

EUROPEAN ECONOMY

Supplement — Series A

No 11 — November 1979

Recent economic trends

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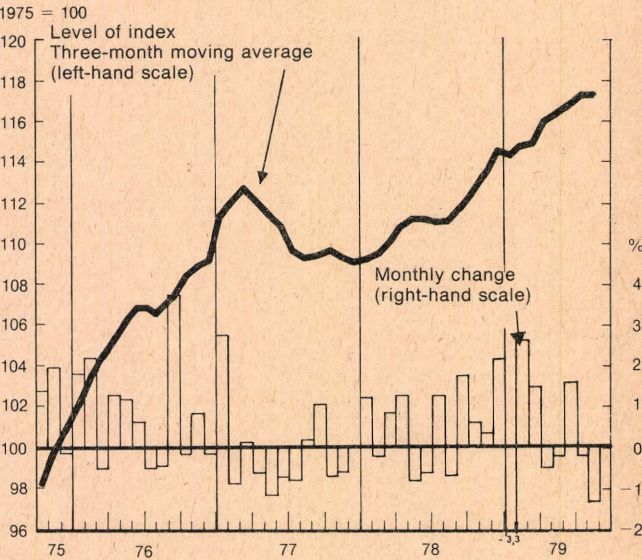
Economic policy reactions to present difficulties. — In its latest 'Annual Economic Report' (see the list of economic policy measures on the last page), the Commission sets out the main features of the economic forecasts for 1980. GDP volume growth for the Community as a whole is expected to fall from 3,1% in 1979 to about 2% in 1980 and the unemployment rate to rise from 5,6% to 6,2%. The increase in the implicit price index of private consumption will probably be of the order of 9%, both in 1979 and in 1980, while the current account of the balance of payments is expected to show a deficit of 3 300 million EUA in 1979 and 5 250 million EUA in 1980. In view of these prospects, the Commission considers that the growth of incomes must be held back by passing the higher energy costs onto consumers and by avoiding any acceleration in inflation through secondary effects. At the same time, monetary policy should remain strict: the growth of the money supply will probably be brought down from 10,9% in 1979 to 10,5% in 1980. Budgetary policy should provide only very limited compensation for the effects of the rise in oil prices: the general government financial deficit will probably be reduced from 4% of GDP in 1979 to 3,9% in 1980.

Slowdown in the growth of production. — Interpretation of the industrial production figures for the summer months (Table 1) has been made difficult by changes in holiday patterns in a number of countries. For the three months June to August, the seasonally-adjusted index for the Community was 0,9% higher than for the previous three-month period. In August, production (seasonally adjusted) fell by 1,3% compared with the previous month, whereas it had dropped only slightly in July and had risen appreciably in June. Even allowing for the effects of widespread strikes in Italy and the United Kingdom, these figures seem to indicate some slowing in production growth. The seasonally-adjusted index for the Community in August was 3,7% up on twelve months earlier.

Unemployment drifting down. — The seasonally-adjusted number of registered unemployed in the Community fell by 72 000 in September, following an earlier fall (on revised figures) of 63 000 in August. The seasonally-adjusted unemployment rate (Table 2) was down to 5,4%. Compared with a year earlier, the number of unemployed was 2,4% down. Male unemployment has been falling since April and in September was 5,1% less than a year earlier, while female unemployment, although declining in the last two months, remains 0,9% higher than a year earlier. Unemployment has shown a clear downward trend in Denmark and the Federal Republic of Germany and has also been declining in Ireland and the United Kingdom, though less rapidly. In these four countries, the improvement over a year earlier is appreciable. The situation is different in Italy, where unemployment has been falling significantly since the early months of the year, but was none the less much the same in September 1979 as in September 1978. There has been no clear trend in the Netherlands in recent months, but unemployment continues to move upwards in both Belgium and France.

No slowdown in the rise in consumer prices. — From August to September, the Community consumer price index rose 1% (Table 3). The six-month inflation rate, seasonally adjusted and expressed at an

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



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



annual rate, thus increased to 13,5% (Graph 3), which is a little over one percentage point above the maximum reached in 1974-75. As regards the trend in the various Member States, the September increase reached the exceptionally high level of 2,6% in Italy, mainly as a result of the rise in energy prices and an adjustment in rents. In Denmark, the Netherlands and the United Kingdom, the monthly increase was about 1%. In France, the rate of increase in September eased slightly to 0,8%. The monthly increase was lowest in the Federal Republic of Germany (as was the case in August) and in Belgium, amounting to 0,1% and 0,2% respectively.

Rise in interest rates. — Pressure on interest rates has been increasing since March (see Table below and, for earlier rates, 'Recent economic trends', No 5 - May 1979). The only exception to this pattern has been Italy, though official rates were raised appreciably in October. Short-term interest rates averaged 11,2% in October (as against 10,8% in September and 8% in March), while long-term rates averaged 10,7% in September (as against 9,8% in March). Several factors contributed to this upsurge. Firstly, strong demand for credit in most of the Member States and the acceleration in price rises led the authorities to pursue a restrictive policy on interest rates. Secondly, several countries participating in the EMS reacted to downward pressure on their currencies and the continued rise in interest rates in the United States by turning to this instrument to support their exchange rates. The rise in long-term rates was comparatively less sharp, despite large-scale borrowing by the public authorities on the financial market. In September, for the first time since 1974, the level of short-term interest rates thus exceeded the level of long-term rates.

	Short-term rates ¹						Long-term rates ²				
	1978			1979			1978		1979		
	Sept.	Dec.	March	June	Sept.	Oct.	Sept.	Dec.	March	June	Sept.
DK	14,3	15,2	10,7	9,8	17,4	.	16,3	17,2	14,5	16,1	16,6
D	3,7	4,1	5,2	6,5	7,9	8,6	6,0	6,3	6,9	7,8	7,5
F	7,5	6,6	7,1	9,5	11,6	12,3	10,4	9,9	9,6 ³	10,7	(11,6)
IRL	10,4	12,6	14,3	17,6	17,4	17,2	14,7	16,2	17,0	20,0	.
I	10,9	10,5	10,9	11,1	10,9	10,6	14,0	14,1	14,4	13,9	(14,4)
NL	7,0	10,4	7,3	8,6	9,9	10,8	7,8	8,5	8,6	9,0	8,7
B	7,3	9,3	8,1	9,8	12,5	13,1	8,4	8,8	9,0	9,4	(9,9)
UK	9,7	12,6	12,3	14,6	14,1	13,9	12,6	13,2	11,7	12,8	(12,6)
EC ⁴	7,2	7,9	8,0	9,5	10,8	(11,2)	9,7	9,9	9,8	10,6	(10,7)

Source: Commission departments.

¹ Three-month rates; Denmark: call-money rates.

² Yield of public-sector bonds.

³ April 1979.

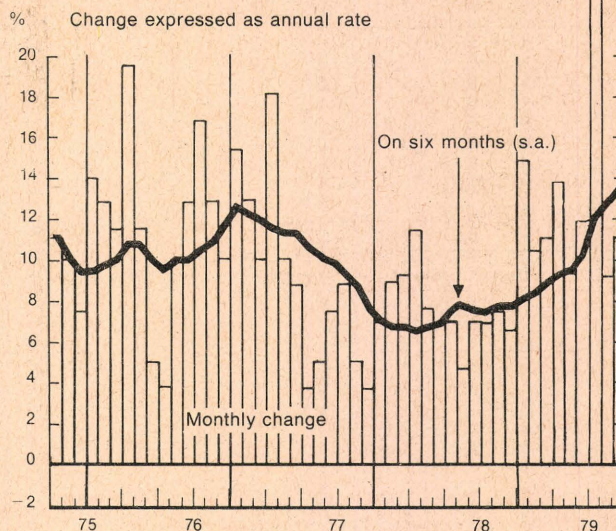
⁴ Average weighted by gross domestic product at current prices and exchange rates.

Widening trade deficit in the third quarter. — The incomplete data available for September provide confirmation that the Community's trade balance showed a further, distinct deterioration in the third quarter. The seasonally-adjusted deficit was probably some 5 000 million EUA, compared with 2 800 million EUA in the preceding quarter and 356 million EUA in the third quarter of 1978 (Table 4). The German surplus has shrunk substantially in the last three months. In most other Member States, the trade deficit has widened since June. The higher oil prices are still a key factor influencing trade performance. In the third quarter, the average fob price of a barrel of crude imported into the Community was probably around USD 20, some 23,5% higher than in the preceding quarter and some 57% higher than in the third quarter of 1978.

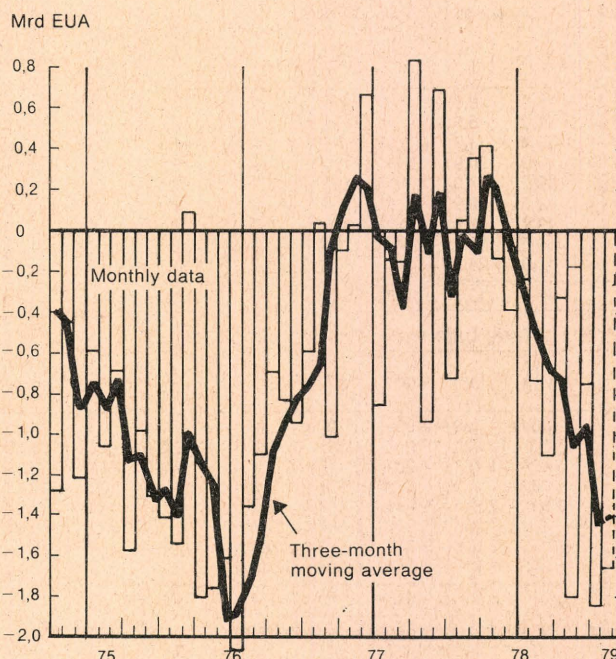
Calmer situation on foreign exchange markets. — As the United States was implementing the measures to improve control of monetary growth that had been announced on 6 October, the dollar rallied against the ECU. Taking the average for October, the dollar value of the ECU fell slightly (Table and Graph 5). The yen continued to lose ground against the ECU while the SDR value of the ECU held steady. Among the Community currencies, sterling — exchange controls in the United Kingdom were abolished on 23 October — again depreciated against the ECU (-2%), as did the Italian lira (-1,3%). The other Community currencies have remained stable or have made slight gains against the ECU since the realignment of central rates on 23 September.

6 November 1979.

GRAPH 3: Consumer prices, EC total



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



GRAPH 5: Value of ECU and EUA

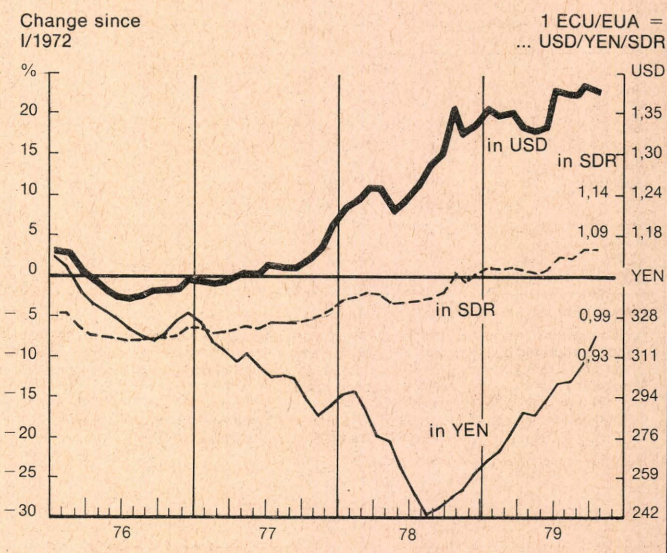


TABLE 1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1974	1975	1976	1977	1978	1978			1979		1979								Change over
						II	III	IV	I	II	Febr.	March	April	May	June	July	August	12 months % ²	
DK	-1,1	-5,7	9,3	0,8	2,3	6,8	-2,1	3,2	-3,1	2,7	-1,1	5,8	-2,7	4,9	-3,3	2,1	0,5	1,6	
D	-1,1	-6,2	7,4	2,8	2,0	0	2,6	0,8	0	2,5	-0,8	2,5	0	1,6	0	3,2	-3,9	4,5	
F	2,5	-8,9	9,7	1,6	1,6	2,4	-0,3	1,9	0	0,5	0	1,5	-1,5	1,5	0	2,3	0	6,3	
IRL	2,9	-6,1	9,0	8,1	9,4	3,4	-1,8	3,9	0,7	:	4,1	4,1	:	:	:	:	:	10,2	
I	3,9	-8,8	11,6	0	2,1	-0,7	0,4	6,1	1,5	-3,2	4,8	-2,6	0,4	-3,1	-4,2	3,1	-0,1	7,3	
NL	5,0	-4,8	5,9	0,8	1,3	-0,3	1,3	2,6	-1,8	1,3	-0,8	0	2,3	-1,5	0,8	0,8	-3,8	0	
B	4,0	-9,8	7,7	0,4	2,3	1,4	1,8	3,8	-2,1	6,5	5,0	2,3	1,3	-0,7	7,0	-12,0	5,6	5,0	
L	3,5	-21,9	3,8	0,5	3,2	-0,3	3,2	-0,2	1,4	1,2	6,7	2,2	-0,6	-4,4	3,7	-3,7	1,0	-2,2	
UK	-2,6	-4,8	2,7	4,6	3,1	2,9	0,6	-0,6	1,0	5,1	9,6	1,4	-0,7	1,6	2,5	-1,5	-5,0	1,1	
EC	0,6	-6,6	7,3	2,2	2,4	0,9	0,7	2,4	0,3	1,8	2,6	1,4	-0,5	-0,2	1,7	0,2	-1,3	3,7	

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

	1974	1975	1976	1977	1978	1978		1979			1979							Change over 12 months % 2
						III	IV	I	II	III	March	April	May	June	July	August	Sept.	
DK	2,0	4,6	4,7	5,8	6,6	6,6	6,6	6,1	5,4	5,1	6,0 ³	5,7	5,4	5,2	5,3	5,2	4,8	- 29,5
D	2,2	4,2	4,1	4,0	3,9	3,9	3,7	3,6	3,4	3,4	3,4	3,4	3,4	3,4	3,4	3,4	3,3	- 14,8
F	2,3	3,9	4,3	4,9	5,3	5,5	5,7	5,3	5,5	5,6	5,4	5,5	5,5	5,5	5,5	5,6	5,7	10,8
IRL	6,3	8,7	9,8	9,6	8,9	8,7	8,6	8,3	8,1	8,0	8,1	8,1	8,0	8,1	8,0	8,0	7,8	- 8,1
I	4,8	5,3	5,6	6,4	7,1	7,0	7,4	7,6	7,6	7,4	7,7	7,7	7,6	7,6	7,5	7,4	7,1	- 0,5
NL	2,9	4,0	4,3	4,1	4,1	4,2	4,1	4,1	4,2	4,2	4,1	4,1	4,2	4,2	4,2	4,2	4,2	1,1
B	3,2	5,3	6,8	7,8	8,4	8,4	8,5	8,6	8,6	8,9	8,7	8,6	8,7	8,6	8,8	8,9	8,9	7,2
L	0,0	0,2	0,3	0,5	0,8	0,8	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,6	0,7	0,6	0,7	- 12,6
UK	2,4	3,8	5,3	5,7	5,7	5,7	5,5	5,5	5,3	5,1	5,5	5,3	5,3	5,2	5,2	5,1	5,1	- 8,1
EC	2,9	4,3	4,9	5,3	5,5	5,6	5,6	5,6	5,5	5,5	5,6	5,5	5,5	5,5	5,5	5,5	5,4	- 2,4
of which:																		
males	2,9	4,3	4,7	5,0	5,0	5,0	5,0	5,0	4,9	4,8	5,0	4,9	4,9	4,9	4,9	4,8	4,8	- 5,1
females	2,9	4,4	5,2	6,0	6,4	6,5	6,6	6,5	6,6	6,6	6,5	6,5	6,6	6,6	6,6	6,6	6,5	0,9

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

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

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

	1974	1975	1976	1977	1978	1978		1979			1979							Change over 12 months 2	
						III	IV	I	II	III	March	April	May	June	July	August	Sept.		
DK	- 1 867	- 1 359	- 2 954	- 2 800	- 2 292	- 540	- 605	- 550	- 778	- 791	- 140	- 228	- 331	- 219	- 317	- 271	- 203	- 53	
D	16 707	12 224	12 243	14 513	15 935	3 982	4 380	3 394	3 001	1 770	1 062	1 372	816	813	605	715	450	- 1 112	
F	- 5 824	- 1 701	- 7 732	- 6 118	- 4 097	- 604	- 1 001	- 1 258	- 1 405	- 1 914	- 324	- 391	- 648	- 367	- 477	- 741	- 561	- 696	
IRL	- 967	- 461	- 772	- 876	- 1 128	- 311	- 308	- 422	- 554	:	- 156	- 166	- 173	- 215	- 134	- 197	:	- 63	
I	- 8 881	- 2 882	- 5 981	- 2 444	- 322	- 419	23	- 244	- 463	:	- 381	155	- 395	- 223	- 562	18	:	- 57	
NL	- 102	204	317	- 1 687	- 2 240	- 615	- 849	- 140	- 512	:	- 43	- 109	- 288	- 115	- 159	- 349	:	- 71	
B/L	- 1 311	- 1 626	- 2 375	- 2 527	- 2 782	- 474	- 456	- 313	- 447	:	- 209	- 164	- 175	- 108	- 131	:	:	- 39	
UK	- 12 979	- 7 617	- 8 664	- 5 246	- 5 548	- 1 468	- 1 231	- 2 490	- 1 658	- 1 959	- 807	- 800	- 611	- 246	- 643	- 699	- 617	- 24	
EC ⁴	- 15 219	- 3 216	- 15 919	- 7 183	- 2 474	- 356	- 135	- 2 077	- 2 843	:	- 1 098	- 320	- 1 790	- 733	- 1 832	(- 1650)	:	(- 1600)	
EC Trade balance fob/fob (in '000 million EUA)																			
	-2,9	7,3	-1,7	6,7	14,5	(4,0)	(3,4)	(3,9)	:	:	:	:	:	:	:	:	:	:	
EC Balance of payments on current account (in '000 million EUA)																			
	-9,5	1,6	-4,9	2,2	14,0	(4,2)	(3,2)	(4,6)	:	:	:	:	:	:	:	:	:	:	

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

	1974	1975	1976	1977	1978	1978		1979			1979								Change over 12 months % 2
						III	IV	I	II	III	April	May	June	July	August	Sept.	Oct.		
DKR	7,26	7,12	6,76	8,86	7,02	7,07	6,99	6,98	7,15	7,28	7,05	7,13	7,26	7,28	7,29	7,26	7,28	4,1	
DM	3,08	3,05	2,82	2,65	2,56	2,57	2,52	2,51	2,53	2,52	2,53	2,52	2,52	2,53	2,53	2,51	2,49	- 1,0	
FF	5,73	5,32	5,34	5,61	5,74	5,62	5,76	5,78	5,83	5,88	5,82	5,83	5,84	5,89	5,89	5,87	5,84	1,6	
IRL	0,510	0,560	0,622	0,654	0,664	0,664	0,677	0,672	0,665	0,670	0,661	0,666	0,668	0,670	0,672	0,669	0,668	- 1,8	
LIT	776	810	930	1 007	1 080	1 074	1 116	1 136	1 128	1 135	1 128	1 126	1 131	1 138	1 132	1 134	1 149	3,7	
HFL	3,20	3,13	2,96	2,80	2,75	2,79	2,73	2,71	2,75	2,78	2,74	2,75	2,77	2,78	2,78	2,76	2,76	1,0	
BFR/LFR	46,40	45,57	43,17	40,88	40,06	40,53	39,69	39,65	40,34	40,45	40,14	40,40	40,48	40,51	40,50	40,33	40,16	1,2	
UKL	0,510	0,560	0,622	0,654	0,664	0,664	0,677	0,672	0,640	0,622	0,645	0,642	0,634	0,614	0,618	0,636	0,648	- 4,8	
USD	1,193	1,241	1,118	1,141	1,274	1,282	1,342	1,354	1,332	1,389	1,337	1,322	1,338	1,387	1,383	1,398	1,393	2,0	
YEN	347,5	367,7	331,2	305,8	267,1	246,9	255,2	272,8	290,0	303,8	289,0	288,4	292,7	300,2	301,3	310,7	320,1	27,6	
SDR	0,992	1,022	0,968	0,977	1,018	1,014	1,039	1,050	1,045	1,067	1,046	1,041	1,047	1,065	1,064	1,072	1,073	2,7	

Source: Eurostat unless otherwise stated.

¹ National sources, except in the cases of the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in the methods of seasonal adjustment, the change in the EC index, adjusted by Eurostat and given in Table 1, may differ from the change in the EC index obtained by aggregation of the national indices. The figures are corrected for the number of working days. Excluding building and construction and, in the case of France, the foodstuffs and beverages industry.

² For the most recent figure given in the table.

³ From January 1979: new series.

⁴ The seasonally-adjusted net balance for the Community does not tally with the total of the net balances of the Member States; this is because it is obtained by seasonally adjusting the total of the gross export and import figures for the various countries.

Note: (s.a.) = seasonally adjusted.

: = not available.

() = estimate.

Major economic policy measures — October 1979

Community (EC)

9.10 The Council (Energy) agreed on the breakdown between Member States of the common target, fixed in Strasbourg and confirmed in Tokyo, of a reduced total volume of oil imports of 472 million tonnes for 1985. The breakdown (in millions of tonnes) is as follows: Denmark 11, Federal Republic of Germany 141, France 111, Ireland 8, Italy 124, the Netherlands 49, Belgium 31, Luxembourg 2 and the United Kingdom —5.

17.10 The Commission adopted two documents on the economic situation in the Community: the Annual Economic Report 1979-80, which sets out the prospects, objectives and economic policy guidelines for 1980, and the Annual Economic Review 1979-80, which provides a detailed analysis as background to the Report.

Denmark (DK)

1.10 The Central Bank raised by 2% (some DKR 2 400 million) the ceiling on lending by the private banks. Similar increases had been made in April (3%) and in July (2%).

Federal Republic of Germany (D)

11.10 The Bundestag adopted the Federal Government amending budget for 1979. The original deficit of DM 31 200 million was cut to DM 28 400 million thanks mainly to an increase in tax revenue (+ DM 2 300 million) and to a reduction in expenditure (— DM 500 million).

France (F)

2.10 The lending ceilings to be applied in the first half of 1980 were adopted. For first-category institutions (the major banks), lending will be allowed to progress as follows (December 1979 = 100): 97 in January-February, 98 in March-April, 99 in May and 99.5 in June (compared with 100 in June 1979); for the other banks, the corresponding figures are 98, 99, 100, 101 and 102.5 (compared with 103 in June 1979). In addition, an increasing proportion of the loans hitherto granted without restriction will again be subject to the general arrangements: 20% from the end of October, 30% from the end of November and 40% during the first half of 1980. The official target for the growth in the money supply (M_2) for 1980 remains fixed at 11%.

Ireland (IRL)

1.10 An increase of slightly more than 5% in social security benefits came into force.

12.10 As provided for in the National Understanding, the Minister for Finance decided to grant, with effect from 23 November, a special reduction of IRL 175 from the taxable income of PAYE taxpayers.

Italy (I)

7.10 The monetary authorities increased the discount rate and the rate for advances against securities from 10.5 to 12%. This was the first increase in these rates for two years.

In mid-October, a number of documents were published which had been approved by the Government on 30 September and which set out the broad lines of economic policy for 1980 and beyond:

- (a) *The report on the forecasts and norms for 1980.* The Government will pursue an economic policy designed primarily to combat inflation, in particular by restricting the enlarged public sector borrowing requirement (to LIT 40 000 000 million) and domestic credit expansion (to LIT 59 000 000 million) and by reducing firms' social security charges, while at the same time bolstering economic activity (measures to promote exports and the construction and purchase of housing, re-establishment of conditions favourable to the growth of private investment and reduction in the tax burden on households to compensate for the freezing of a number of aspects of the sliding wage scale).
- (b) *The Finance Act.* This provides for the introduction of more comprehensive measures for combating tax evasion, a 50% increase in income tax family allowances, a reduction in firms' sickness insurance contributions and the lodging with the Treasury of the liquid funds of local authorities responsible for more than 20 000 inhabitants.
- (c) *The central government cash budget for 1980.* With revenue at LIT 75 629 000 million and expenditure at LIT 125 048 000 million (+ 15.8% and + 18% respectively compared with the probable 1979 outturn, the central government budget deficit is likely to total LIT 49 419 000 million

(as against LIT 40 450 000 million in 1979). However, according to the report on the forecasts and norms for 1980, the Treasury's overall deficit should not exceed LIT 41 900 000 million owing to a substantial surplus on cash transactions other than those relating to the central government budget.

- (d) *The central government triennial budget for 1980-82.* In terms of appropriations, the central government net borrowing requirement at the end of the three years should be close to LIT 40 000 000 million, as against some LIT 48 300 000 million in 1980, owing mainly to a reduction in the rate of growth of expenditure.

19.10 The Banca d'Italia renewed the ceiling controls on bank lending until the end of July 1980, the threshold being raised from LIT 100 million to LIT 130 million per resident customer. Compared with the amount outstanding on 31 May 1979, lending may not grow by more than 11% to the end of November 1979, 14% to the end of January 1980, 15% to the end of March, 16% to the end of May and 21% to the end of July 1980. For the first seven months of 1980, therefore, lira lending may increase by only 13% compared with the level for the corresponding period in 1979.

Netherlands (NL)

None.

Belgium (B)

1.10 Excise duty on petrol was increased by BFR 1 per litre (yield: BFR 4 000 million in a full year).

1.10 The rules and regulations relating to unemployment were made more restrictive as a more narrow interpretation was put on the concepts 'availability for the labour market' and 'suitable employment'.

4.10 The Banque Nationale increased the ordinary discount rate for bills under sub-ceiling A from 9 to 10%. The rate applicable to bills under sub-ceiling B and that for advances against securities within the monthly quotas was increased from 11 to 12%.

15.10 The Government presented to the social partners proposals for solving the most pressing problems in the social security sphere. For 1979, these proposals involve an increase in small pensions and the subsistence allowance (+ BFR 2 300 million) and measures for making up the cash deficit by means of receipts estimated at BFR 17 400 million and derived from various sources: loans, accelerated payment of the State subsidy (BFR 4 700 million). For 1980, the Government proposes an increase in contributions (bringing in BFR 4 500 million) and a cut in expenditure (BFR 19 700 million).

23.10 The decrees providing for the granting of readaptation or adaptation premiums to certain employers (the Dewulf plan) were published. These premiums will be granted to employers who, before 31 December 1980, apply a minimum 38-hour working week and take on additional staff. The premium amounts to BFR 62 500 per quarter for a period not exceeding two years. The number of premiums per employer is limited.

Luxembourg (L)

26.9 The Government laid before Parliament the 1980 budget which provides for expenditure of LFR 45 550 million and revenue of LFR 45 360 million, with the deficit coming to LFR 187.8 million. This budget implies approval of the measures already announced in the Government's policy statement of 24 July, in particular the reduction in the tax burden on wages, salaries and other incomes. These tax measures are likely to cost a total of LFR 1 200 million in lost revenue.

United Kingdom (UK)

23.10 The Chancellor of the Exchequer announced that all remaining exchange controls (with the exception of those applying to Rhodesia) would be ended from midnight. The main controls being removed are those on:

- buying and retaining of foreign currency, whether in the United Kingdom or abroad;
- all outward portfolio investment (those in securities denominated and payable solely in EEC currencies had already been liberalized on 18 July 1979);
- sterling lending to non-residents.

With the removal of the exchange controls, the United Kingdom is now meeting in full her obligations on capital movements under the EEC Treaty.

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