

Commission of the European Communities



Directorate-General
for Economic
and Financial Affairs

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Recent economic trends

Somewhat firmer trend of demand and production in 1979. — The most recent Commission staff estimates suggest that real gross domestic product in the Community as a whole grew by 3,3% in 1979, as against 3,1% in 1978 (revised figure; see table below). Although aggregate consumption rose at a slightly less rapid rate, the brisker expansion in the volume of fixed investment and stockbuilding led to more vigorous growth in internal demand (4,3% in real terms, compared with 3,3% in 1978). Fixed investment growth at constant prices (+3,9%) was the highest recorded for the Community since 1973. However, with imports rising faster than exports, there were stronger restraining effects on activity than in 1978. The expansion in internal production was sharpest in the case of energy products (+7,1%), followed by industrial products (+4,2%), building and construction (+3,8%), market services (+3,4%) and agriculture (+1,5%).

Main components of demand for and supply of goods and services (in real terms, EC total) (% change)

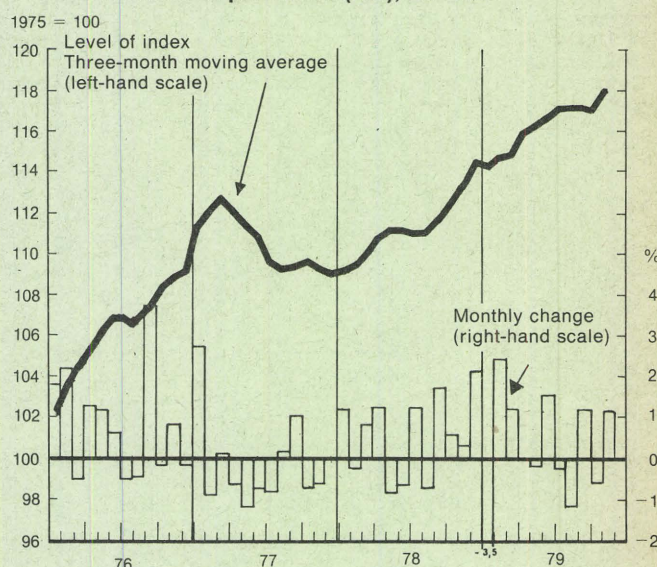
	1976	1977	1978	1979
Private consumption	3,8	2,1	3,7	3,3
Public consumption	2,8	1,3	3,3	2,9
Gross fixed capital formation	3,4	1,3	2,9	3,9
Stocks, as % of GDP	1,3	1,1	0,8	1,6
Internal demand	5,4	1,6	3,3	4,3
Exports of goods and services	10,9	5,1	5,0	6,6
Imports of goods and services	13,1	2,5	5,9	10,1
GDP at market prices	5,0	2,3	3,1	3,3

Source: Commission staff.

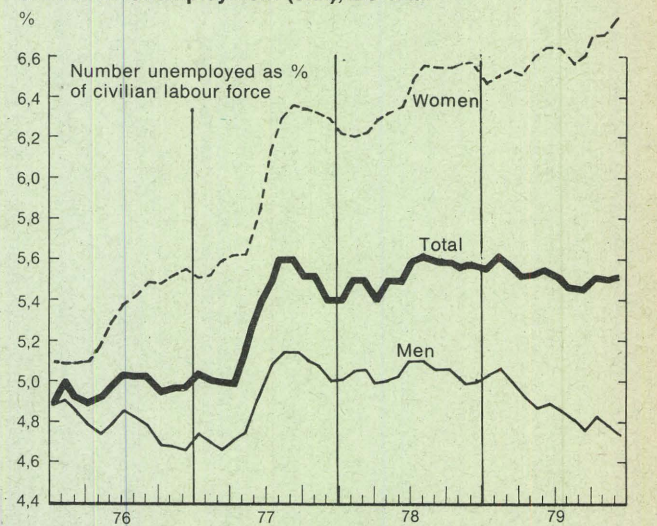
Resumption of growth in industrial production. — Although the leading indicators seemed to suggest the opposite, industrial production, seasonally adjusted, grew by as much as 1,2% in November (Table 1). As a result, the trend over succeeding three-month periods, which had remained sluggish between July and October, turned up again (Graph 1). This recovery was due primarily to the faster rate of growth experienced in Italy in the early autumn and, to a lesser extent, to the steadier growth of output in Germany. There was also evidence of a distinct recovery in industrial output in Denmark. In the United Kingdom, by contrast, despite efforts in some industries to make up output lost through industrial disputes in the autumn, production was still below the peak level recorded mid-year. In France, too, there was a dip in the trend following the buoyant growth recorded in the third quarter.

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



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



Unemployment stable overall but differences in trend as between Member States. — In December, the unemployment rate for the Community, after showing only minor fluctuations during the course of the year, was unchanged from the previous month, at 5.5%. Among the Member States (Table 2 and Graph 6), unemployment rates declined between November and December in Germany and Ireland, countries in which unemployment fell steadily during 1979. In France and Belgium, on the other hand, the unemployment rate continued to tend upwards. In the United Kingdom, where unemployment had been easing slightly in the first three quarters, the deterioration first discernible in October became more marked. Unemployment also rose in Italy, although there had been a recent tendency, admittedly fairly irregular, for its level to come down. The deterioration noted in Denmark follows a fall in unemployment that was particularly sharp in the first half of the year and continued for most of the second. In the Netherlands and in Luxembourg, unemployment remained relatively stable throughout the year. As regards unemployment by sex, male unemployment fell in December to its lowest level since the first half of 1977.

Renewed pressure on prices. — In December, the Community consumer price index rose 0.8% (Table 3 and Graph 3). For the year as a whole, consumer price inflation thus probably amounted to 9.9%, as against 7.5% in 1978. The six-month increase, seasonally adjusted, and expressed at an annual rate, remained close to the 14.8% maximum recorded in mid-1974 following the first oil crisis. In several Member States, the movement of consumer prices clearly reflected the impact of the rise in petroleum product prices. The December increase was highest in Italy, amounting to 1.6%, but remained well below 1% in the other Community countries. During recent months, rates of increase in wholesale prices have tended to come more into line with those for consumer prices (Table 4); for the year as a whole, the rise in wholesale prices was probably 10.3%, as against 4.4% in 1978.

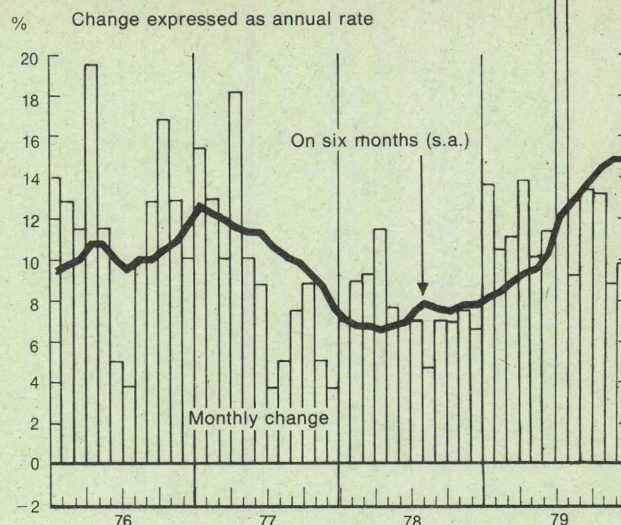
Increased trade deficit. — The basic tendency for the Community's trade deficit to increase, which first started in the autumn of 1978, seems to have continued at the end of last year (Graph 4). While, in November, an improvement was noted in most Member States, the Italian deficit widened sharply owing in particular to the building up of stocks of crude oil. In December, the Community deficit worsened because of a further reduction in the German surplus due largely to a fall in exports and because of increased deficits in France and Denmark (Table 6). The only exception was the United Kingdom deficit which has been narrowing since October. Primarily as a result of the considerable increase in the price of imported crude oil — on a year-on-year comparison, the rise in the fob price expressed in dollars was about 88% in the fourth quarter of 1979 — the Community's terms of trade deteriorated by 1.3% in 1979. The deterioration in the Community's trade balance between 1978 and 1979 is estimated at almost USD 20 000 million, equivalent to some 0.9% of Community gross domestic product at current prices and exchange rates.

Moderate monetary growth and rising interest rates. — According to incomplete figures for the last two months of 1979, the tendency for monetary growth to slacken has become more marked in the Community, and particularly in Germany and the United Kingdom (Table 7). In most Member States, short-term interest rates climbed further in December while a fall was recorded in the Federal Republic of Germany and the Netherlands. For the Community as a whole these rates reached 9.6% in 1979, compared with 7.2% in 1978 (Table 8). In December, long-term interest rates came under slight upward pressure, except in the Federal Republic of Germany. Taking the average for the year, however, the rise was not very marked: long-term interest rates in the Community as a whole stood at 10.2% in 1979, compared with 9.7% in 1978 (Table 9).

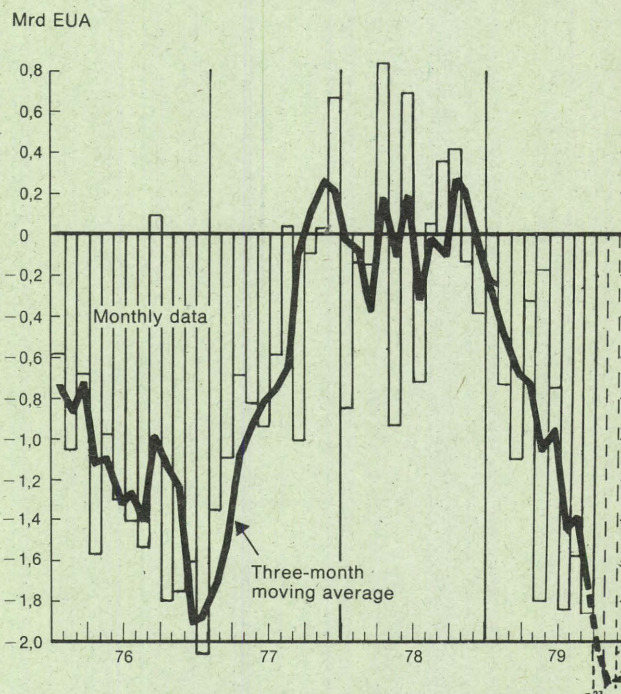
Relative calm on exchange markets. — Exchange rates fluctuated comparatively little in January. The dollar was still losing ground against the ECU at the beginning of the month, stabilized from 10 January. Taking the average for the month, there was a slight fall in the dollar and the SDR against the ECU, while the improvement in the yen's position, which began in December, continued in January (Table 10 and Graph 5). The currencies participating in the EMS exchange-rate mechanism fluctuated narrowly, with the French franc at the top of the band and the Belgian franc remaining at the bottom. Sterling made appreciable gains against the dollar and the other Community currencies; its position against the ECU therefore strengthened markedly (+1.9% within a month).

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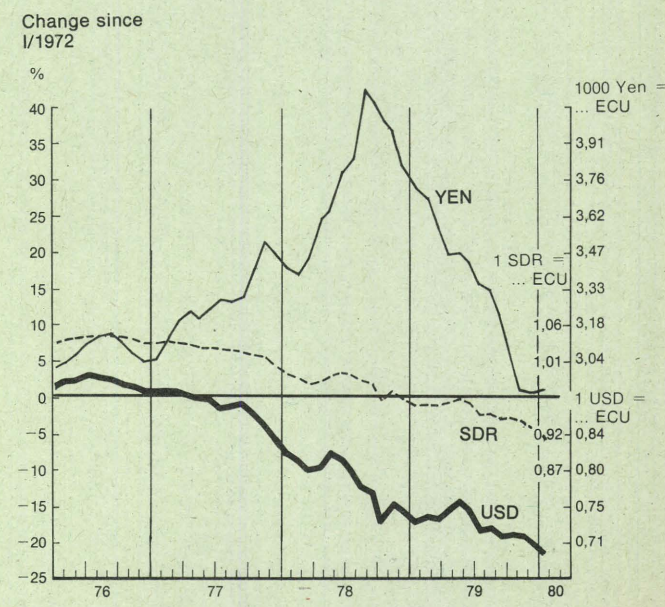
GRAPH 3: Consumer prices, EC total



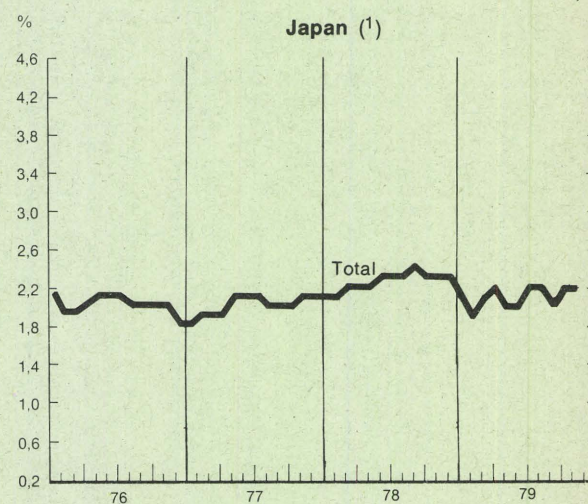
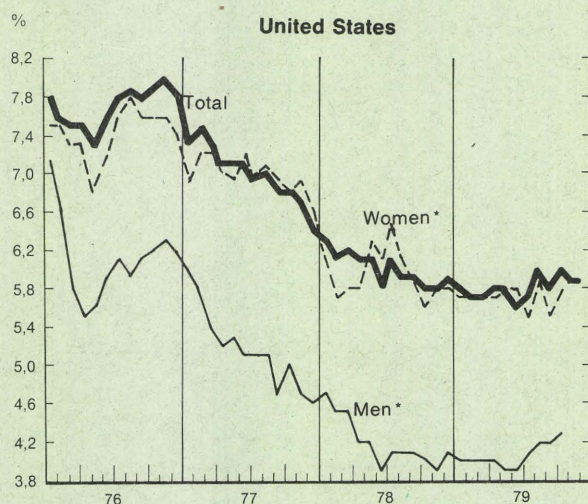
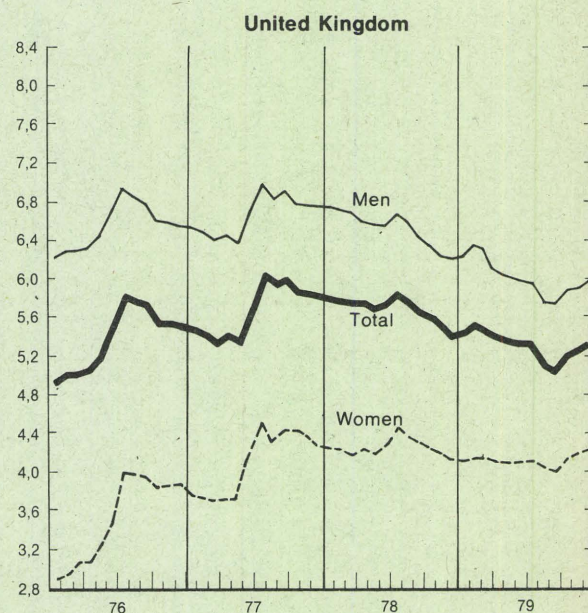
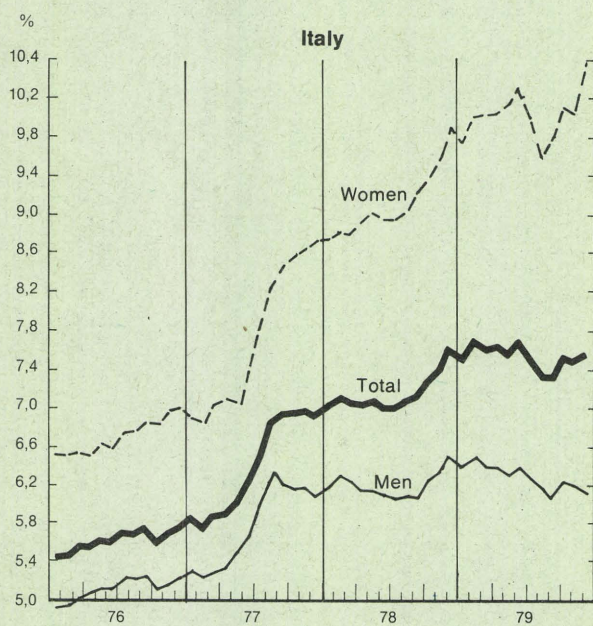
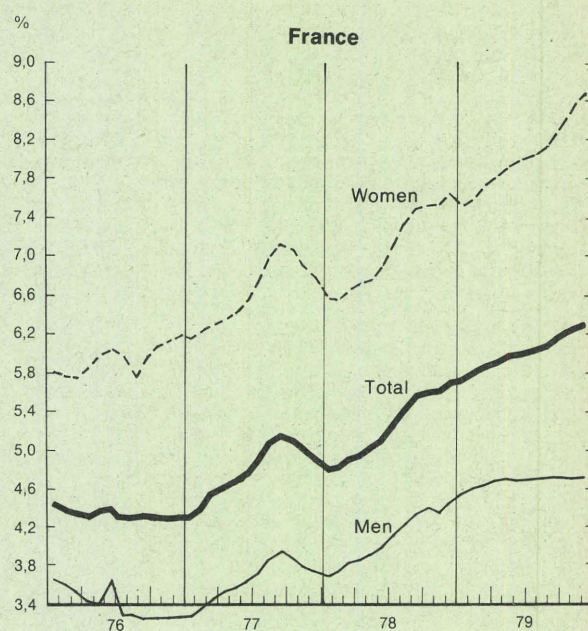
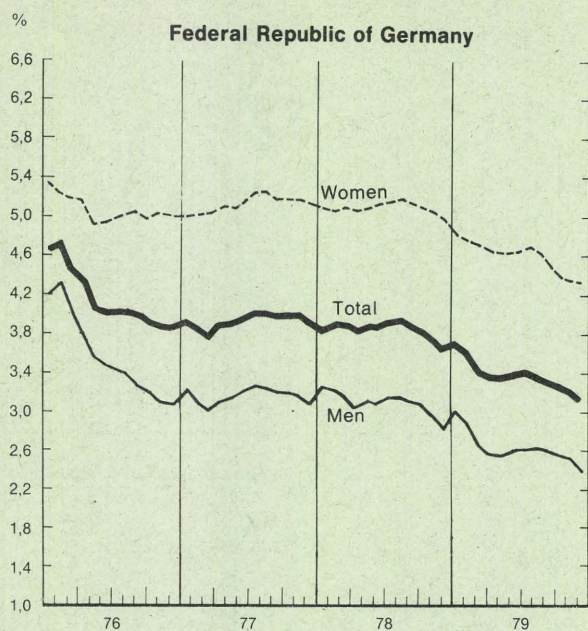
GRAPH 4: Trade balance (s.a.), EC total



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



GRAPH 6: Unemployment (s.a.)
Number of unemployed as % of civilian labour force



* Unemployed persons aged 20 or over.
(1) Number unemployed as % of labour force.

TABLE 6: Trade balance - fob/cif, million EUA (s.a.)

	1978					1979					1979					Change over 12 months			
	1975	1976	1977	1978	1979	1978				1979					1979				
						IV	I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.		
DK	-1 359	-2 954	-2 801	-2 292	-3 042	-605	-550	-778	-780	-872	-219	-317	-271	-192	-280	-223	-370	-199	
D	12 224	12 243	14 514	15 934	8 839	4 380	3 394	3 001	1 770	993	813	605	715	450	354	536	103	-1 239	
F	-1 700	-7 732	-6 117	-4 097	-6 923	-972	-1 265	-1 423	-1 820	-2 274	-401	-481	-741	-599	-944	-615	-716	-244	
IRL	-461	-772	-876	-1 128	:	-308	-422	-554	-533	:	-215	-134	-196	-203	-219	-176	:	-63	
I	-2 882	-5 981	-2 444	-322	:	23	-244	-463	-774	:	-223	-561	17	-230	-13	-1 202	:	-1 212	
NL	203	317	-1 687	-2 240	:	-849	-141	-512	-797	:	-115	-159	-349	-290	-265	-342	:	62	
B/L	-1 626	-2 375	-2 526	-2 781	:	-456	-313	-447	-370	:	-108	-131	-166	-73	:	:	:	45	
UK	-7 617	-8 664	-5 246	-5 548	-7 853	-1 231	-2 490	-1 658	-1 921	-1 985	-246	-643	-655	-623	-1 149	-547	-289	69	
EC ⁸	-3 216	-15 919	-7 184	-2 476	:	-261	-2 045	-2 868	-5 225	:	-735	-1 824	-1 573	-1 828	(-2700)	(-2700)	:	(-2500)	
USA	-3 017	-13 189	-31 907	-31 050	(-27 200)	-5 892	-6 010	-7 206	-6 877	(-7 000)	-2 197	-1 553	-2 498	-2 821	-2 241	-1 804	(-3 000)	(-1 100)	
JAP	-1 700	2 171	8 488	14 285	-5 476	2 734	504	-498	-2 184	(-2 082)	-165	-512	-930	-742	-1 121	(-1 314)	(-548)	(-427)	

TABLE 7: Money supply⁹ - Percentage change on corresponding period of preceding year

		1975	1976	1977	1978	1979	1978	1979					1979						
							IV	I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.	
DK	(M2)	25,5	11,4	9,8	6,7	:	6,7	10,1	9,3	9,5	:	9,3	9,6	9,5	9,5	11,0	10,8	:	
D	(M3)	8,5	8,4	11,1	11,0	:	11,0	11,1	10,8	7,8	:	10,8	9,3	8,4	7,8	5,9	5,2	:	
F	(M2)	15,7	12,8	13,9	12,2	:	12,2	14,0	13,6	13,0	:	13,6	12,9	13,1	13,0	13,6	:	:	
IRL	(M3)	19,1	14,3	16,3	28,7	:	28,7	32,2	36,0	26,2	:	36,0	36,8	32,7	26,2	26,4	24,5	:	
I	(M2)	23,5	20,8	21,8	22,8	:	22,8	20,4	19,9	19,6	:	19,9	20,6	20,7	19,6	:	:	:	
NL	(M2)	5,7	22,7	3,5	4,2	:	4,2	3,4	5,2	4,1	:	5,2	2,5	3,5	4,1	:	:	:	
B	(M2)	17,2	13,4	9,9	9,5	:	9,5	9,0	8,6	6,4	:	8,6	:	:	6,4	:	:	:	
UK	(£M3)	7,8	11,3	9,3	13,3	11,7	13,3	11,1	11,1	11,8	11,7	11,1	10,6	12,3	11,8	13,1	12,9	11,7	
EC ¹⁰		12,9	12,9	12,3	12,7	:	12,7	12,5	12,4	11,1	:	12,4	11,4	11,7	11,1	(10,9)	:	:	
USA	(M2)	8,5	11,3	9,3	8,2	(7,9)	8,2	7,0	7,6	(8,0)	(7,9)	7,6	8,0	8,1	8,0	(8,2)	(8,3)	(7,9)	
JAP	(M2)	14,5	13,5	11,1	13,1	:	13,1	12,9	11,3	11,5	:	11,3	10,7	10,9	11,5	10,2	:	:	

TABLE 8: Short-term interest rates¹¹

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

TABLE 9: Long-term interest rates¹²

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

TABLE 10: Value of ECU and EUA - 1 ECU = 1 European unit of account (EUA) = ... units of national currency or SDR

	1975	1976	1977	1978	1979	1978	1979				1979						1980	Change over
						IV	I	II	III	IV	July	August	Sept.	Oct.	Nov.	Dec.	Jan.	12 months % 2
DKR	7,12	6,76	8,86	7,02	7,21	6,99	6,98	7,15	7,28	7,42	7,28	7,29	7,26	7,28	7,35	7,68	7,77	11,6
DM	3,05	2,82	2,65	2,56	2,51	2,52	2,51	2,52	2,52	2,48	2,53	2,53	2,51	2,49	2,48	2,48	2,49	-0,9
FF	5,32	5,34	5,61	5,74	5,83	5,76	5,78	5,83	5,88	5,82	5,89	5,89	5,87	5,84	5,82	5,81	5,83	1,2
IRL	0,560	0,622	0,654	0,664	0,669	0,677	0,672	0,665	0,670	0,670	0,670	0,672	0,669	0,668	0,670	0,672	0,673	-0,6
LIT	810	930	1 007	1 080	1 138	1 116	1 136	1 128	1 135	1 154	1 138	1 132	1 134	1 149	1 154	1 160	1 161	2,2
HFL	3,13	2,96	2,80	2,75	2,75	2,73	2,71	2,75	2,78	2,76	2,78	2,78	2,76	2,76	2,76	2,74	2,75	1,4
BFR/LFR	45,57	43,17	40,88	40,06	40,17	39,69	39,65	40,35	40,45	40,22	40,51	40,50	40,33	40,15	40,18	40,34	40,43	2,1
UKL	0,560	0,622	0,654	0,664	0,646	0,677	0,672	0,640	0,622	0,652	0,614	0,618	0,636	0,649	0,656	0,650	0,637	-5,9
USD	1,241	1,118	1,141	1,274	1,371	1,342	1,354	1,332	1,389	1,405	1,387	1,383	1,398	1,392	1,398	1,429	1,444	6,3
YEN	367,7	331,2	305,8	267,1	300,5	255,2	272,8	290,0	303,8	335,8	300,2	301,3	310,7	320,4	342,3	343,5	343,0	27,9
SDR	1,022	0,968	0,977	1,018	1,061	1,039	1,050	1,045	1,067	1,080	1,065	1,064	1,072	1,072	1,080	1,089	1,093	4,4

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

	1975	1976	1977	1978	1979 *	1978		1979			1979							Change over 12 months % 2	
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.	Nov.		
DK	- 5,7	9,3	0,8	2,3	3,5	-2,1	3,2	-3,1	2,7	0,6	4,9	-3,3	2,1	1,2	-4,8	11,4	-2,3	4,8	
D	- 6,2	7,4	2,8	2,0	5,4	2,6	0,8	0	2,5	1,6	1,6	0	3,2	-3,9	0,8	0,8	0,8	5,5	
F	- 8,9	9,7	1,6	1,6	4,0	-0,3	1,9	-0,3	1,1	4,3	2,3	-0,8	3,5	0	-1,4	-2,9	1,5	2,9	
IRL	- 6,1	9,0	8,1	9,4	.	-1,8	3,9	0,7	3,1	.	-2,3	-1,7	.	.	.	.	.	1,3
I	- 8,8	11,6	0	2,1	6,3	0,4	6,0	1,1	-2,6	1,1	-3,0	-4,2	3,0	-0,1	6,4	3,8	0,1	6,8	
NL	- 4,8	5,9	0,8	1,4	3,9	1,3	2,9	-1,5	1,8	0,5	-0,8	0	2,3	-2,2	0	0,8	2,3	3,5	
B	- 9,8	8,1	0,4	2,4	(5,0)	1,9	4,1	-3,2	7,1	-2,9	-0,9	7,1	-11,7	5,2	5,6	-7,0	1,2	2,1	
L	-21,9	3,8	0,5	3,2	2,9	3,2	-0,2	1,4	1,2	-1,3	-4,4	3,7	-3,7	1,0	2,5	-4,6	4,0	3,9	
UK	- 4,8	2,7	4,7	3,0	4,1	0,6	-0,6	1,0	4,9	-3,0	1,2	2,5	-1,6	-4,6	-1,2	1,9	1,3	4,0	
EC	- 6,6	7,3	2,2	2,4	4,5	0,7	2,5	0	1,9	0,5	-0,2	1,7	-0,2	-0,9	1,1	-0,5	(1,2)	(4,0)	
USA	- 8,2	10,2	6,5	5,7	4,5	2,7	1,9	1,0	-0,2	0,2	1,1	0,1	0,1	0,8	0,5	0,1	(-0,3)	0,7	
JAP	-11,0	11,1	4,1	6,2	8,1	1,3	2,2	1,8	2,3	2,3	2,1	0,2	1,1	0,9	-1,5	1,7	(1,0)	(8,7)	

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

	1975	1976	1977	1978	1979	1978		1979				1979							Change over 12 months % 2
						IV		I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.	
DK	4,6	4,7	5,8	6,6	5,3	6,6		6,1	5,4	5,2	4,8	5,2 ³	5,3	5,2	5,0	4,9	4,7	4,9	-20,7
D	4,2	4,1	4,0	3,9	3,4	3,7		3,6	3,4	3,4	3,2	3,4	3,4	3,4	3,3	3,3	3,2	3,1	-13,9
F	3,9	4,3	4,9	5,3	6,0	5,7		5,8	6,0	6,1	6,3	6,0	6,0	6,1	6,2	6,2	6,3	6,3	10,6
IRL	8,7	9,8	9,6	8,9	8,0	8,6		8,3	8,1	8,0	7,7	8,1	8,0	8,0	7,8	7,8	7,7	7,6	-9,7
I	5,3	5,6	6,4	7,1	7,6	7,4		7,6	7,6	7,3	7,5	7,7	7,5	7,3	7,3	7,5	7,4	7,5	0,3
NL	4,0	4,3	4,1	4,1	4,1	4,1		4,1	4,2	4,2	4,1	4,2	4,2	4,2	4,2	4,1	4,1	4,1	-1,4
B	5,3	6,8	7,8	8,4	8,8	8,5		8,6	8,6	8,9	8,9	8,6	8,8	8,9	8,9	8,9	8,9	9,0	5,5
L	0,2	0,3	0,5	0,8	0,7	0,7		0,7	0,7	0,7	0,7	0,6	0,7	0,6	0,7	0,7	0,7	0,7	2,5
UK	3,8	5,3	5,7	5,7	5,3	5,5		5,5	5,3	5,1	5,3	5,2	5,2	5,1	5,1	5,2	5,2	5,3	-0,6
EC	4,3	4,9	5,3	5,5	5,5	5,6		5,6	5,5	5,5	5,5	5,6	5,5	5,5	5,4	5,5	5,5	5,5	-0,6
USA	8,5	7,7	7,0	6,0	(5,8)	5,8		5,7	5,7	5,8	(5,9)	5,6	5,7	6,0	5,8	6,0	(5,9)	(5,9)	(2,0)
JAP ⁴	1,9	2,0	2,0	2,2	(2,1)	2,3		2,0	2,1	2,1	(2,2)	2,0	2,2	2,2	2,0	2,2	(2,2)	.	(-4,7)

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

	1975	1976	1977	1978	1979	1978		1979				1979							Change over 12 months % 2
						IV		I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.	
DK	9,6	9,0	11,1	10,1	9,6	2,9		0,9	2,5	5,1	2,6	0,9	2,3	1,7	1,1	0,5	1,0	0,2	11,8
D	5,9	4,6	3,7	2,7	4,1	0,3		1,8	1,4	1,3	1,3	0,4	0,6	0,1	0,1	0,3	0,4	0,4	5,4
F	11,7	9,6	9,5	9,3	10,6	2,1		2,2	2,8	3,2	2,9	0,8	1,3	1,0	0,8	1,2	0,7	0,8	11,8
IRL	20,9	17,9	13,7	7,7	13,2	1,5		4,1	3,2	4,1	3,6	1,4	1,4	1,3	1,2	1,2	1,2	.	16,0
I	17,0	16,7	18,5	12,1	(14,8)	3,0		3,9	3,7	3,5	(5,6)	0,8	0,9	1,2	2,6	1,9	1,4	(1,6)	(18,6)
NL	9,9	8,9	6,8	4,2	(4,5)	1,1		0,3	2,0	0,8	(2,0)	0,2	-0,1	0,5	1,1	0,8	0,3	(0,2)	(5,5)
B	12,8	9,2	7,1	4,5	4,4	1,0		1,2	0,7	1,7	1,4	0,5	0,8	0,5	0,2	0,7	0,4	0,4	5,1
L	10,8	9,8	6,7	3,1	4,6	0,9		1,3	1,1	1,4	1,7	0,4	0,5	0,3	0,6	0,6	0,7	0,4	6,0
UK	24,2	16,5	15,9	8,2	13,4	1,7		3,1	3,7	6,7	2,8	1,7	4,3	0,8	1,0	1,0	0,9	0,7	17,2
EC	13,3	10,9	10,8	7,5	(9,9)	1,7		2,5	2,8	3,5	(2,8)	0,9	1,8	0,8	1,1	1,1	(0,7)	0,8	(12,4)
USA	9,1	5,8	6,5	7,6	11,4	2,0		2,6	3,5	3,4	2,8	1,2	1,2	1,0	1,0	0,8	0,9	1,2	13,3
JAP	10,2	9,3	8,0	3,8	(3,4)	0,2		-0,3	2,5	1,0	.	0,1	0,9	-1,0	1,3	1,2	(-0,4)	.	4,9

TABLE 4: Wholesale price index - Percentage change on preceding period

	1975	1976	1977	1978	1979	1978		1979				1979							Change over 12 months % 2
						IV		I	II	III	IV	June	July	August	Sept.	Oct.	Nov.	Dec.	
DK	5,7	8,2	7,9	4,4	9,0	0,6		2,3	3,8	3,4	3,8	2,6	0	0,8	1,6	1,2	1,2	1,2	14,8
D	1,2	5,8	1,8	-0,8	6,9	0		3,1	3,6	1,7	1,1	1,0	0,7	0	0,5	0	0,4	1,2	10,2
F ⁵	1,0	10,1	6,5	4,6	(11,7)	3,4		3,3	3,8	2,5	.	-0,4	0,2	2,0	0,8	1,4	0,7	.	13,6
IRL	24,2	19,7	16,6	8,9	.	1,5		5,0	3,5	1,3	.	1,0	0,2	-0,3	0,6	.	.	.	11,6
I	8,5	22,9	17,4	8,4	15,4	2,3		4,4	4,6	4,3	5,6	0,9	1,0	2,2	1,9	2,1	1,2	1,9	21,1
NL ⁵	6,8	6,9	5,4	2,0	.	0,1		0,8	0,8	2,0	.	0,6	0,5	1,3	0,5	0,4	.	.	4,8
B	1,2	7,1	2,4	-1,9	6,3	1,2		2,4	2,0	1,2	1,5	0,4	0,7	-0,6	0,6	0,7	0,7	0,1	6,9
UK	24,1	16,4	19,2	10,5	12,1	1,7		2,7	4,0	5,0	2,9	1,9	2,3	0,9	1,1	1,2	0,6	0,8	15,6
EC ⁶	7,4	12,0	9,3	4,4	(10,3)	1,5		3,1	3,7	3,0	(2,7)	0,9	0,9	1,0	1,0	1,0	(0,7)	(1,0)	(13,0)
USA	9,2	4,6	6,1	7,8	12,2	2,3		3,6	3,5	3,1	3,5	0,6	1,5	0,6	1,5	1,5	0,7	1,0	14,7
JAP	3,0	5,5	1,9	-2,5	7,3	-0,6		1,9	4,1	4,9	4,3	1,3	1,9	1,6	1,4	1,1	1,5	(1,8)	(17,5)

TABLE 5: Gross hourly wages in industry⁷ — Percentage change

	On preceding period					On corresponding quarter of preceding year													
	1975	1976	1977	1978	1979	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	(18,2)	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	(7,9)	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	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	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.

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 As percentage of the total labour force.

⁵ National source.

⁶ Excluding Luxembourg; weighted average.

⁷ United States and Japan: manufacturing industry. Japan: quarterly figures s.a.

* January-November 1979 compared with same periode of 1978.

Major economic policy measures — January 1980

Community (EC)

None.

Denmark (DK)

9.1 The Central Bank raised the ceiling on lending by private banks by a further 2%. This increase is equivalent to some DKR 2 400 million and brings the ceiling to DKR 125 000 million, most of which had already been used up. Similar increases had been made in April (3%), July (2%) and October (2%) last year.

Federal Republic of Germany (D)

30.1 The Federal Government adopted its annual economic report setting out the major economic policy objectives for the current year. The report forecasts that real gross domestic product will grow by 2½%, which should allow a further slight increase (½%) in the level of employment. The unemployment rate is expected to average between 3% and 3½%, about the same as in 1979. Consumer price increases are to be held down to 4½%.

France (F)

2.1 With effect from July, pensioners will pay a sickness insurance contribution equivalent to 1% of the amounts they receive under the general pension scheme.

2.1 An exceptional increase was made in housing allowances and individual housing subsidies for January.

2.1 An agreement was concluded between the Minister for Economic Affairs and the trade organizations with a view to liberalizing trading margins (except for certain food products).

2.1 Sickness insurance contributions will in future be calculated on the total amount of a person's wage or salary and will be equivalent to 5,5% of such amount.

2.1 The compensation for surrendered life interest granted to elderly farmers giving up farming was increased by about 80%.

4.1 The financial institutions were authorized to make FF 7 500 million in supplementary credit available to firms at a preferential rate.

4.1 A special allowance of FF 150 will be paid in February to low income families. The cost of this measure, FF 1 500 million, will be financed in full out of the central government budget.

4.1 The Government undertook to freeze public sector charges until July (except for railway fares and charges, which are governed by a special agreement).

17.1 With effect from 1 May, insured persons will have to pay at least one fifth of costs not refunded by social security; such costs had previously been covered in full by mutual associations and insurance companies against a supplementary contribution.

19.1 The law reducing the average working week (calculated on a 12-week period) to 46 hours in certain industries (steel and chemicals) entered into force.

21.1 A FF 12 500 million six-year State loan, carrying an interest rate of 12%, was launched.

Ireland (IRL)

18.1 The Government announced its decision to limit the increase in local authority spending to 10% above last year's level.

18.1 In a letter to the banks, the Central Bank announced that the 18% ceiling imposed last year on the total growth of lending to the private sector will be reduced further for the year to February 1981.

21.1 The Government announced that special grants for solid fuel systems and general improvement grants were to be abolished. The maximum house purchase loan which may be made by a local authority was increased from IRL 9 000 to IRL 12 000.

Italy (I)

None.

Netherlands (NL)

10.1 The Dutch Government imposed a two-month freeze on wages and salaries. The only wage and salary which will be authorized are those intended to offset the rise in consumer prices between April and October 1979 (2,54%).

28.1 The Nederlandsche Bank lifted the last remaining restrictions on foreign borrowings by Dutch banks. The relevant rules had been in force since 1964.

Belgium (B)

24.1 The Minister for Finance issued a nine-year loan carrying a gross interest rate of 11%. It is hoped that this issue will raise BFR 60 000 million.

28.1 The financial intermediaries increased their interest rates on three- to five-year medium-term certificates by 0,25%.

Luxembourg (L)

28.12 The law of 25 July providing for tax incentives to investment was renewed for 1980 and 1981 and extended to cover equipment leasing.

15.1 A draft law tabled on 15 January provided for a salary increase for civil servants with effect from 1 January.

United Kingdom (UK)

11.1 In order to ease pressure on the money markets caused by large sales of gilt-edged stock, the Bank of England announced that the rate of call from banks and from deposit-taking finance houses will be reduced from 2% of eligible liabilities to nil, with effect from 16 January, and will be restored to 1% with effect from 8 February and to 2% with effect from 7 March.

PRICES

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