febr. | March | April | May | |
| | | | | | | I | II | III | IV | | Nov. | Dec. | | | | | | |
| DKR | 7,26 | 7,12 | 6,76 | 6,86 | 7,02 | 7,03 | 6,98 | 7,07 | 6,99 | 6,98 | 6,97 | 7,01 | 6,96 | 6,96 | 7,02 | 7,05 | 7,13 | 2,4 |
| DM | 3,08 | 3,05 | 2,82 | 2,65 | 2,56 | 2,57 | 2,57 | 2,57 | 2,52 | 2,51 | 2,52 | 2,51 | 2,51 | 2,51 | 2,52 | 2,53 | 2,52 | -1,9 |
| FF | 5,73 | 5,32 | 5,34 | 5,61 | 5,74 | 5,88 | 5,69 | 5,62 | 5,76 | 5,78 | 5,77 | 5,77 | 5,76 | 5,78 | 5,80 | 5,82 | 5,83 | 2,7 |
| IRL | 0,510 | 0,560 | 0,622 | 0,654 | 0,664 | 0,642 | 0,673 | 0,664 | 0,677 | 0,672 | 0,676 | 0,673 | 0,677 | 0,675 | 0,664 | 0,661 | 0,666 | -0,8 |
| LIT | 776 | 810 | 930 | 1 007 | 1 080 | 1 067 | 1 065 | 1 074 | 1 116 | 1 136 | 1 116 | 1 126 | 1 136 | 1 136 | 1 137 | 1 128 | 1 126 | 6,0 |
| HFL | 3,20 | 3,13 | 2,96 | 2,80 | 2,75 | 2,75 | 2,75 | 2,79 | 2,73 | 2,71 | 2,73 | 2,72 | 2,71 | 2,71 | 2,72 | 2,74 | 2,75 | -0,1 |
| BFR/LFR | 46,40 | 45,57 | 43,17 | 40,88 | 40,06 | 39,92 | 40,11 | 40,53 | 39,69 | 39,65 | 39,61 | 39,78 | 39,58 | 39,57 | 39,79 | 40,14 | 40,40 | 0,6 |
| UKL | 0,510 | 0,560 | 0,622 | 0,654 | 0,664 | 0,642 | 0,673 | 0,664 | 0,677 | 0,672 | 0,676 | 0,673 | 0,677 | 0,675 | 0,663 | 0,645 | 0,642 | -4,4 |
| USD | 1,193 | 1,241 | 1,118 | 1,141 | 1,274 | 1,237 | 1,236 | 1,282 | 1,342 | 1,354 | 1,323 | 1,335 | 1,358 | 1,352 | 1,352 | 1,337 | 1,322 | 8,3 |
| YEN | 347,5 | 367,7 | 331,2 | 305,8 | 267,1 | 293,8 | 272,1 | 246,9 | 255,2 | 272,8 | 253,8 | 261,7 | 268,1 | 270,9 | 279,1 | 289,0 | 288,4 | 4,5 |
| SDR | 0,992 | 1,022 | 0,968 | 0,977 | 1,018 | 1,014 | 1,007 | 1,014 | 1,039 | 1,050 | 1,032 | 1,040 | 1,050 | 1,050 | 1,051 | 1,046 | 1,041 | 3,7 |

Major economic policy measures — May 1979

Community (EC)

14.5 The Council (Economic and Financial Affairs) decided to apply the Decision empowering the Commission to contract loans for the purpose of promoting investment in the Community. Under the new Decision, a first tranche of borrowings was authorized for an amount not exceeding EUA 500 million. The proceeds of these borrowings will be used for loans to finance investment projects in the Community which are consistent with priority objectives in the infrastructure and energy sectors.

16.5 The Commission adopted the Communities' preliminary draft budget for 1980. It provides for EUA 16 621 million in appropriations for commitment and EUA 14 991 million in appropriations for payment, an increase of 13.1% and 9.3% respectively over the 1979 budget. The main emphasis of the draft is on policies aimed at reducing structural imbalances. Significant increases have thus been proposed for the Social Fund, the Regional Fund and the EAGGF Guidance Section.

17.5 The Council (Energy) had a detailed discussion of the measures being implemented or worked out by the Member States with a view to reducing Community consumption of oil and petroleum products to 500 million tonnes in 1979.

28.5 The Treaty concerning Greece's accession to the European Communities was signed in Athens. Accession will take effect on 1 January 1981.

Denmark (DK)

1.5 An agreement concluded with the central bank restricts the freedom of insurance companies and private pension funds to grant personal loans. Loans for new building, rebuilding, etc. will still be allowed, but consumption loans will be prohibited.

28.5 Parliament adopted a package of laws on rents, the taxable value of owner-occupied housing and some aspects of tenancy. This legislation, the aim of which is to keep rents in step with incomes, will take effect from January 1980.

29.5 Parliament adopted a draft government bill amending the legislation on unemployment insurance as from 1 July 1979, the aim being to adapt it to the new situation created by the considerable increase in unemployment during recent years. The new provisions may reduce expenditure on unemployment benefits (initially estimated at DKR 10 450 million for 1979) by some DKR 250 million.

Federal Republic of Germany (D)

28.5 The Federal Government announced the guidelines for its 1980 draft budget. Expenditure is to increase by DM 10 000 million (i.e. by almost 5%) to DM 215 000 million. This is DM 2 000 million less than envisaged in the finance plan. In 1980, the net borrowing requirement is to total some DM 28 000 million, DM 2 000 million less than for the present financial year.

31.5 The Bundesbank's Central Council decided to increase the rate for advances on securities from 5% to 5.5% with effect from 1 July. Furthermore, in order to relieve the strains on the money market, the Bundesbank reactivated the facility under which credit institutions may sell, under 30-day repurchase agreements, securities meeting the criteria laid down for the granting of advances on securities. The interest rate for these transactions will be set between the discount rate and the rate for advance on securities.

France (F)

9.5 Energy prices were increased by an average of 4.3% for petrol and 7.5% for electricity.

17.5 The increase in family allowances due to come into force on 1 July will lead to an increase in purchasing power of between 1.5% and 4.1%.

23.5 Lending ceilings were laid down for the second half of 1979: the authorized growth of loans subject to ceiling controls will, for the year as a whole, be one percentage point less than the ceiling fixed for 1978.

30.5 The Government adopted the third national employment compact which provides for: 1) exemption from social security charges ranging from 50% for one year to 100% throughout an apprenticeship (up to a maximum of three years); 2) the conclusion of employment plus training contracts; 3) the organization of practical courses in firms for all categories of young people (and not only for manual workers) and 4) training courses. Implementation of

this compact, which covers one year from 1 July, will cost some FF 4 000 million.

Ireland (IRL)

1.5 An excise duty of 2% was applied to cattle slaughtered or exported and to fresh milk received or exported by dairies (excluding the first 5 000 gallons from any one farm holding).

15.5 The Minister for Industry, Commerce and Energy made an order restricting minimum sales of petrol at any one time to IRL 5 for cars with a capacity of over 6 gallons and IRL 4 for cars with less capacity to avoid frequent topping-up. In addition, an overall speed limit of 55 mph (instead of 60) was imposed. The Minister also announced an agreement with insurance companies whereby payments by passengers towards running costs as part of a car-sharing agreement would not invalidate insurance cover.

16.5 The Minister for Finance approved six job-creation schemes which would give employment to 1 600 mainly young people. These programmes are part of the IRL 20 million job-creation package announced in the budget and will cost IRL 3.2 million and allow for expansion of third-level courses, temporary youth employment in community work, remedial teaching, employment projects at agricultural colleges, forestry work and the employment of young people in survey work.

19.5 The Minister for Industry, Commerce and Energy authorized an increase of 11p per gallon in petrol prices.

23.5 The National Understanding on economic and social development was rejected by 318 votes to 119 at a special delegate conference of the Irish Congress of Trade Unions.

Italy (I)

4.5 The Prices Committee authorized an increase in the controlled prices of diesel fuel (+8.8%) and of gas oil and heating oil.

24.5 The Prices Committee authorized an increase of slightly more than 7% in the controlled prices of gas oil and fluid and semi-fluid fuel oil.

Netherlands (NL)

1.5 For the period from 1 May 1979 to 1 May 1980, the growth in consumer credit granted by banks, hire purchase companies and similar institutions was limited to 15%.

1.5 The Minister for Finance instructed the departments responsible for tax collection to ensure that taxes were paid on time. This measure will speed up tax collection. In addition, advance corporation tax was increased from 80% to 85% of the total.

Belgium (B)

3.5 The Banque Nationale increased its discount rate from 6% to 7%, making it match the level that the rate for current account advances had been at for two months. The subdivision of the refinancing ceiling into sub-ceilings A and B was abolished.

7.5 The banks raised their base rate for overdrafts from 9% to 9.25% and the rate for discount credits from 8% to 8.25% or 8.50%. The savings banks also increased their short-term lending rate by 0.25%.

8.5 The Government decided to raise several short-term foreign currency loans. On 28 May, the amount borrowed by the Treasury stood at BFR 14 000 million.

29.5 The financial intermediaries increased their base lending rates from 8.50% to 8.75% for discount and acceptance credits and from 9.25% to 9.50% for overdrafts.

31.5 The Banque Nationale increased the discount rate and the rate for advances on securities from 7% to 8%.

Luxembourg (L)

1.5 As from this date, civil service wages and salaries were increased by 3%.

United Kingdom (UK)

24.5 The requirement for large companies to give the Price Commission 28 days' notice of any pending price rise was abolished.

PRICES

| | BFR | DKR | DM | FF | LIT | HFL | UKL | USD |
|--|-------|--------|----|-----|--------|--------|-----|-------|
| 'European Economy' (3 issues per year) | 1 000 | 175,— | 63 | 140 | 26 800 | 69,— | 16 | 32.50 |
| Supplements | | | | | | | | |
| Series A — 'Economic trends' (11 issues per year) | 500 | 87,50 | 32 | 70 | 13 400 | 34,50 | 8 | 16.25 |
| Series B — 'Economic prospects — business survey results' (11 issues per year) | 500 | 87,50 | 32 | 70 | 13 400 | 34,50 | 8 | 16.25 |
| Series C — 'Economic prospects — consumer survey results' (3 issues per year) | 200 | 35,00 | 13 | 28 | 5 450 | 14,— | 3 | 6.50 |
| All three supplements | 1 000 | 175,— | 63 | 140 | 26 800 | 69,— | 16 | 32.50 |
| Combined subscription — 'European Economy' and supplements | 1 500 | 262,50 | 95 | 210 | 40 100 | 103,50 | 24 | 48.50 |

The annual subscription runs from 1 January to 31 December of each year.

Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.

These are surface mail rates; for air subscription rates please apply to the agents.



OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

Boite postale 1003 — Luxembourg

ISSN 0379-2056

Catalogue number: CB-AS-79-006-EN-C