

# EUROPEAN ECONOMY

Supplement — Series A

No 1 — January 1980

## Recent economic trends

**Community economy losing momentum.** — After the summer break, economic growth in the Community as a whole tended to slacken somewhat. The limited data so far available point to an increase of only 1/2% in Community gross domestic product in the third quarter after a quite appreciable rise of around 1 1/4% in the preceding quarter (see Table below).

### Real gross domestic product in the Community (% change on preceding period, s.a.)

	D	F	I	UK	EC
1975	-2.0	0.3	-3.5	-1.8	-1.6
1976	5.0	4.6	5.9	2.2	5.0
1977	2.8	3.0	2.0	2.5	2.3
1978	3.1	3.3	2.5	2.9	3.1
1977 I	0.5	1.4	0.8	0.6	0.7
II	0.5	-0.4	-1.7	-0.3	-0.3
III	0.5	1.1	-0.1	0.8	0.6
IV	1.0	-0.1	0.1	0.2	0.4
1978 I	0	1.1	1.6	0.6	0.7
II	2.0	1.8	0.4	2.0	1.6
III	1.0	0.3	0.6	0.7	0.6
IV	1.0	1.2	2.9	-0.1	1.3
1979 I	0.5	0.2	1.1	-0.6	0.3
II	2.0	0.5	-0.7	2.9	1.3
III	1.0	1.8	1.0	-2.1	(0.5)

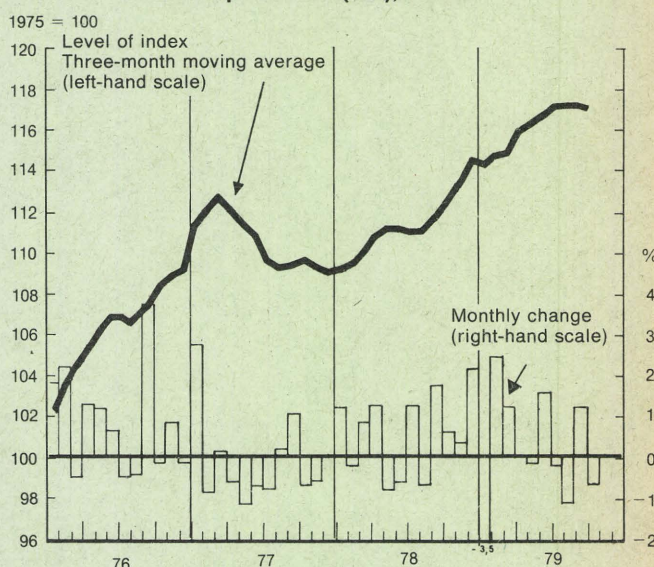
Source: Quarterly figures for the different countries were supplied by the relevant national departments (D: Bundesbank, GNP; F: INSEE, market GDP; I: ISCO; UK: CSO, output estimate); the other figures were compiled by Commission staff.

This performance was largely attributable to the fall in the United Kingdom, resulting only in part from industrial disputes. A slowdown was also evident in Germany, following a 1% rise in the third quarter. In Italy, on the other hand, the fall-off in the second quarter gave way to a quicker pace (+1.0%), while in France gross domestic product rose significantly between the second and third quarters (+1.8%). The Community economy will need to expand by 0.8% in the fourth quarter if it is to achieve a 1979 growth rate of 3.1% as projected in October.

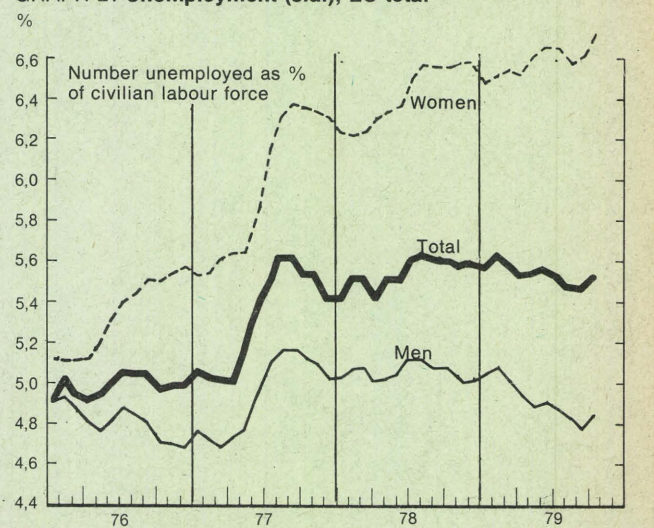
**Setback to industrial production.** — Industrial production in the Community, seasonally adjusted, probably fell by 0.7% in October (Table and Graph 1). Monthly changes are very irregular, but the trend in industrial production would now seem to have become negative after being strongly positive in the second quarter and after slowing down in the third. Among Member States (Graph 6) the latest figures tend to confirm the renewed buoyancy of production in Italy but suggest that the recent spurt in production in France is losing momentum. In Germany and in the Netherlands, the upward trend was reversed after the summer months. The figures for Belgium, Denmark and the United Kingdom remain difficult to interpret because periods of disruption alternate with periods of recovery in activity.

**Unemployment rate stable.** — The seasonally-adjusted rate of unemployment in the Community remained unchanged between

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



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





October and November, at 5.5%, following the slight rise between September and October (Table 2). Further falls in unemployment were recorded in Denmark, Germany and Ireland, countries where a downward trend has been well established for more than a year. Seasonally-adjusted unemployment rates declined marginally in Belgium and the Netherlands in November, but in both countries they remain slightly higher than a year earlier. For Italy and the United Kingdom, the November figures provided confirmation that the downward trend of unemployment had been arrested. The unemployment rate in France continued to climb.

**Continued rise in prices and incipient acceleration in the rise in wages and salaries.** — In November, the Community consumer price index was 0.9% higher than in the previous month. Though this increase was slightly lower than the rates for September and October (Table 3), the underlying trend towards an acceleration in inflation continued, with the six-month increase, seasonally adjusted and expressed at an annual rate, reaching the record level of about 15% (Graph 3). The most recent figures on wholesale prices on the other hand indicate some easing in upward pressures (Table 4). In contrast to the pattern during the first two quarters of 1979, wholesale prices at Community level in the third quarter and in October rose less sharply than consumer prices. As regards the trend of wages and salaries, the rise in hourly wages, previously moderate, accelerated during the second quarter in almost all the Member States, amounting to more than 4% for the Community as a whole. In the third quarter, the increase eased back to 3 1/2%, but, for the first time since the beginning of 1979, the twelve-month rate of increase (11.9%) exceeded that recorded in 1978 (10.8%).

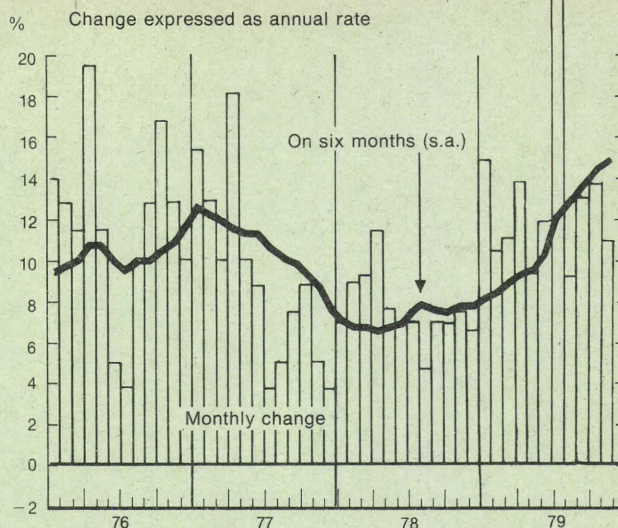
**Temporary check to the deterioration in the trade balance.** — After reaching its highest level for the year in October (2 700 million EUA; Table 6), the Community's trade deficit probably fell in November. An improvement was recorded for the three countries for which the November figures are available: these indicate a slight increase in the German surplus and a decrease in the French and United Kingdom deficits. A factor behind this improvement was the slowdown in precautionary purchases of crude oil. However, the effects of a series of price rises decided in December by the oil-producing countries, bringing the average world price to about 28 dollars a barrel, must be expected to make themselves felt in the near future.

**Less rapid monetary growth and sharper rise in interest rates.** — In the Community as a whole, the rate of monetary growth eased slightly in the third quarter of 1979 (Table 7). After remaining at above 12% until June, it subsequently fell to about 11%. This movement was clearest in Germany, Ireland and Belgium. Short-term interest rates (Table 8) have been rising since the second quarter (except in Italy, where, following a period of stability, no significant increase took place until November). The upward movement sharpened in October and November, while a fall set in in the United States. Long-term interest rates (Table 9) rose moderately compared with the first quarter. In October, they were only 1.1 percentage points up on their level in October 1978, whereas the twelve-month difference was 5 percentage points for short-term rates.

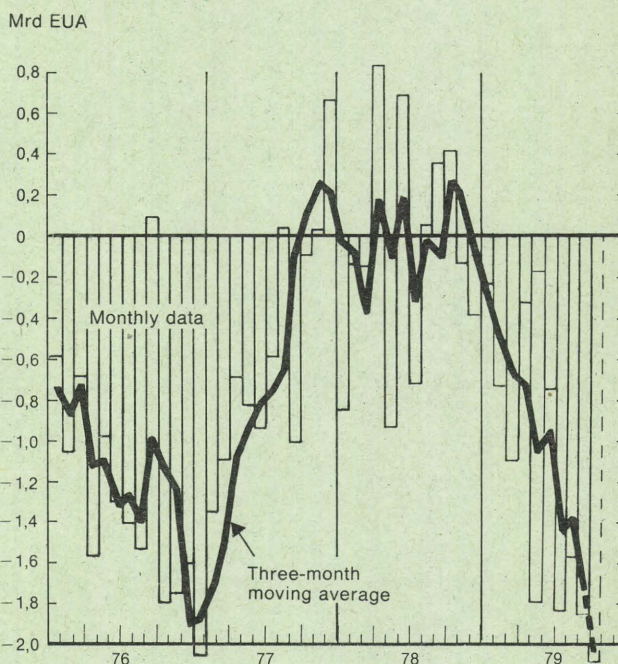
**Slide of the dollar.** — In December, the dollar continued to drift downwards against the ECU, while the erosion of the yen was halted to give way to a recovery against the European currencies. On average, the ECU value of the yen fell slightly, as did that of the SDR (Graph 5 and Table 10). Among the Community currencies, the German mark and the French franc were firm; the Dutch guilder strengthened overall, while the Belgian franc depreciated slightly. The raising of the discount rate in Italy checked the decline of the lira, whose average rate nevertheless remained slightly below that for November. The Danish krone has remained relatively stable since its devaluation on 30 November. The sterling rate showed little if any change during December, but sterling's average value against the ECU was higher than in November.

9 January 1980

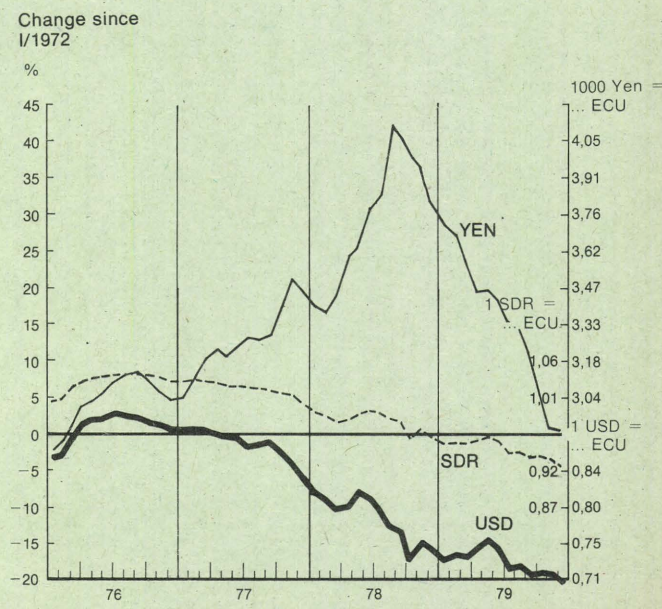
GRAPH 3: Consumer prices, EC total



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

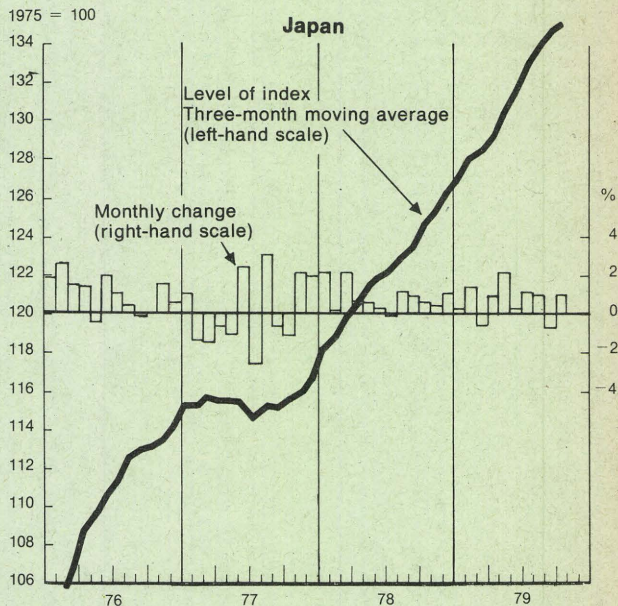
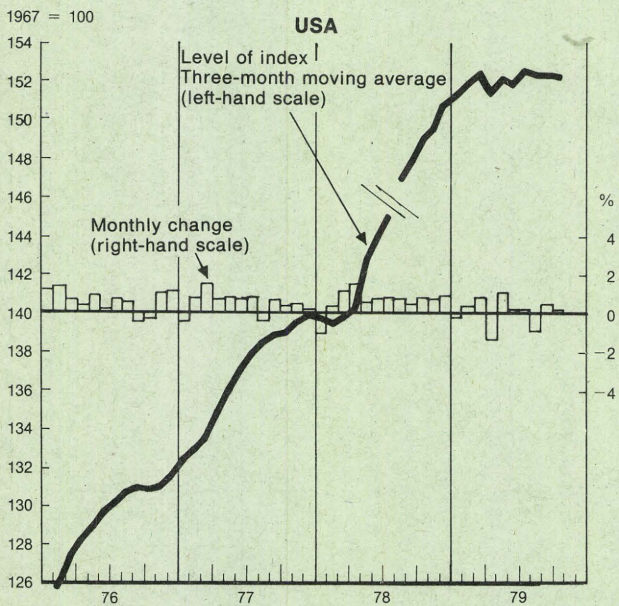
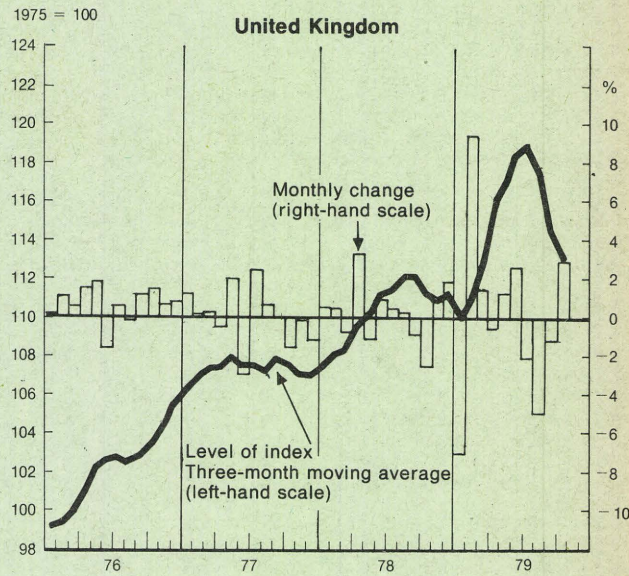
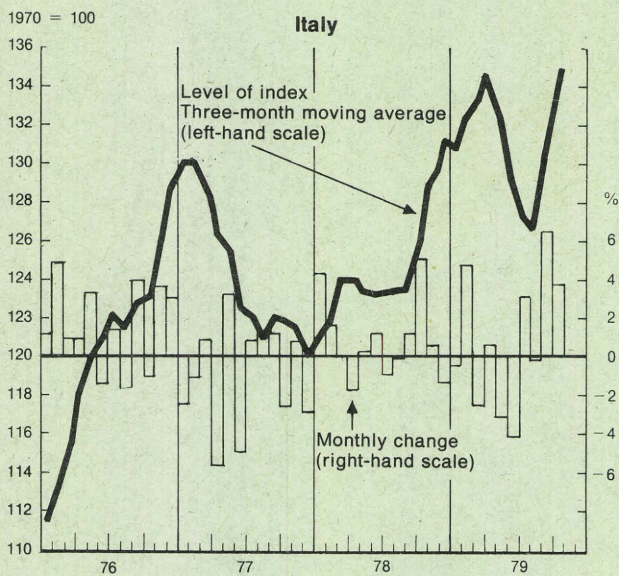
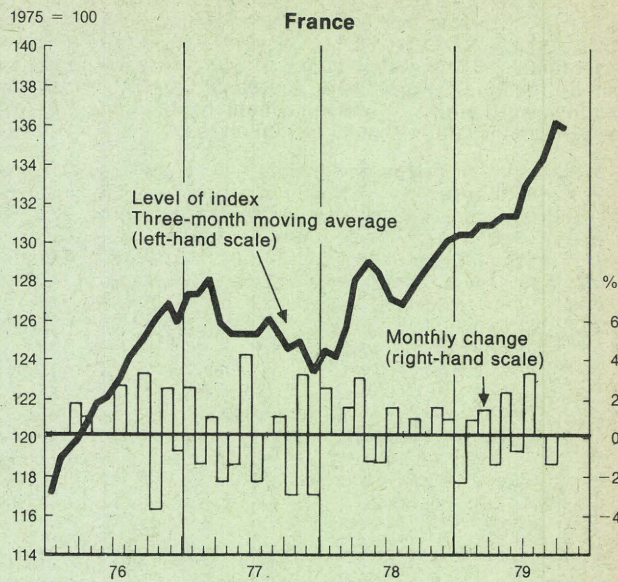
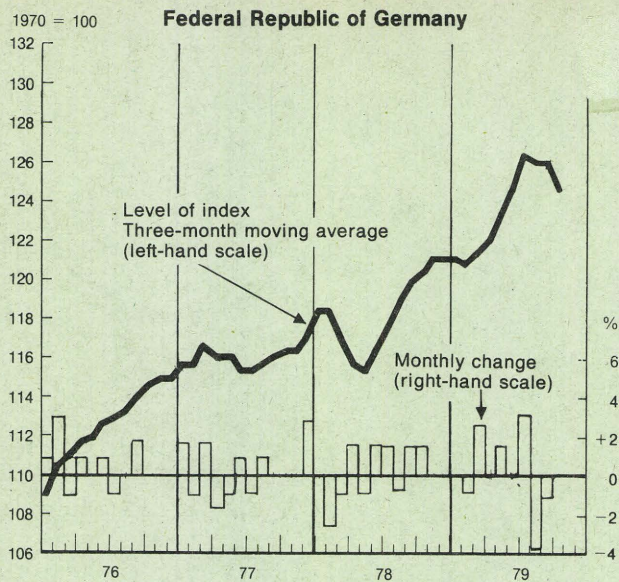


GRAPH 5: Value of USD, Yen and SDR in ECU/EUA





GRAPH 6: Industrial production (s.a.)



Source: National data.



TABLE 6: 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	May	June	July	August	Sept.	Oct.		Nov.
DK	-1 867	-1 359	-2 954	-2 800	-2 292	-540	-605	-550	-778	-780	-331	-219	-317	-271	-192	-280	:	-60
D	16 707	12 224	12 243	14 513	15 935	3 982	4 380	3 394	3 001	1 770	816	813	605	715	450	354	536	-895
F	-5 824	-1 701	-7 732	-6 118	-4 097	-591	-972	-1 265	-1 423	-1 820	-637	-401	-481	-741	-599	-944	-615	-338
IRL	-967	-461	-772	-876	-1 128	-311	-308	-422	-554	-533	-173	-215	-134	-196	-203	-218	:	-78
I	-8 881	-2 882	-5 981	-2 444	-332	-419	23	-244	-463	-774	-395	-223	-561	17	-230	-15	:	121
NL	-102	204	317	-1 687	-2 240	-615	-849	-141	-512	-797	-288	-115	-159	-349	-290	-265	:	85
B	-1 311	-1 626	-2 375	-2 527	-2 782	-474	-456	-313	-447	-370	-175	-108	-131	-166	-73	:	:	45
UK	-12 979	-7 617	-8 664	-5 246	-5 548	-1 468	-1 231	-2 490	-1 658	-1 921	-611	-246	-643	-655	-623	-1 149	-649	-97
EC <sup>8</sup>	-15 219	-3 216	-15 919	-7 183	-2 474	-389	-261	-2 045	-2 868	-5 225	-1 787	-735	-1 824	-1 573	-1 828	(-2 700)	:	(-3 100)
USA	-8 716	-3 017	-13 189	-31 907	-31 050	-7 148	-5 892	-6 010	-7 206	-6 877	-2 637	-2 197	-1 553	-2 498	-2 821	:	:	-861
JAP	-5 512	-1 700	2 171	8 488	14 285	3 939	2 734	504	-498	-2 184	150	-165	-512	-930	-742	(-1 077)	(-1 314)	(-2 137)

TABLE 7: Money supply<sup>9</sup> - Percentage change on corresponding period of preceding year

	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.
DK (M2)	8,9	25,5	11,4	9,8	6,7	6,3	6,7	10,1	9,3	9,5	10,1	10,7	9,3	9,6	9,5	9,5	11,0	:
D (M3)	8,4	8,5	8,4	11,1	11,0	10,8	11,0	11,1	10,8	7,8	10,9	10,8	10,8	9,3	8,4	7,8	5,9	:
F (M2)	18,4	15,7	12,8	13,9	12,2	13,1	12,2	14,0	13,6	13,0	13,2	14,5	13,6	12,9	13,1	13,0	(13,5)	:
IRL (M3)	20,4	19,1	14,3	16,3	28,7	21,4	28,7	32,2	36,0	26,2	33,4	34,6	36,0	36,8	32,7	26,2	26,4	:
I (M2)	15,3	23,5	20,8	21,8	22,8	23,0	22,8	20,4	19,9	19,6	20,4	20,3	19,9	20,6	20,7	19,6	:	:
NL (M2)	20,0	5,7	22,7	3,5	4,2	5,3	4,2	3,4	5,2	4,1	3,5	3,9	5,2	2,5	3,5	4,1	:	:
B (M2)	11,1	17,2	13,4	9,9	9,5	10,9	9,5	9,0	8,6	6,4	:	:	8,6	:	:	6,4	:	:
UK (EM3)	8,8	7,8	11,3	9,3	13,3	14,4	13,3	11,1	11,1	11,8	10,4	10,3	11,1	10,6	12,3	11,8	13,1	:
EC <sup>10</sup>	12,8	12,9	12,9	12,3	12,7	13,1	12,7	12,5	12,4	11,1	12,3	12,7	12,4	11,4	11,7	11,1	(11,1)	:
USA (M2)	7,1	8,5	11,3	9,3	8,2	8,8	8,2	7,0	7,6	(8,0)	7,3	7,0	7,6	8,0	8,1	(8,0)	(8,2)	:
JAP (M2)	11,5	14,5	13,5	11,1	13,1	12,6	13,1	12,9	11,3	11,5	12,7	11,8	11,3	10,7	10,9	11,5	:	:

TABLE 8: Short-term interest rates<sup>11</sup>

	1974	1975	1976	1977	1978	1978			1979			1979					Change over 12 months 2	
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.		Nov.
DK	13,3	14,5	10,3	14,5	15,4	14,3	15,2	19,6	9,8	17,4	7,3	9,8	14,4	10,7	17,4	18,5	13,7	-1,8
D	9,9	5,0	4,2	4,4	3,7	3,7	4,1	5,3	6,6	8,0	6,2	6,6	6,9	7,4	8,0	9,5	9,7	5,7
F	13,1	8,0	8,8	9,3	8,1	7,5	6,6	7,0	9,3	11,6	8,6	9,3	10,6	11,4	11,6	12,2	12,4	7,6
IRL	15,5	11,0	11,8	8,4	9,9	10,4	12,6	14,3	17,6	17,4	13,9	17,6	17,0	17,4	17,4	17,1	17,6	4,9
I	14,0	10,4	17,6	14,5	11,3	10,9	10,9	10,9	11,1	10,9	10,6	11,1	10,5	11,3	10,9	10,6	14,2	3,3
NL	10,5	5,3	7,1	4,8	6,6	7,0	10,4	7,2	8,4	9,8	9,0	8,4	9,5	9,6	9,8	10,6	14,8	4,4
B	10,9	7,4	10,0	7,6	7,3	7,5	9,3	8,1	9,8	12,5	9,2	9,8	12,0	12,0	12,5	14,1	14,4	5,6
UK	13,4	10,6	10,6	8,1	8,3	9,7	12,6	12,1	14,1	14,2	11,8	14,1	14,3	14,3	14,2	14,8	16,9	4,6
EC <sup>10</sup>	12,0	7,7	7,5	8,0	7,2	7,2	7,9	8,0	9,4	10,9	8,6	9,4	10,1	10,5	10,9	11,7	12,8	5,0
USA	7,8	5,8	5,0	5,3	7,2	8,0	9,3	9,5	8,8	10,1	9,6	8,8	9,3	9,6	10,1	(12,6)	(11,2)	(2,6)
JAP	:	:	:	6,2	5,1	4,8	4,7	5,0	5,3	6,5	5,2	5,3	5,8	6,4	6,5	7,0	7,8	2,9

TABLE 9: Long-term interest rates<sup>12</sup>

	1974	1975	1976	1977	1978	1978			1979			1979					Change over 12 months 2	
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.		Nov.
DK	14,6	13,1	13,6	16,6	16,7	16,3	17,2	14,5	16,1	16,6	15,4	16,1	16,0	16,2	16,6	16,3	:	-0,7
D	10,4	8,5	7,8	6,2	5,7	6,0	6,3	6,9	7,8	7,5	7,6	7,8	7,5	7,5	7,8	8,1	:	1,9
F	11,0	10,3	10,5	11,0	10,6	10,4	9,9	(9,6)	10,7	11,6	10,0	10,7	11,3	11,7	11,6	11,6	:	1,4
IRL	14,6	14,0	14,7	12,9	12,8	13,1	13,4	13,3	15,4	15,7	13,8	15,4	16,0	15,9	15,7	16,6	:	3,7
I	8,4	10,4	12,5	15,2	14,2	14,0	14,1	14,2	13,9	14,4	13,9	13,9	13,9	14,1	14,4	14,4	:	0,3
NL	9,8	8,8	9,0	8,1	7,7	7,8	8,5	8,5	9,0	8,7	8,8	9,0	9,0	8,7	8,7	8,8	9,2	1,2
B	8,7	8,5	9,0	8,8	8,5	8,4	8,8	8,9	9,4	9,9	9,2	9,4	9,6	9,8	9,9	10,6	11,0	2,3
L	7,3	6,7	7,2	7,0	6,6	6,7	6,7	6,8	6,8	6,8	6,8	6,8	6,8	6,8	6,8	6,8	6,8	0,1
UK	14,7	14,4	14,4	12,7	12,5	12,6	13,2	12,4	12,7	12,6	11,9	12,7	12,3	12,3	12,6	13,2	:	0,3
EC <sup>10</sup>	11,0	10,3	10,4	10,1	9,7	9,7	9,9	9,8	10,5	10,7	10,1	10,5	10,6	10,6	10,7	10,9	:	1,1
USA	6,1	7,0	6,8	7,1	7,9	7,8	8,4	8,5	8,3	8,7	8,6	8,3	8,4	8,4	8,7	:	:	0,9
JAP	9,3	9,2	8,7	7,3	6,1	6,2	6,1	7,0	8,1	7,9	7,8	8,1	7,8	7,9	7,9	:	:	1,7

TABLE 10: 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	
						IV	I	II	III	IV	June	July	August	Sept.	Oct.	Nov.		Dec.
DKR	7,26	7,12	6,76	8,86	7,02	6,99	6,98	7,15	7,28	7,44	7,26	7,28	7,29	7,26	7,28	7,35	7,68	9,6
DM	3,08	3,05	2,82	2,65	2,56	2,52	2,51	2,53	2,52	2,48	2,52	2,53	2,53	2,51	2,49	2,48	2,48	-1,3
FF	5,73	5,32	5,34	5,61	5,74	5,76	5,78	5,83	5,88	5,82	5,84	5,89	5,89	5,87	5,84	5,82	5,81	0,7
IRL	0,510	0,560	0,622	0,654	0,664	0,677	0,672	0,665	0,670	0,670	0,668	0,670	0,672	0,669	0,668	0,670	0,672	-0,3
LIT	776	810	930	1 007	1 080	1 116	1 136	1 128	1 135	1 154	1 131	1 138	1 132	1 134	1 149	1 154	1 160	3,0
HFL	3,20	3,13	2,96	2,80	2,75	2,73	2,71	2,75	2,78	2,75	2,77	2,78	2,78	2,76	2,76	2,76	2,74	0,6
BFR/LFR	46,40	45,57	43,17	40,88	40,06	39,69	39,65	40,34	40,45	40,22	40,48	40,51	40,50	40,33	40,15	40,18	40,34	1,4
UKL	0,510	0,560	0,622	0,654	0,664	0,677	0,672	0,640	0,622	0,652	0,634	0,614	0,618	0,636	0,649	0,656	0,650	-3,5
USD	1,193	1,241	1,118	1,141	1,274	1,342	1,354	1,332	1,389	1,406	1,338	1,387	1,383	1,398	1,392	1,398	1,429	7,1
YEN	347,5	367,7	331,2	305,8	267,1	255,2	272,8	290,0	303,8	335,4	292,7	300,2	301,3	310,7	320,4	342,3	343,5	31,3
SDR	0,992	1,022	0,968	0,977	1,018	1,039	1,050	1,045	1,067	1,080	1,047	1,065	1,064	1,072	1,072	1,080	1,090	4,8

<sup>8</sup> 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.

<sup>9</sup> National sources; last month of the year or quarter; EC excluding Luxembourg.

<sup>10</sup> Average weighted by GDP at current prices and exchange rates.



TABLE 1: Industrial production<sup>1</sup> - Percentage change on preceding period (s.a.)

	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.	
DK	-1,1	-5,7	9,3	0,8	2,3	-2,1	3,2	-3,1	2,7	0,6	-2,7	4,9	-3,3	2,1	1,2	-4,8	11,4	9,7
D	-1,1	-6,2	7,4	2,8	2,0	2,6	0,8	0	2,5	1,6	0	1,6	0	3,2	-3,9	0,8	0	2,1
F	2,5	-8,9	9,7	1,6	1,6	-0,3	1,9	-0,3	1,1	3,5	-1,5	2,3	-0,8	3,8	0	-1,5	0	2,2
IRL	2,9	-6,1	9,0	8,1	9,4	-1,8	3,9	0,7	3,1	:	1,2	-2,3	-1,7	:	:	:	1,3	
I	3,9	-8,8	11,6	0	2,1	0,4	6,0	1,1	-2,7	1,2	0,8	-3,1	-4,2	3,1	-0,1	6,4	3,8	
NL	5,0	-4,8	5,9	0,8	1,4	1,3	2,9	-1,5	1,5	-0,3	2,3	-1,5	0,8	0,8	-1,5	0	0,8	
B	4,0	-9,8	8,1	0,4	2,4	1,9	4,0	-3,1	7,1	-2,9	2,8	-0,2	6,4	-11,6	5,2	5,6	-6,8	
L	3,5	-21,9	3,8	0,5	3,2	3,2	-0,2	1,4	1,2	-1,3	-0,6	-4,4	3,7	-3,7	1,0	2,5	-4,6	
UK	-2,6	-4,8	2,7	4,7	3,0	0,7	-0,7	1,1	5,2	-3,5	-0,5	1,4	2,5	-2,0	-4,8	-1,1	3,0	
EC	0,6	-6,6	7,3	2,2	2,4	0,7	2,5	0	2,0	0,5	0	-0,2	1,8	-0,2	-1,1	1,2	-0,7	
USA	2,9	-8,2	10,2	6,5	5,7	2,7	1,9	1,0	-0,2	0,2	-1,4	1,1	0,1	0,1	0,8	0,5	(0,1)	
JAP	-3,1	-11,0	11,1	4,1	6,2	1,3	2,2	1,8	2,3	2,3	0,8	2,1	0,2	1,1	0,9	-1,5	1,7	

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

	1974	1975	1976	1977	1978	1978		1979			1979							Change over 12 months % 2
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.	Nov.	
DK	2,0	4,6	4,7	5,8	6,6	6,6	6,6	6,1	5,4	5,2	5,4 <sup>3</sup>	5,2	5,3	5,2	5,0	4,9	4,8	-26,6
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	3,3	3,3	3,2	-13,8
F	2,3	3,9	4,3	4,9	5,3	5,5	5,7	5,8	6,0	6,1	6,0	6,0	6,0	6,1	6,2	6,2	6,3	10,7
IRL	6,3	8,7	9,8	9,6	8,9	8,7	8,6	8,3	8,1	8,0	8,0	8,1	8,0	8,0	7,8	7,8	7,7	-10,9
I	4,8	5,3	5,6	6,4	7,1	7,0	7,4	7,6	7,6	7,3	7,5	7,6	7,5	7,3	7,3	7,5	7,5	3,4
NL	2,9	4,0	4,3	4,1	4,1	4,2	4,1	4,1	4,2	4,2	4,2	4,2	4,2	4,2	4,2	4,1	4,1	0,4
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	8,8	8,9	8,9	8,9	8,8	4,6
L	0,0	0,2	0,3	0,5	0,8	0,8	0,7	0,7	0,7	0,7	0,7	0,6	0,7	0,6	0,7	0,7	0,7	4,0
UK	2,4	3,8	5,3	5,7	5,7	5,7	5,5	5,5	5,3	5,1	5,3	5,2	5,2	5,1	5,1	5,2	5,2	-2,6
EC	2,9	4,3	4,9	5,3	5,5	5,6	5,6	5,6	5,5	5,5	5,5	5,6	5,5	5,5	5,4	5,5	5,5	-0,1
USA	5,6	8,5	7,7	7,0	6,0	6,0	5,8	5,7	5,7	5,8	5,8	5,6	5,7	6,0	5,8	6,0	(5,9)	(2,0)
JAP <sup>4</sup>	1,4	1,9	2,0	2,0	2,2	2,3	2,3	2,0	2,1	2,1	2,0	2,0	2,2	2,2	2,0	:	:	-13,6

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	May	June	July	August	Sept.	Oct.	Nov.	
DK	15,3	9,6	9,0	11,1	10,1	1,2	2,9	0,9	2,5	5,1	1,6	0,9	2,3	1,7	1,1	0,5	1,4	12,1
D	7,0	5,9	4,6	3,9	2,6	0	0,1	2,1	1,6	1,2	0,4	0,4	0,6	0,1	0,1	0,3	0,4	5,3
F	13,6	11,7	9,6	9,5	9,3	2,7	2,1	2,2	2,8	3,2	1,1	0,8	1,3	1,0	0,8	1,2	0,7	11,5
IRL	17,0	20,9	17,9	13,7	7,7	3,1	1,5	4,1	3,2	4,1	1,0	1,4	1,4	1,3	1,2	1,2	1,2	16,0
I	19,2	17,0	16,7	18,5	12,1	2,4	3,0	3,9	3,7	3,5	1,1	0,8	0,9	1,2	2,6	1,9	(1,3)	(17,2)
NL	9,8	9,9	8,9	6,8	4,2	0,7	1,1	0,3	2,0	0,8	0,2	0,2	-0,1	0,5	1,0	0,9	0,4	(5,4)
B	12,7	12,8	9,2	7,1	4,5	1,1	1,0	1,2	0,7	1,7	0,3	0,5	0,8	0,5	0,2	0,7	0,4	5,1
L	9,5	10,8	9,8	6,7	3,1	0,5	0,9	1,3	1,1	1,4	0,6	0,4	0,5	0,3	0,6	0,6	0,7	5,5
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	4,4	0,8	1,0	0,9	0,9	17,4
EC	12,7	13,3	10,9	10,8	7,5	1,6	1,6	2,6	2,8	3,5	0,8	0,9	1,8	0,8	1,0	1,0	(0,9)	(12,2)
USA	11,0	9,1	5,8	6,5	7,6	2,3	2,0	2,6	3,5	3,4	1,2	1,2	1,2	1,0	1,0	0,8	:	12,4
JAP	24,4	10,2	9,3	8,0	3,8	0,7	0,2	-0,3	2,5	1,0	1,0	0,1	0,9	-1,0	1,3	1,2	:	4,2

TABLE 4: Wholesale 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	May	June	July	August	Sept.	Oct.	Nov.	
DK	21,5	5,7	8,2	7,9	4,4	0,2	0,6	2,3	3,8	3,4	1,7	2,6	0	0,8	1,6	1,2	:	13,1
D	14,9	1,2	5,8	1,8	-0,8	-0,5	0	3,1	3,6	1,7	0,5	1,0	0,7	0	0,6	0	:	9,7
F <sup>5</sup>	23,9	1,0	10,1	6,5	4,6	0,9	3,4	3,3	3,8	2,5	2,8	-0,4	0,2	-2,0	0,9	1,0	:	13,5
IRL	13,5	24,2	19,7	16,6	8,9	2,1	1,5	5,0	3,5	1,3	1,4	1,0	0,2	-0,3	0,6	:	:	11,6
I	40,8	8,5	22,9	17,4	8,4	1,8	2,3	4,4	4,6	4,3	1,6	0,9	1,0	2,2	1,9	2,1	1,2	20,0
NL <sup>5</sup>	9,5	6,8	6,9	5,4	2,0	0,2	0,1	0,8	0,8	2,0	0,2	0,6	0,5	1,3	0,5	:	:	4,5
B	16,8	1,2	7,1	2,4	-1,9	0,5	1,2	2,4	2,0	1,2	1,2	0,4	0,7	-0,6	0,6	0,7	0,7	7,3
UK	23,4	24,1	16,4	19,2	10,5	1,9	1,7	2,7	4,0	5,0	1,3	1,9	2,3	0,9	1,1	1,2	0,6	15,5
EC <sup>6</sup>	22,8	7,4	12,0	9,3	4,4	0,8	1,5	3,1	3,7	3,0	1,4	0,9	0,9	1,0	1,0	(0,9)	:	(13,0)
USA	18,9	9,2	4,6	6,1	7,8	1,5	2,3	3,6	3,5	3,1	0,8	0,6	1,5	0,6	1,5	1,5	:	14,1
JAP	31,3	3,0	5,5	1,9	-2,5	-1,7	-0,6	1,9	4,1	4,9	1,6	1,3	1,9	1,6	1,4	1,1	1,5	16,1

TABLE 5: Gross hourly wages in industry<sup>7</sup> - Percentage change

	On preceding period					On corresponding quarter of preceding year												
	1974	1975	1976	1977	1978	1978		1979				1978		1979				
						III	IV	I	II	III	IV	III	IV	I	II	III	IV	
DK	:	16,7	11,5	9,0	10,9	1,8	2,3	2,9	3,6	:	:	10,2	11,0	11,2	11,0	:	:	:
D	:	7,6	6,3	7,1	5,2	2,3	0,3	1,6	1,7	2,0	:	5,5	5,1	6,6	6,0	5,7	:	:
F	:	16,7	15,4	14,4	11,9	3,3	2,4	2,4	2,8	3,2	:	12,3	11,6	11,1	11,3	11,2	:	:
IRL	:	27,7	17,1	16,6	13,6	5,1	5,1	5,1	:	:	:	14,0	16,3	19,1	:	:	:	:
I	:	24,8	20,9	26,4	16,9	4,1	4,2	3,6	4,2	5,9	5,1	16,1	16,7	16,2	17,1	19,2	20,2	:
NL	:	13,0	10,5	8,2	7,7	1,7	1,3	2,0	1,7	1,8	:	7,0	6,7	6,6	6,8	7,0	:	:
B	:	17,4	12,2	10,2	7,4	2,8	1,8	2,2	1,6	1,2	1,9	7,2	7,9	8,8	8,7	7,0	7,1	:
L	:	12,0	14,0	10,1	9,1	-1,0	-1,5	2,7	3,8	:	:	9,7	7,0	4,6	3,9	:	:	:
UK	:	27,4	15,9	9,2	12,8	2,9	2,3	1,8	5,1	5,1	:	13,9	13,9	11,6	12,6	16,6	:	:
EC	:	17,5	13,3	12,1	10,8	3,0	2,1	2,2	4,1	(3,6)	:	11,2	11,1	10,7	10,7	(11,9)	:	:
USA	8,1	9,1	7,9	9,2	8,6	2,1	3,1	2,0	1,4	1,9	:	2,2	9,8	9,0	8,9	8,6	:	:
JAP	26,2	11,5	12,3	8,5	5,9	0,7	2,2	2,0	1,9	2,9	:	4,7	5,6	5,7	7,1	8,4	:	:

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

<sup>1</sup> 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.

<sup>2</sup> For the most recent figure given in the Table.

<sup>3</sup> From January 1979: new series.

<sup>4</sup> As percentage of the total labour force.

<sup>5</sup> National source.

<sup>6</sup> Excluding Luxembourg; weighted average.

<sup>7</sup> United States and Japan: manufacturing industry. Japan: quarterly figures s.a.



## Major economic policy measures — December 1979

### Community (EC)

4.12 The Council (Energy) agreed on the breakdown for 1980 between Member States of the target for Community oil imports, set at an annual figure of 472 million tonnes for the period 1980-85.

14.12 The Community, Japan, the United States and nine other countries signed the agreements marking the end of the multilateral trade negotiations (MTN) known as the 'Tokyo Round'.

17.12 The Council (Economic and Financial Affairs) adopted the Annual Economic Report laying down the economic policy guidelines for each Member State in 1980 (the Report is published in the Official Journal of the European Communities).

### Denmark (DK)

20.12 The budget was adopted by Parliament and additional tax measures announced for 1980.

21.12 After making certain amendments, Parliament adopted the multi-annual economic programme which the Government had laid before it on 4 December and which contains the following main measures:

- freeze (until 28 February 1981) on prices, profits, etc., subject to a number of exceptions and special rules and monitored by a central body;
- exclusion of energy prices from the price index and change in the base period, which will now be January 1980;
- cancellation of the wage increases that were to result from the January 1980 increase in the old index;
- increase in corporation tax from 37% to 40% and introduction of a special land tax (0,7%) on agriculture;
- reduction in interest relief for private individuals (over a ten-year transitional period).

### Federal Republic of Germany (D)

14.12 The Bundestag adopted the draft Federal budget for 1980. Planned expenditure amounts to DM 214 500 million, a 5,6% increase on 1979. The net borrowing requirement is put at DM 24 000 million less than in 1979.

### France (F)

9.12 With effect from 1 December, the allowance paid to elderly wage and salary earners went up from FF 7 000 to FF 7 400 a year, while the supplementary allowance from the National Solidarity Fund was increased from 6 800 to FF 7 200. Overall, the minimum old-age allowance now stands at FF 14 600, or FF 1 216 a month.

12.12 The Government adopted the draft law on the final 1979 budget: net definitive expenditure is FF 430 000 million and net revenue FF 396 000 million, with the deficit of FF 34 300 million being met primarily by market borrowing.

14.12 The national stockpile of raw materials will be increased under a purchasing programme totalling FF 1 600 million in 1980 and 1981. The aim is to build up stocks by 1985 to a level that will satisfy the economy's normal requirements for a period of two months. Priority is given to certain products regarded as strategic (copper, lead, tungsten, chromium).

20.12 The Government is extending the national unemployment benefit scheme to France's overseas departments.

### Ireland (IRL)

10.12 The Central Bank liberalized exchange control regulations on the purchase of securities issued by EEC institutions.

### Italy (I)

1.12 Railway fares and charges, which were last raised in September, were again increased (by 10%).

3.12 The Government approved a Decree Law designed to promote worker mobility. Information on the labour market situation and outlook will be gathered at regional level and will be used to direct workers on a mobility list (including in particular recipients of special unemployment benefit) to

available jobs, training and re-training courses and work on welfare schemes.

6.12 The discount rate and the rate for advances against securities were raised from 12% to 15%. The penalty for overstepping certain limits remains unchanged, at a maximum of 3%.

11.12 The Association of Italian Banks (AIB) raised the prime rate from 16,5% to 19,5%. Interest on deposits was increased by only 0,75%, the intention being to encourage longer-term financial investments.

29.12 Telephone charges and electricity rates were raised by an average 18,5% and 15% respectively, with effect from the beginning of 1980.

29.12 The Government set aside for 1980 a sum of LIT 750 000 million for encouraging fuel savings and the use of alternative energy sources.

30.12 The prices of most petroleum products were increased (petrol: 9,2-9,5%; LPG: 16,2%; derv and heating-oil: 19,8%).

5.12 The Nederlandsche Bank decided to maintain credit restrictions throughout 1980. The growth in bank lending (net of long-term liabilities) in 1980 is to be restricted to 8% (as against 9% in 1979).

21.12 The General Price Regulation for the first half of 1980 was adopted. As from 1 January 1980, firms will be allowed to include in prices the following percentage increases in labour costs: 2,5% in industry and 4,1% in services (4,6% for hourly wages). In the services sector, the increase allowed under annual collective agreements is 6,6% (7,6% for hourly wages). Present profit margins in the distributive trades are to be maintained until 1 July 1980. The requirement that large firms must give advance notification of price increases to the Ministry was abolished. This requirement will now apply only in those sectors in which prices have been liberalized, such as the foodstuffs and beverages sector and the milk products industry.

### Belgium (B)

3.12 The Caisse générale d'Epargne et de Retraite increased the basic interest rates on mortgage loans by 0,5 percentage points.

13.12 The Banque Nationale increased the discount rate and the rate for advances against securities by half a percentage point. The base rate applicable to securities to be included under sub-ceiling A was raised to 10,5%.

14.12 The banks raised the present spread of interest rates (12,5-14,5%) for discount and acceptance credit to 13,5-15,5%. The spread for overdrafts went up from 12-15% to 13,5-16%. The actual increase in base rates will be limited to half a percentage point.

25.12 The law making available provisional appropriations to be charged to the budgets for the financial year 1980 was published.

28.12 The Government authorized maximum rent increases of 5% for 1980, effective from 1 January 1980.

28.12 The law concerning urgent budgetary policy measures, including a number of articles from the initial programme law, was published. The law extends VAT on investments, maintains the special and temporary solidarity tax introduced in 1976 (4,8%) and, subject to certain conditions, exempts companies from corporation tax in respect of profits derived from new investments.

28.12 The Government decided to index reimbursement scales for medical expenses, thus allowing doctors to increase their fees by 5,2% without patients having to pay more.

### Luxembourg (L)

20.12 Parliament adopted the central government budget for 1980.

### United Kingdom (UK)

7.12 The Government published its Employment Bill which is designed to prevent trade union abuses in industrial relations and to improve existing employment protection legislation.

20.12 The Government published its Housing Bill which is primarily intended to encourage private home ownership by enabling council tenants to buy the homes they occupy.

## PRICES

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