



EUROPEAN ECONOMY

Supplement — Series A

No 5 — May 1980

Recent economic trends

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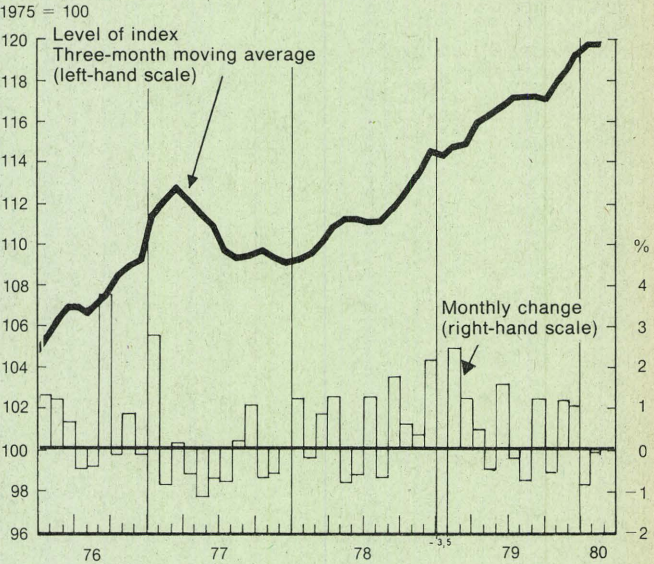
Inflation rate levels off. — Following the appreciable increase in the first two months of the year, the Community consumer price index rose in March by about 0,8% (Graph 3 and Table 3). The six-month increase, seasonally adjusted and expressed at an annual rate, suggests that the sharp acceleration in inflation evident since mid-1978 has come to an end: since last autumn, the rate has been fluctuating around 14½%. Denmark (1,6%), the United Kingdom (1,4%) and France (1,2%) were the Member States with the highest monthly increase in March. In Italy, the increase (0,9%) was moderate compared with the high rates recorded in previous months. In all the Member States, the continued rise in energy product prices is still the main factor underlying the upsurge. However, in several countries it is now the prices of manufactured products which are showing the fastest rate of increase. By contrast, the trend of foodstuff prices had a moderating effect in most cases in March. The rise in wholesale prices has generally remained sharp during recent months (Table 4). Finally, wages and salaries in the first quarter tended to grow more moderately, at least in the Member States for which the harmonized figures are already available (Table 5).

Trend of economic activity hesitant. — Following a revival during the last few months of 1979, economic activity in the Community slowed down again in January and February. The employment situation deteriorated somewhat, but a deceleration in inflation appeared to be getting under way in March. The trade balance continued to worsen, particularly the account with the OPEC countries. Nevertheless, despite sometimes appreciable fluctuations against the dollar, the currencies participating in the exchange rate mechanisms of the European Monetary System moved within very narrow limits; no currency has reached its divergence threshold since the beginning of April.

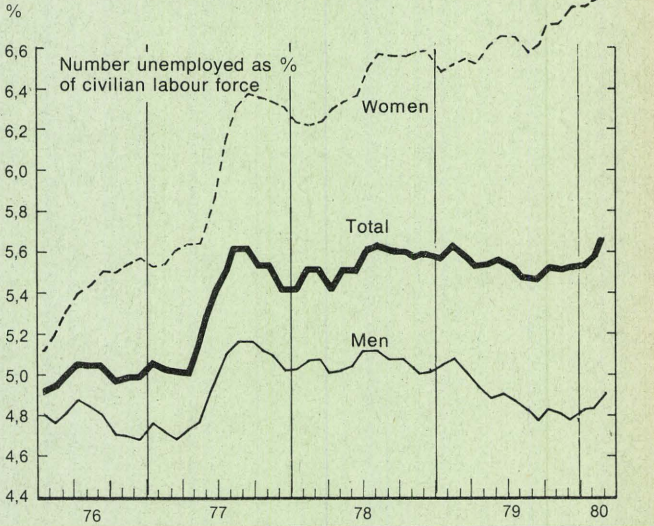
Industrial production on a plateau. — The trend of industrial production in the Community, as measured by a three-month moving average (seasonally adjusted), was flat in February after rising strongly during the fourth quarter of 1979 (Graph 1). Taken in conjunction with the leading indicators from the business surveys, this would seem to suggest that the production cycle has now peaked. The seasonally adjusted index of industrial production for the Community as a whole fell by 0,2% in February after a drop of 0,9% in January (revised figure). While there are fluctuations in the month-to-month figures for individual member countries, it does seem that in all of them (except Italy) production in February was no higher than the average for the fourth quarter of 1979.

Upward trend in unemployment confirmed. — In March, the seasonally adjusted rate of unemployment in the Community remained stable at 5,6%, but, as shown in Graph 2, the upward trend already noted in February was confirmed both for male unemployment and for female unemployment. Unemployment is rising again in several member countries where the recent trend has been a decline or nears stability. In others, a rising trend is continuing. In addition, the number of vacancies is now falling in most member

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



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



countries, whereas there had been a steady rise up to the beginning of the current year.

Trade balance adversely affected by oil price increase. — Judging from the limited data so far available, the Community's trade deficit again widened in February and is likely to be much larger in the first quarter than in the preceding quarter (Table 6). Expressed at an annual rate, the deficit may well be in excess of 40 000 million ECU (fob/cif), compared with an average of some 21 000 million ECU in 1979 and some 2 500 million ECU in 1978. The increase in crude oil prices and the sharp fall in exports to Iran were the main factors behind this deterioration. The Community's trade deficit with the OPEC countries, which grew from around 7 000 million ECU in 1978 to some 20 000 million ECU taking the average for 1979, will probably have topped 35 000 million ECU (at an annual rate) in the first quarter of this year, bringing the overall deterioration since 1978 to around 28 000 million ECU. Over the same period, the Community's trade balance with non-OPEC countries thus seems to have deteriorated by close on 10 000 million ECU.

Trade balance with the OPEC countries
(annual rates, in million ECU, s.a.)

	1978	1979				1980		
		I	II	III	IV	Jan.	Feb.	March
DK	92	-8	-40	-180	-128	72	-60	
D	2 122	-260	-3 512	-3 888	-5 296	-6 540	-6 300	
F	-4 263	-5 324	-5 992	-7 656	-7 188	-9 132	-10 428	
IRL	-28	0	20	-96	36	-60		
I	-2 295	-3 400	-3 272	-3 444	-6 104			
NL	-2 917	-2 876	-4 152	-4 460	-5 376	-6 108		
B/L	-1 368	-1 164	-1 212	-1 384	-2 244			
UK	1 373	-252	-260	-280	-1 124	-2 340	84	
EC	-7 284	-13 284	-18 400	-21 388	-27 424			

The figures available for the last few months (Graph 6 and Table 6) indicate a sizeable increase in France's trade deficit; at 16 000 million ECU at an annual rate, the first-quarter outturn represents an increase of some 12 000 million ECU over the average for 1978, with only half of this deterioration being directly attributable to trade with the OPEC countries. The latest figures also show a worsening of the trade balance in Denmark, Italy and the Benelux countries as well as in the Federal Republic of Germany, where an improvement had been recorded in January.

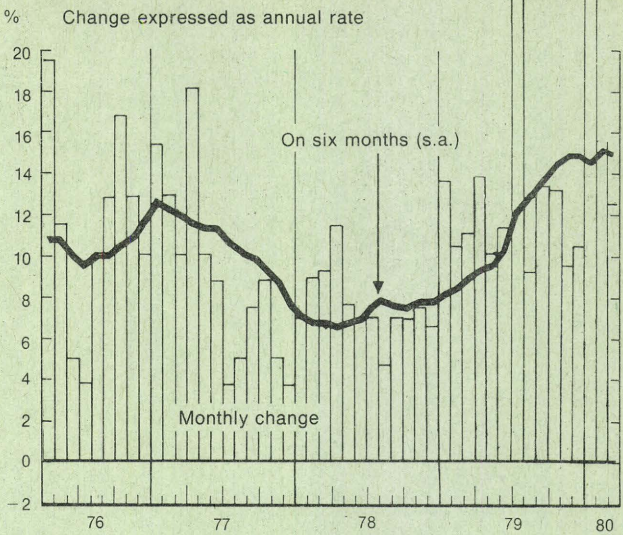
The Netherlands and the United Kingdom are the exceptions to the general trend. The trade deficit in the Netherlands, which had been abnormally large in December, fell markedly in January, and the situation in the United Kingdom improved in March, although the underlying trend there has shown little or no change since early 1979.

Slight decline in interest rates. — Following a long period of almost continuous rise, interest rates eased somewhat in April, both in the United States and in the Community. Short-term rates declined marginally in all the countries of the Community except Belgium. Judging by the trend on the bond market, long-term rates also seemed to be edging downwards around the end of April. The main tendency in money supply growth on a 12-month basis seems to have been towards deceleration in February. This was, at all events, the case in Denmark, the Federal Republic of Germany, Ireland and the United Kingdom (Table 7). However, the monthly rate of money creation picked up in the Federal Republic, which raised its discount rate by half a point on 30 April (see list of economic policy measures).

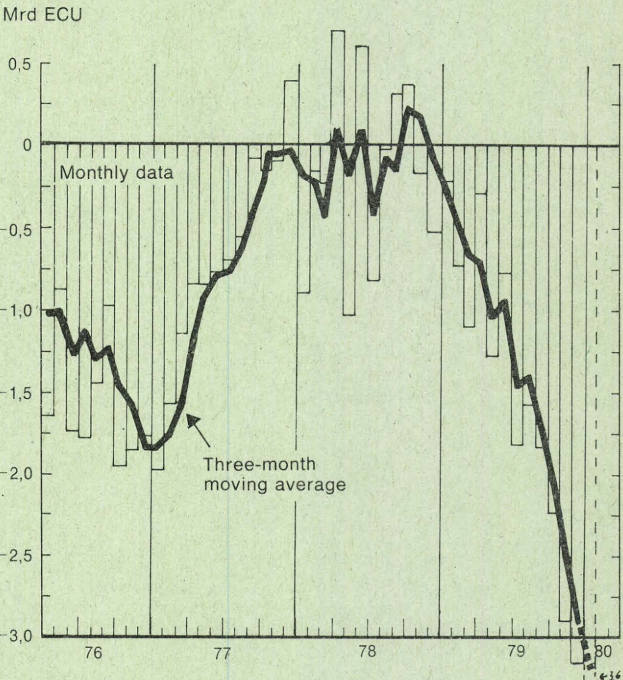
Strains within the European Monetary System less marked. — After appreciating against the European currencies in February and March, the dollar lost ground throughout April. In terms of monthly averages, however, the dollar rose 0.8% against the ECU, and the yen also recorded a small gain (+0.4%). Among the Community currencies, the French franc, the Irish pound, the Belgian franc and, above all, sterling strengthened against the ECU (Table 10). The maximum spread between the currencies moving within the 2.25% margin narrowed significantly. The divergence indicator for the Belgian franc, which had hovered close to the 75% threshold between December and March, moved away from the threshold in April, while the indicators for the other currencies covered by the European exchange rate scheme remained at a good distance from their thresholds.

5 May 1980.

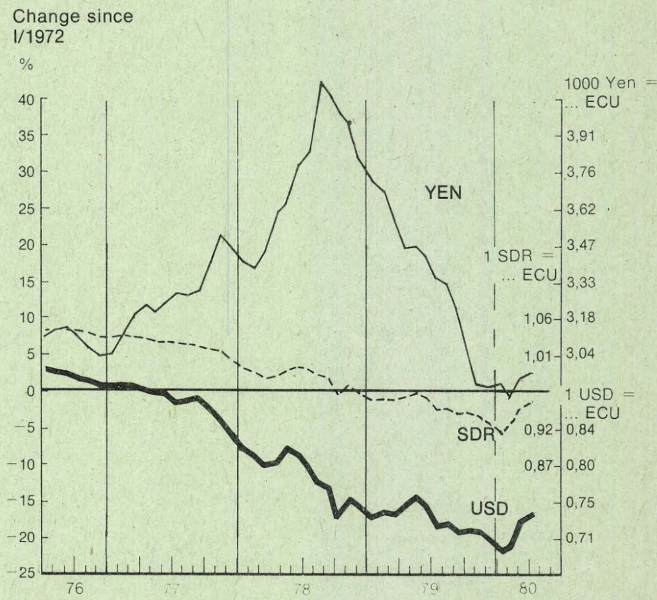
GRAPH 3: Consumer prices, EC total



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

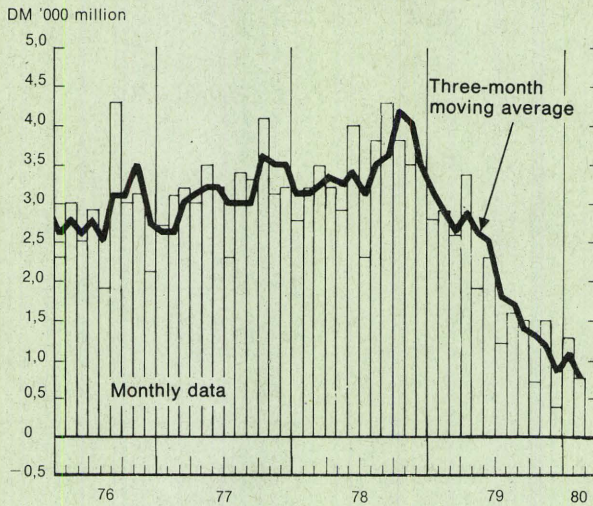


GRAPH 5: Value of USD, yen and SDR in ECUs

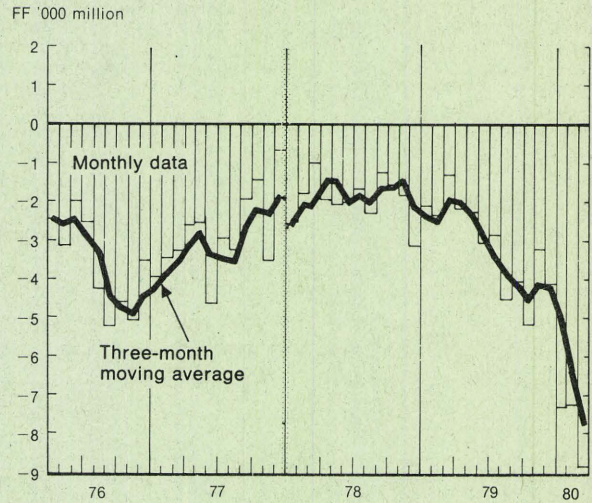


GRAPH 6: Trade balance (s.a.)

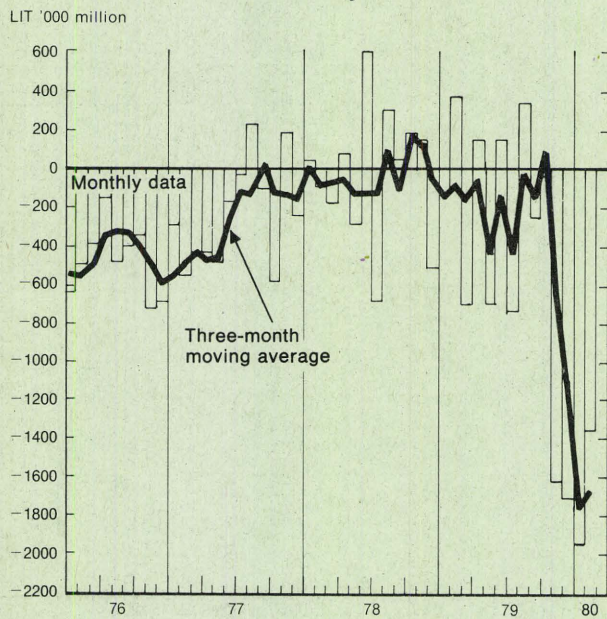
Federal Republic of Germany



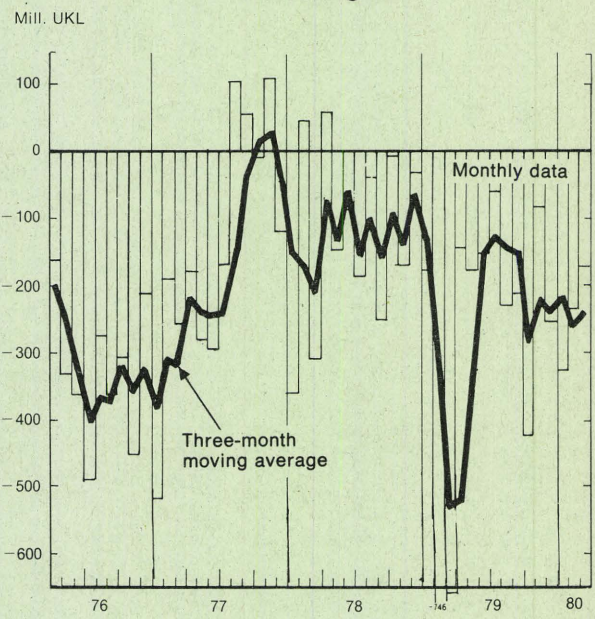
France



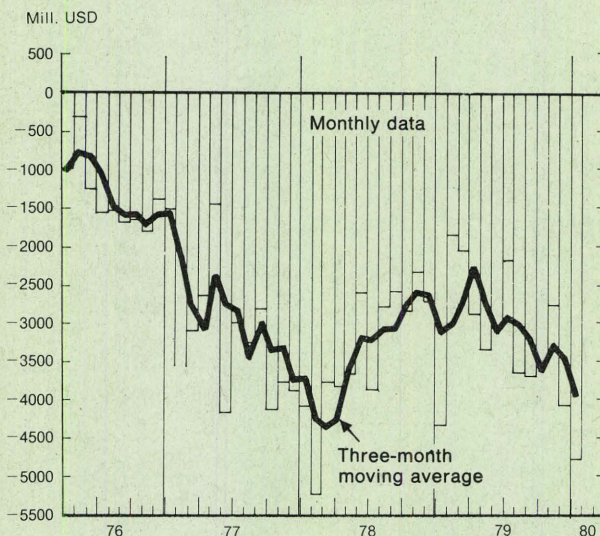
Italy



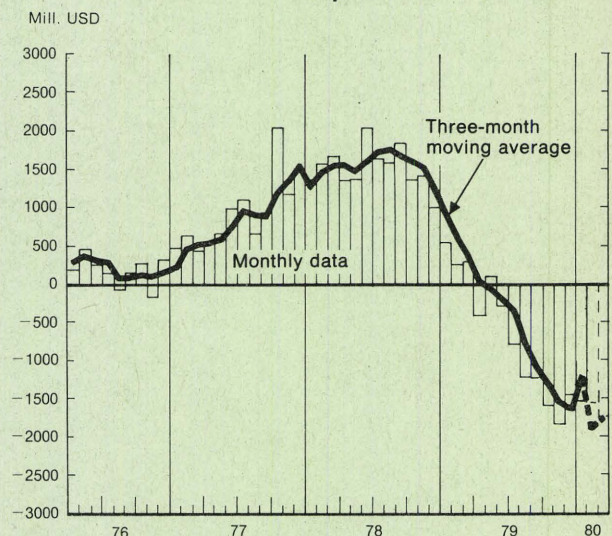
United Kingdom



United States



Japan



Sources: National data.

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

	TABLE 6: Trade Balance (FOB), million £/000 (\$/m)																			Change over 12 months	
						1979				1980				1979				1980			
	1975	1976	1977	1978	1979	I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March				
DK	-1 359	-2 954	-2 801	-2 292	-2 806	- 549	- 780	- 781	- 798	- 635	- 192	- 278	- 221	- 298	- 296	:	- 36	+ 104			
D	12 224	12 243	14 514	15 934	8 933	3 394	3 001	1 770	993	:	450	354	536	103	429	309	:	- 841			
F	-1 700	-7 732	-6 117	-4 097	-6 490	-1 265	-1 423	-1 820	-2 083	-4 047	- 599	- 944	- 614	- 525	-1 222	-1 307	-1 519	-1 181			
IRL	-461	-772	-876	-1 128	-1 955	-422	-560	-532	-498	-565	-203	-219	-179	-101	-231	-215	-130	+ 26			
I	-2 882	-5 981	-2 444	-322	-4 151	-244	-463	-774	-2 046	:	-230	-13	-195	-838	-1 076	:	:	-888			
NL	203	317	-1 687	-2 240	-2 619	-141	-512	-797	-1 110	:	-290	-265	-372	-473	-120	-152	:	-47			
B/L	-1 626	-2 375	-2 526	-2 781	-3 022	-372	-443	-391	-885	:	-82	-191	-242	-452	:	:	:	-190			
UK	-7 617	-8 664	-5 246	-5 548	-8 695	-2 490	-1 658	-1 921	-1 966	-2 043	-623	-1 149	-547	-270	-800	-709	-534	+ 273			
EC ⁸	-3 216	-15 919	-7 184	-2 476	-20 802	-2 056	-2 823	-5 214	-8 792	:	-1 828	-2 739	-2 847	-3 213	(-3 600)	:	:	(-3 200)			
USA	-3 017	-13 189	-31 907	-31 014	-27 206	-6 083	-6 977	-6 844	-7 292	:	-2 633	-2 492	-1 955	-2 845	-2 397	:	:	792			
JAP	-1 700	2 171	8 488	14 285	-5 574	789	-477	-2 356	-3 505	:	-883	-1 165	-1 318	-1 022	-1 224	(-1 334)	(-1 282)	(-1 482)			

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

		Percentage change on corresponding period of preceding year																			
		1979					1979				1980				1979				1980		
							I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March			
1975	1976	1977	1978	1979																	
DK (M2)	25,5	11,4	9,8	6,7	9,9	10,1	9,3	9,5	9,9	:	9,5	11,0	10,8	9,9	9,6	8,3	:	:	:		
D (M3)	8,5	8,4	11,1	11,0	6,0	11,1	10,8	7,8	6,0	:	7,8	5,9	5,2	6,0	5,8	5,6	:	:	:		
F (M2)	15,7	12,8	13,9	12,2	14,3	14,0	13,6	13,0	14,3	:	13,0	13,6	13,0	14,3	13,1	:	:	:	:		
IRL (M3)	19,1	14,3	16,3	28,7	19,0	32,2	36,0	26,2	19,0	:	26,2	26,4	24,5	19,0	16,6	16,3	:	:	:		
I (M2)	23,5	20,8	21,8	22,8	19,6	20,4	19,9	19,7	19,6	:	19,7	21,2	21,6	19,6	:	:	:	:	:		
NL (M2)	5,7	22,7	3,6	4,2	6,8	2,3	4,8	3,8	6,8	:	3,8	4,5	5,3	6,8	6,5	:	:	:	:		
B (M2)	17,2	13,4	9,9	9,7	6,1	9,1	8,9	6,6	6,1	:	6,6	:	:	6,1	:	:	:	:	:		
UK (EM3)	7,8	11,3	9,3	13,3	11,7	11,1	11,1	11,8	11,7	11,9	11,8	13,1	12,9	11,7	11,4	11,1	11,9	:	:		
EC ¹⁰	12,9	12,9	12,3	12,7	(11,1)	12,4	12,3	11,1	(11,1)	:	11,1	11,1	10,8	(11,1)	(10,5)	:	:	:	:		
USA (M2)	8,5	11,3	9,3	8,2	(7,9)	7,0	7,6	8,0	(7,9)	:	8,0	7,8	7,9	(7,9)	:	:	:	:	:		
JAP (M2)	14,5	13,5	11,1	13,1	9,1	12,9	11,8	12,1	9,1	:	12,1	11,0	10,6	9,1	:	:	:	:	:		

TABLE 8: Short-term interest rates¹¹

	TABLE 6. Short-term interest rates																	Change over 12 months 2				
	1975	1976	1977	1978	1979	1979				1980				1979					1980			
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April					
DK	14.5	10.3	14.5	15.4	12.5	10.6	9.8	17.4	16.5	19.1	18.5	13.7	16.5	16.3	18.3	19.1	:	8.5				
D	5.0	4.2	4.4	3.7	6.7	5.3	6.6	8.0	9.6	9.8	9.5	9.7	9.6	8.9	9.1	9.8	9.0	3.4				
F	8.0	8.8	9.3	8.1	(9.5)	7.0	9.3	11.6	12.6	13.8	12.2	12.4	12.6	12.3	13.8	13.8	13.0	6.0				
IRL	11.0	11.8	8.4	9.9	15.9	14.3	17.6	17.4	18.5	19.0	17.1	17.6	18.5	18.9	18.1	19.0	18.8	4.6				
I	10.4	17.6	14.5	11.3	11.5	10.9	11.1	10.9	16.5	15.8	10.6	13.4	16.5	15.1	15.8	15.8	:	5.0				
NL	5.3	7.1	4.8	6.6	9.5	7.2	8.4	9.8	13.0	11.2	10.6	14.8	13.0	11.3	12.9	11.2	10.3	2.9				
B	7.4	10.0	7.6	7.3	10.1	8.1	9.8	12.5	14.5	17.5	14.1	14.4	14.5	14.5	15.0	17.5	17.5	9.5				
UK	10.6	10.6	8.1	8.3	13.7	12.1	14.1	14.2	17.1	18.5	14.8	16.9	17.1	17.9	18.2	(18.0)	17.4	5.7				
EC ¹⁰	7.7	7.5	8.0	7.2	9.6	8.0	9.4	10.9	13.1	13.7	11.7	12.7	13.1	12.7	13.3	13.7	13.0	5.1				
USA	5.8	5.0	5.3	7.2	10.1	9.5	8.8	10.1	12.0	15.8	12.6	11.8	12.0	12.2	(13.8)	(15.8)	:	(6.3)				
JAP	:	:	6.2	5.1	5.9	5.0	5.3	6.5	8.0	:	7.0	7.8	8.0	8.0	:	:	:	3.4				

TABLE 9: Long-term interest rates¹²

	1975	1976	1977	1978	1979	1979				1980	1979				1980			Change over 12 months 2
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
DK	13,1	13,6	16,6	16,7	15,9	14,5	16,1	16,6	17,1	:	16,6	16,3	17,2	17,1	17,4	18,7	:	3,2
D	8,5	7,8	6,2	5,7	7,4	6,9	7,8	7,5	7,9	9,4	7,5	7,8	8,1	7,9	8,1	8,5	9,4	2,5
F	10,3	10,5	11,0	10,6	10,0	(9,6)	10,7	11,6	12,6	14,4	11,6	11,6	12,1	12,6	12,5	14,1	(14,4)	(4,6)
IRL	14,0	14,7	12,9	12,8	14,9	13,3	15,4	15,7	16,3	:	15,7	16,6	16,4	16,3	16,0	:	:	1,6
I	10,4	12,5	15,2	14,2	14,3	14,2	13,9	14,4	15,3	:	14,4	14,6	15,0	15,3	:	:	:	1,2
NL	8,8	9,0	8,1	7,7	8,8	8,5	9,0	8,7	9,4	11,4	8,7	8,8	9,2	9,4	9,4	10,4	11,4	2,9
B	8,5	9,0	8,8	8,5	9,7	8,9	9,4	9,9	11,1	12,5	9,9	10,6	11,0	11,1	11,4	11,9	12,5	3,6
L	6,7	7,2	7,0	6,6	6,8	6,8	6,8	6,8	6,8	7,3	6,8	6,8	6,8	6,8	6,9	7,1	7,3	0,6
UK	14,4	14,4	12,7	12,5	13,0	12,4	12,7	12,6	14,7	:	12,6	13,2	14,5	14,7	14,2	14,6	:	0,7
EC ¹⁰	10,3	10,4	10,1	9,7	10,3	9,8	10,5	10,7	11,6	:	10,7	10,9	11,5	11,6	(11,6)	(12,0)	:	(2,3)
USA	7,0	6,8	7,1	7,9	8,7	8,5	8,3	8,7	9,6	:	8,7	9,4	9,8	9,6	10,0	11,6	:	3,1
JAP	9,2	8,7	7,3	6,1	7,7	7,0	8,1	7,9	8,6	:	7,9	8,4	8,8	8,6	8,5	(9,1)	:	(2,7)

TABLE 10: Value of ECU — 1 ECU = units of national currency or SDR

	1975	1976	1977	1978	1979	1979				1980				1979				1980				Change over 12 months % 2
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April					
DKR	7.12	6.76	6.86	7.02	7.21	6.98	7.15	7.28	7.42	7.80	7.28	7.35	7.68	7.77	7.80	7.83	7.85	11.3				
DM	3.05	2.82	2.65	2.56	2.51	2.51	2.52	2.52	2.48	2.50	2.49	2.48	2.48	2.49	2.50	2.51	2.52	0.5				
FF	5.32	5.34	5.61	5.74	5.83	5.78	5.83	5.88	5.82	5.85	5.84	5.82	5.81	5.83	5.86	5.85	5.84	0.5				
IRL	0,560	0,622	0,654	0,664	0,669	-0,672	0,665	0,670	0,670	0,675	0,668	0,670	0,672	0,673	0,675	0,677	0,674	2,0				
LIT	810	930	1 007	1 080	1 138	1 136	1 128	1 135	1 154	1 162	1 149	1 154	1 160	1 161	1 158	1 166	1 176	4,3				
HFL	3.13	2.96	2.80	2.75	2.75	2.71	2.75	2.78	2.76	2.75	2.76	2.76	2.74	2.75	2.75	2.75	2.77	1,0				
BFR/LFR	45.57	43.17	40.88	40.06	40.17	39.65	40.35	40.45	40.22	40.54	40.15	40.18	40.34	40.43	40.58	40.63	40.46	0,8				
UKL	0,560	0,622	0,654	0,664	0,646	0,672	0,640	0,622	0,652	0,626	0,649	0,656	0,650	0,637	0,625	0,615	0,608	-5,8				
USD	1,241	1,118	1,141	1,274	1,371	1,354	1,332	1,389	1,405	1,411	1,392	1,398	1,429	1,444	1,430	1,358	1,347	0,7				
YEN	367,7	331,2	305,8	267,1	300,5	272,8	290,0	303,8	335,8	343,1	320,4	342,3	343,5	343,0	349,0	337,3	336,0	16,3				
SDR	1,022	0,968	0,977	1,018	1,061	1,050	1,045	1,067	1,080	1,082	1,072	1,080	1,089	1,093	1,089	1,064	1,060	1,3				

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

	Change over preceding period (%)																			Change over 12 months % 2
	1975	1976	1977	1978	1979	1978	1979				1979					1980				
						IV	I	II	III	IV	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.			
DK	- 5.7	9.3	0.8	2.3	3.6	3.2	-3.1	2.7	0.6	6.0	1.2	-4.8	12.2	-2.9	-2.3	2.7	0.2	12.6		
D	- 6.2	7.4	2.8	2.0	5.5	0.8	0	2.5	1.6	0	-3.9	0.8	0.8	0.8	-0.8	0.8	0	3.9		
F	- 8.9	9.7	1.6	1.6	3.7	1.9	0	0.5	4.3	-2.7	0	-2.2	-2.2	0.8	1.5	0	0	2.9		
IRL	- 6.1	9.0	8.1	9.4	6.7	3.8	0.8	3.0	0.8	0.4	-1.6	4.3	-0.7	0.9	-5.2	:	:	0.2		
I	- 8.8	11.6	0	2.1	6.6	6.1	1.7	-3.2	1.4	7.8	-0.2	6.2	3.7	0.6	-1.3	1.6	3.8	7.7		
NL	(- 4.8)	8.0	0	0.9	1.8	2.5	-1.2	0.9	0.9	-1.2	-0.9	1.8	-2.7	3.6	-5.3	5.6	:	3.6		
B	- 9.8	8.1	0.4	2.4	4.2	4.1	-3.4	6.1	-1.2	-1.1	3.8	3.4	-5.5	0.4	2.4	+3.2	-2.6	3.7		
L	-21.9	3.8	0.5	3.2	3.4	-0.2	1.4	1.2	-1.3	2.0	1.0	2.5	-4.6	4.0	6.3	-4.6	1.6	2.4		
UK	- 4.8	2.9	4.6	3.0	3.8	-0.6	1.7	3.8	-2.6	0.2	-3.7	-1.4	1.3	2.7	-2.1	-0.2	-1.5	-3.6		
EC	- 6.6	7.4	2.3	2.4	4.7	2.4	0.2	2.2	0.6	1.1	-1.0	1.3	-0.6	1.2	1.1	(-0.9)	(-0.2)	(3.2)		
USA	- 8.2	10.2	6.5	5.7	4.4	1.9	1.0	-0.2	0.2	0.1	-0.9	0.5	-0.1	-0.1	0.1	0.3	(0.2)	(0.7)		
JAP	-11.0	11.1	4.1	6.2	8.5	2.2	1.8	2.3	2.3	2.6	0.9	-1.5	2.6	1.2	-0.3	1.3	:	9.5		

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

	Unemployment rate - Number of unemployed as percentage of official labour force (cont.)																		
	1975	1976	1977	1978	1979	1979				1980		1979				1980			Change over 12 months % 2
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March		
DK	4,6	4,7	5,8	6,6	5,3	6,1	5,4	5,2	4,8	5,0	5,0 ³	4,9	4,7	4,8	4,8	5,1	5,2	-4,1	
D	4,2	4,1	4,0	3,9	3,4	3,6	3,4	3,3	3,2	3,1	3,3	3,2	3,2	3,1	3,1	3,1	3,1	-8,5	
F	3,9	4,3	4,9	5,3	6,0	5,8	6,0	6,1	6,3	6,3	6,2	6,2	6,3	6,3	6,3	6,3	6,3	7,6	
IRL	8,5	9,6	9,4	8,8	7,9	8,1	7,9	7,8	7,5	7,6	7,7	7,6	7,5	7,5	7,6	7,6	7,7	-3,3	
I	5,3	5,6	6,5	7,1	7,5	7,5	7,6	7,4	7,5	7,6	7,5	7,6	7,4	7,6	7,5	7,6	7,6	1,7	
NL	4,0	4,3	4,1	4,1	4,1	4,1	4,2	4,2	4,1	4,2	4,2	4,1	4,1	4,1	4,2	4,2	4,2	0,4	
B	5,3	6,8	7,8	8,4	8,8	8,6	8,6	8,9	8,9	8,8	8,9	8,9	8,9	8,9	8,8	8,8	8,9	3,1	
L	0,2	0,3	0,5	0,8	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	0,7	-5,0	
UK	3,8	5,3	5,7	5,7	5,3	5,5	5,3	5,1	5,3	5,6	5,1	5,2	5,3	5,3	5,4	5,6	5,7	5,4	
EC	4,3	4,9	5,3	5,5	5,5	5,6	5,5	5,5	5,5	5,6	5,5	5,5	5,5	5,5	5,5	5,6	5,6	2,8	
USA	8,5	7,7	7,0	6,0	5,8	5,7	5,7	5,8	5,9	6,1	5,8	5,9	5,8	5,9	6,2	6,0	6,2	(10,8)	
JAP ⁴	1,9	2,0	2,0	2,2	2,1	2,0	2,1	2,1	2,1	:	2,0	2,1	2,1	2,0	(1,9)	(1,8)	:	(-6,2)	

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

	Percentage change on preceding period																		
	1975	1976	1977	1978	1979	1979				1980		1979				1980			Change over 12 months % 2
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March		
DK	9,6	9,0	11,1	10,1	9,6	0,9	2,5	5,1	2,6	(2,5)	1,1	0,5	1,0	0,2	0,8	1,0	(1,6)	(14,1)	
D	5,9	4,6	3,7	2,7	4,1	1,8	1,4	1,3	0,8	1,8	0,1	0,3	0,4	0,4	0,5	1,1	0,6	5,8	
F	11,7	9,6	9,5	9,3	10,7	2,2	2,8	3,2	2,8	3,9	0,8	1,2	0,7	0,8	1,9	1,1	1,2	13,7	
IRL	20,9	17,9	13,7	7,7	13,2	4,1	3,2	4,1	3,7	3,7	1,2	1,2	1,2	1,3	1,3	1,2	.	15,5	
I	17,0	16,7	18,5	12,1	14,7	3,9	3,7	3,5	5,6	(6,4)	2,6	1,9	1,4	1,8	3,2	1,7	(0,9)	(20,4)	
NL	9,9	8,9	6,8	4,2	4,5	0,3	2,0	0,8	2,0	(1,6)	1,0	0,7	0,2	0,2	0,5	1,1	(0,8)	(6,3)	
B	12,8	9,2	7,1	4,5	4,4	1,2	0,7	1,7	1,4	2,4	0,2	0,7	0,4	0,4	1,4	0,8	0,2	6,6	
L	10,8	9,8	6,7	3,1	4,6	1,3	1,1	1,4	1,7	1,7	0,6	0,6	0,7	0,4	0,5	0,8	0,4	6,3	
UK	24,2	16,5	15,9	8,2	13,4	3,1	3,7	6,7	2,8	4,7	1,0	1,0	0,9	0,7	2,5	1,4	1,4	19,8	
EC	13,3	10,9	10,8	7,5	9,9	2,5	2,8	3,6	2,8	4,0	1,1	1,0	0,8	0,8	2,0	1,4	(0,8)	(14,0)	
USA	9,1	5,8	6,5	7,6	11,4	2,6	3,5	3,4	2,8	(3,9)	1,0	0,8	0,9	1,2	1,4	1,4	(1,4)	(14,6)	
JAP	10,2	9,3	8,0	3,8	3,6	-0,3	2,5	1,0	1,7	(2,4)	1,3	1,2	-0,4	0,6	0,9	(1,7)	(0,5)	(8,4)	

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

	1975	1976	1977	1978	1979	1979				1980		1979				1980			Change over 12 months % 2
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March		
DK	5.7	8.2	7.9	4.4	9.0	2.3	3.8	3.4	3.8	:	1.6	1.2	1.2	1.2	2.7	1.9	:	18.1	
D	1.2	5.8	1.8	-0.8	6.9	3.1	3.6	1.7	1.1	:	0.5	0	0.4	1.2	1.9	(2.4)	:	(12.2)	
F ⁵	1.0	10.1	6.5	4.6	11.8	3.3	3.8	2.5	3.3	:	0.8	1.4	0.7	0.4	:	:	:	13.1	
IRL	24.2	19.6	17.2	8.9	(12.5)	5.6	3.2	1.5	:	:	0.3	0.1	:	:	:	:	:	11.9	
I	8.5	22.9	17.4	8.4	15.4	4.4	4.6	4.3	5.6	:	1.9	2.1	1.2	1.9	3.3	1.8	:	23.1	
NL ⁵	6.8	6.9	5.4	2.0	(2.9)	0.8	0.8	2.0	:	:	0.5	0.2	0.1	:	:	:	:	5.3	
B	1.2	7.1	2.4	-1.9	6.3	2.4	2.0	1.2	1.5	3.4	0.6	0.7	0.7	0.1	2.0	1.3	0.5	8.0	
UK	24.1	16.4	19.2	10.5	12.1	2.7	4.0	5.0	3.1	5.2	1.1	1.2	0.6	0.8	2.5	1.6	1.3	18.9	
EC ⁶	7.4	12.0	9.3	4.4	10.3	3.1	3.7	3.0	(2.7)	:	1.0	1.0	0.6	(1.0)	(2.1)	:	:	(14.6)	
USA	9.2	4.6	6.1	7.8	12.5	3.6	3.6	3.1	3.4	:	1.6	1.3	0.7	1.0	2.1	2.0	:	15.9	
JAP	3.0	5.5	1.9	-2.5	7.3	1.9	4.1	4.9	4.3	(6.4)	1.4	1.1	1.5	1.8	2.1	2.6	2.0	(22.8)	

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				1980	1978	1979				1980			
						IV	I	II	III	IV	I	IV	I	II	III	IV	I			
DK	16,7	11,5	9,0	10,9	13,0	2,3	2,9	3,6	:	:	:	11,0	11,2	11,0	:	:	:			
D	7,6	6,3	7,1	5,2	6,0	0,3	1,6	1,7	2,0	0	:	5,1	6,6	6,0	5,7	5,3	:			
F	16,7	15,4	14,4	12,1	13,4	2,8	3,0	3,4	3,6	3,5	3,4	12,0	12,1	13,0	13,4	14,2	14,6			
IRL	27,7	17,1	16,6	13,6	13,2	3,1	2,3	:	:	:	:	14,0	13,7	:	:	:	:			
I	24,8	20,9	26,4	16,9	19,0	4,2	3,6	4,2	5,9	6,0	:	16,7	16,2	17,1	19,2	21,2	:			
NL	13,0	10,5	8,2	7,7	6,6	1,3	2,0	1,7	1,8	0,8	:	6,7	6,6	6,8	7,0	6,4	:			
B	17,4	12,2	10,2	7,6	8,4	1,9	2,6	1,9	1,3	2,0	1,6	8,1	9,4	9,5	7,9	8,0	6,9			
L	12,0	14,0	10,1	9,1	9,4	-1,5	2,7	3,8	:	:	:	7,0	4,6	3,9	:	:	:			
UK	27,4	15,9	9,2	12,8	14,9	2,3	1,8	5,1	6,5	2,5	:	13,9	11,6	12,6	16,6	16,8	:			
EC	17,5	13,3	12,1	10,9	12,5	2,2	2,3	3,2	(4,0)	(2,5)	:	11,2	10,9	10,6	(11,9)	(12,3)	:			
USA	9,1	7,9	9,2	8,6	8,7	3,1	2,0	1,4	1,9	2,4	:	9,8	9,0	8,9	8,6	7,8	:			
JAP	11,5	12,3	8,5	5,9	7,4	2,1	1,5	2,3	3,0	0,4	:	5,6	5,7	7,1	8,4	8,0	:			

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

Major economic policy measures — April 1980

Community (EC)

28.4 The European Council noted that, thanks to the European Monetary System introduced in March 1979, the currencies participating in the System had shown a greater degree of cohesion than at any time since 1972. It observed that a reduction in economic disparities in the Community — particularly as regards inflation — and the strengthening of the weaker economies were prerequisites for the development of the System. After taking note of the progress of studies concerning transition to the second stage of the System, the European Council confirmed its resolve to see the Community progress towards the objective of monetary integration and invited the relevant Community bodies to press ahead with work in order to move on to the institutional stage, involving definition of the ECU's role and the creation of the European Monetary Fund. The European Council also stressed the need for close coordination of interest-rate policies in order to bring interest rates down once circumstances permitted.

Denmark (DK)

None.

Federal Republic of Germany (D)

30.4 The Bundesbank raised the discount rate from 7 to 7,5% and the Lombard rate from 8,5 to 9,5%. At the same time, minimum reserve requirements were lowered by DM 5 000 million and the rediscount quota was increased by DM 3 000 million.

30.4 The Federal Government approved a DM 1 800 million supplementary budget which, together with savings in certain administrative departments, makes possible an increase in defence spending, the granting of financial aid to Turkey and a higher public sector wage bill than originally foreseen.

France (F)

1.4 The gross rate for Treasury bills and similar five-year bills issued by the Treasury and the Post Office was increased from 10,5 to 12% for those bills held to maturity.

17.4 The draft law providing for the optional distribution of shares to the employees of industrial and commercial enterprises was adopted by Parliament.

28.4 The statutory minimum wage was increased by 2,2% with effect from 1 May. The minimum hourly rate thus rose from FF 13,37 to FF 13,66, giving a monthly total of FF 2 376,85 for 174 hours.

Ireland (IRL)

14.4 Bank interest rates for lending and deposits were increased. The prime lending rate was raised from 15½ to 18%, the rate for personal overdrafts from 17¼ to 18¾% and the deposit rates by between 1½ and 2½ percentage points to between 11½ and 16% depending on the amount.

Italy (I)

None.

Netherlands (NL)

2.4 The Government published the directive on wages, the main provisions of which are as follows:

- wages are frozen at their level on 10 January 1980;
- the half-yearly payment in compensation for price increases is replaced by a monthly payment of HFL 26 as from 1 July 1980.

22.4 The Government announced its intention of negotiating a more direct and comprehensive system of aligning the price for natural gas exports (to the Federal Republic of Germany, France, Belgium and Italy) on the price of oil and of catching up on adjustments which should have been made under the present system.

Belgium (B)

31.3 The Banque nationale raised the ceiling on the special advances which it makes to the Fonds des Rentes on the security of cash certificates to BFR 20 000 million. Total Treasury indebtedness with the Banque nationale may thus reach BFR 127 000 million (BFR 37 000 million directly and BFR 90 000 million indirectly).

29.4 The Banque nationale decided to reduce the interest rate for special non-quota advances from 18 to 17%. The interest rate for short-term Treasury and Fonds des Rentes certificates was reduced from 17.5 to 17 %.

Luxembourg (L)

9.4 The interest rate on mortgage loans was increased from 8,50 to 9,25%.

United Kingdom (UK)

None.

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