

# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

No 5 — May 1981

Supplement A

## Recent economic trends

**Uncertainties concerning economic trends remain.** — Industrial production in the Community rose strongly in February, and the fall in vacancies outstanding seems to be slowing down. But unemployment is still rising sharply and there are no signs of a deceleration of consumer price increases nor of the expansion of money supply. Short and long-term interest rates have edged marginally upwards while the tendency towards improvement of the Community's trade balance has been confirmed. Nevertheless, the weakening of the ECU against the dollar resumed in April.

**Rise in industrial production in February.** — The index of industrial production in the Community (seasonally adjusted) rose by 1,5% in February, after falling 1,5% in December and 0,7% in January. The February increase is the biggest rise in a single month since June 1979, but results for a single month are unreliable as indicators of turning points and developments in the underlying trend, as represented by the three-monthly moving average, are still uncertain (Graph 1). Apart from a slight check to the downward movement in October and November last year, industrial production has now been on a declining trend since April 1980, but results from the Community's business surveys have been indicating a stabilization in production expectations since the beginning of the year (see *European Economy* Supplement B). Among the Member States (Graph 6), there are divergent movements in the index of industrial production: in the Federal Republic of Germany the trend has turned upwards sharply since the beginning of the year, and in Italy the downward trend has levelled out, while in France and the United Kingdom the decline continues.

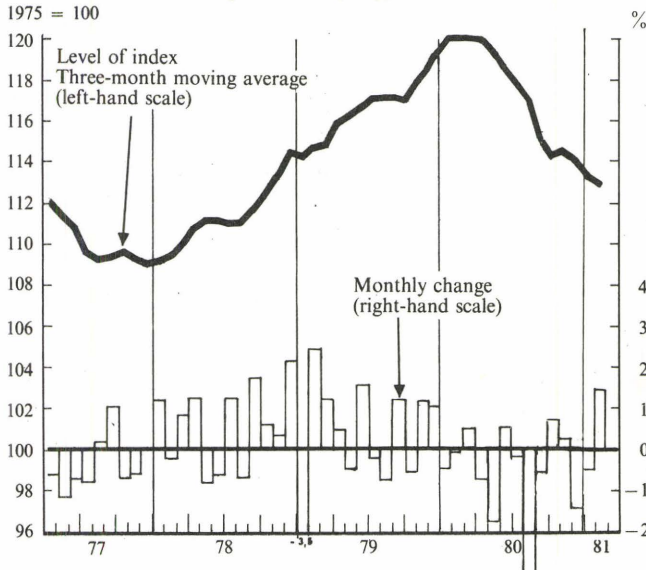
**Unemployment situation deteriorates further.** — The rate of unemployment in the Community (seasonally adjusted) rose another 0,2% points in March to reach 7,5% of the civilian labour force, equivalent to 8,3 million unemployed persons. Comparison with the situation 12 months ago shows clearly that there are as yet no signs of a slowdown in the rate of increase of unemployment. For the Community as a whole, unemployment is now some 32% higher than a year ago, and in three Member States (the United Kingdom, the Netherlands and Denmark) the rate of increase over 12 months is in excess of 60%; only Italy (6,6%) and France (15,2%) have 12-month rates of increase below 20% (Table 2). One positive indicator, however, is that the fall in the number of unfilled vacancies (seasonally adjusted) has now slowed somewhat, and even stopped altogether in some Member States.

**No slowdown of inflation.** — Inflation continued at a rapid pace in March with the index of consumer prices in the Community rising by 1,2% following an increase of 1,1% in January and in February. This latest bout of inflation is the result of a boost to prices from a variety of causes in a few Member States: the progressive effects of the abolition of the price freeze in Denmark, the ending of the winter sales in Greece, increases in controlled prices in France, and the effects of indirect tax increases in the United Kingdom. In the other Member States, however, prices rose at a slower rate in March. As a result of these divergent developments the trend of price increases in the Community—as measured by the seasonally-adjusted rate of increase over six months at annual rate—in March rose to its highest point since September of last year (12½%).

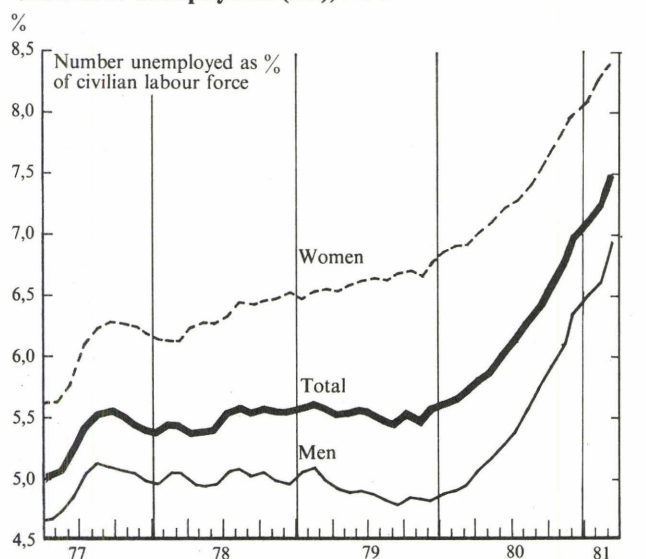
**Underlying improvement in the trade deficit.** — The Community's trade deficit (fob-cif) in February stayed roughly at its January level

GRAPH 1: Industrial production (s.a.), EC 9

1975 = 100



GRAPH 2: Unemployment (s.a.), EC 9



(2 800 million ECU), but the trend expressed by the three-month moving average did show a steady improvement. Nevertheless, judging from the figures for the individual Member States, some uncertainty persists: the Federal Republic of Germany's good result in February was followed in March by a large deficit; a deterioration was also recorded for Denmark and Ireland in March and for Italy and the Netherlands in February (the Community balance data contain an estimate for the BLEU for January and February).

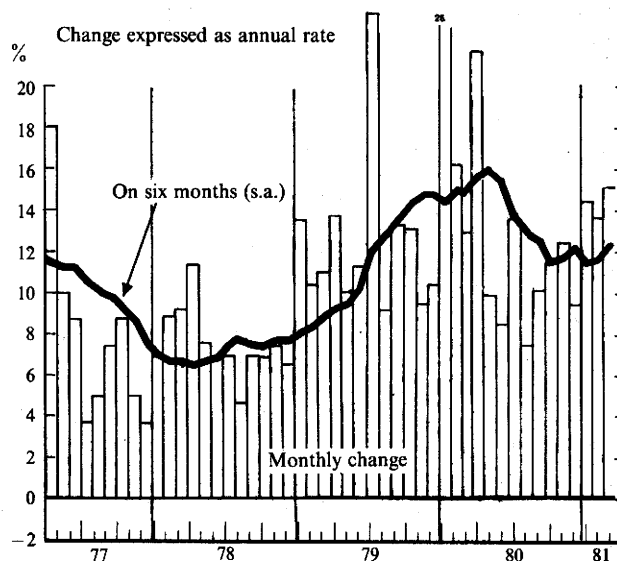
**Sustained expansion of money supply.** — In December, the money supply (M2) in the Community (s.a.) increased by 0,9%, the rate of monetary expansion in the fourth quarter (compared with the previous quarter) standing at 12,5% at an annual rate. The figures for changes in money supply in the early months of 1981 show that it slowed down somewhat in the Federal Republic of Germany and the United Kingdom while rising very markedly in France in January. Bank lending to the private sector increased sharply in the Federal Republic of Germany and Ireland and quickened in France but slowed in the United Kingdom.

**Interest rates firm.** — Short-term interest rates in April stayed at their high March level. Because of the poor inflation figures in the Community together with the climb of interest rates in the United States, the Member States' monetary authorities did not seek to ease the cost of money. Ireland, which had cut its discount rate by 0,4 of a percentage point in March, increased it by 0,6 of a point in April. After raising its discount rate from 12 to 16% in March, the Banque Nationale de Belgique was able in April to bring it down to 14% in two stages as the Belgian franc strengthened. In March, long-term rates remained stable.

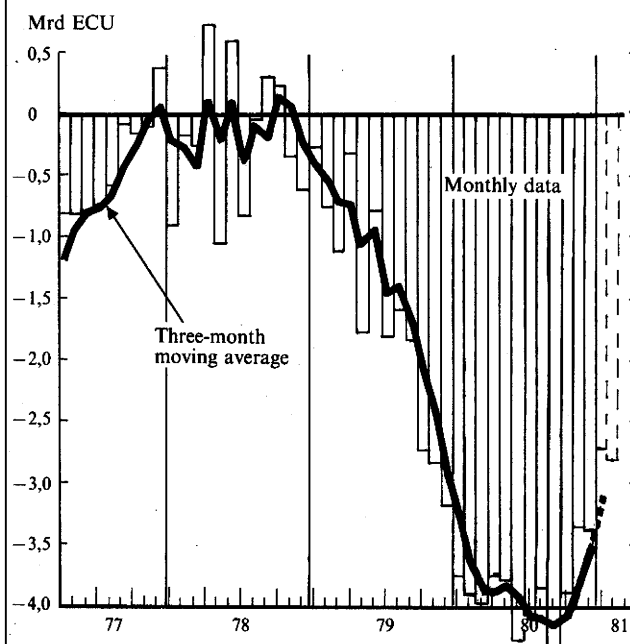
**Pronounced upturn of the dollar.** — After a break in February-March, the dollar started to move up again against the ECU in April, mainly because of the rise in interest rates in the United States which was accompanied by an increase in Eurodollar yields; toward the end of April the dollar was thus back to its mid-February value. This meant that, on a monthly average, the dollar was 2,6% up on the March level. Within the EMS, the second half of the month saw a distinct easing of pressures: the Belgian franc strengthened and rose from its lower bilateral limit against the German mark; it also came back above its divergence threshold against the ECU. The French franc and the Dutch guilder edged slightly down against the German mark at the end of the period. Sterling's value against the ECU in April remained more or less the same as the month before.

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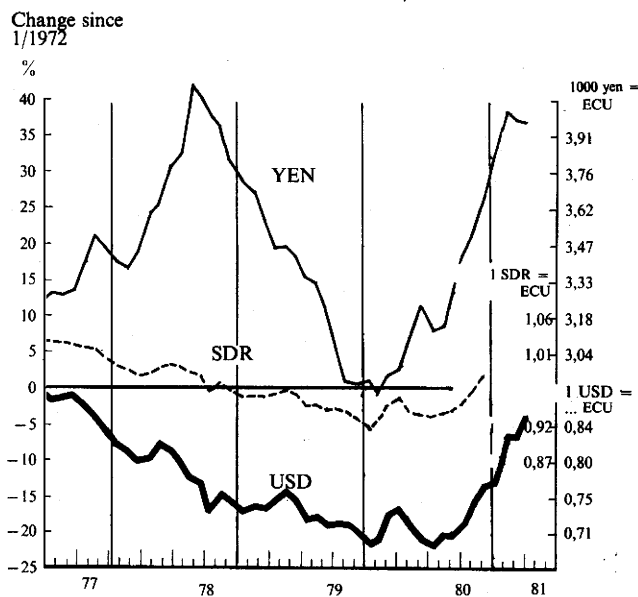
GRAPH 3: Consumer prices EC 9



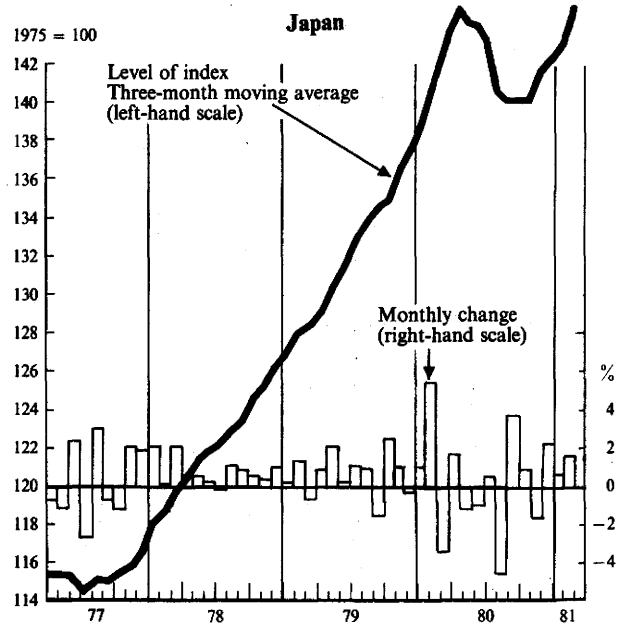
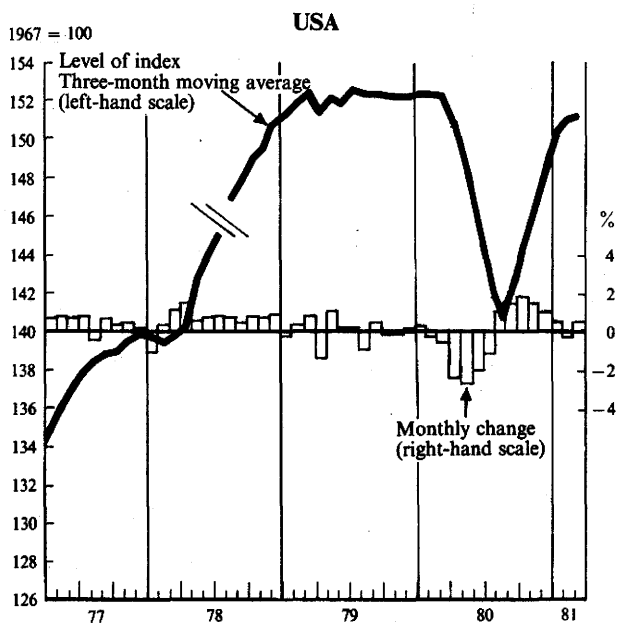
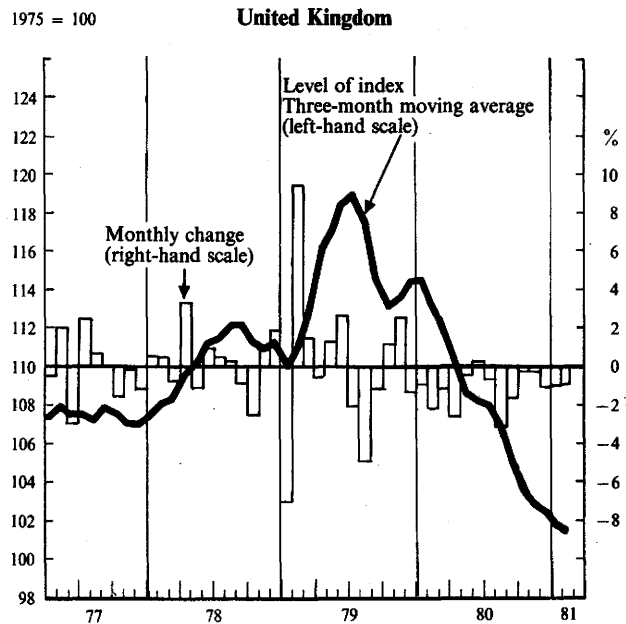
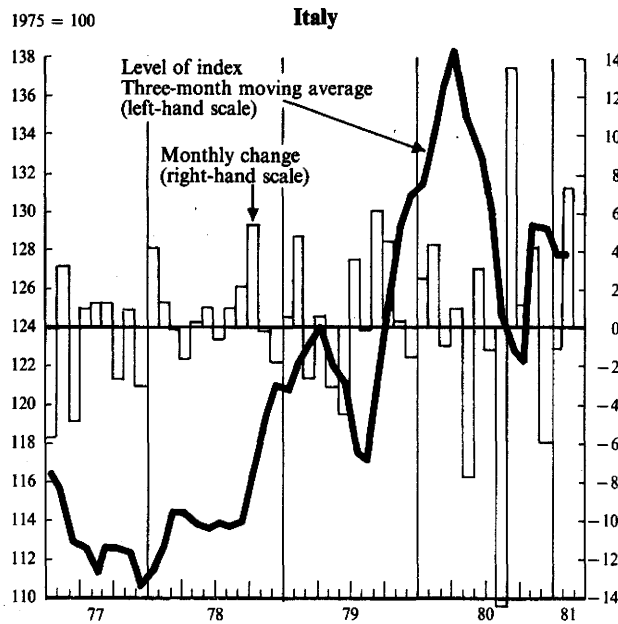
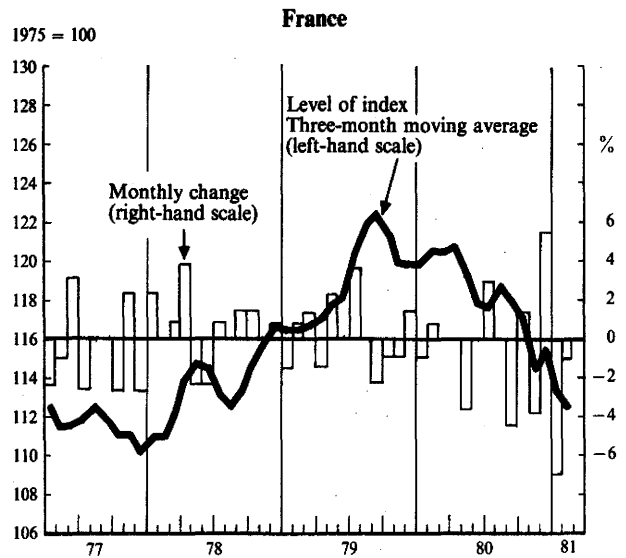
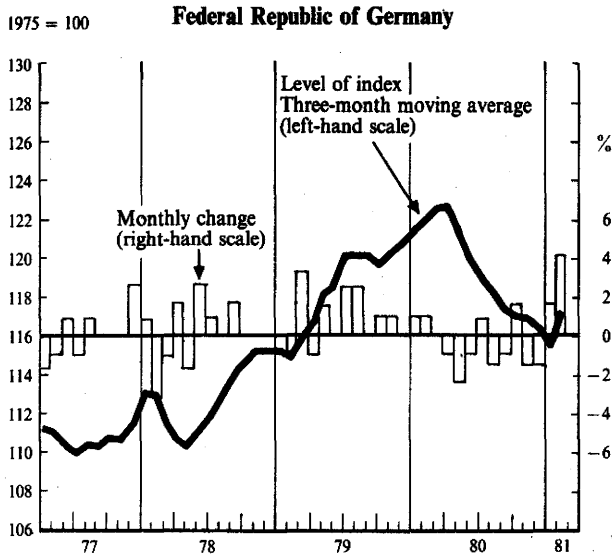
GRAPH 4: Trade balance (s.a.), EC 9



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



GRAPH 6: Industrial production (s.a.)



Sources: National data.



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

	1976	1977	1978	1979	1980	1980				1981	1980				1981			Change over 12 months
						I	II	III	IV		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B/L	-2 375	-2 526	-2 890	-3 022	-4 996	-1 452	-926	-1 270	-1 413		-679	-560	-321	-532				88
DK	-2 954	-2 801	-2 198	-2 806	-2 116	-868	-617	-438	-317	-263	-143	-93	-80	-142	-71	-84	-108	161
D	12 243	14 514	15 934	8 933	3 615	1 122	557	835	501	180	267	220	82	198	43	458	-320	694
GR	-3 131	-3 588	-3 347	-4 187		-909	-924	-949			-418							21
F	-7 732	-6 117	-4 097	-6 490	-16 948	-4 050	-4 443	-4 564	-4 753		-1 534	-1 658	-1 516	-1 579	-1 596	-1 345		37
IRL	-772	-876	-1 132	-1 955	-1 899	-568	-379	-390	-553	-590	-130	-67	-191	-295	-169	-202	-220	87
I	-5 981	-2 444	-336	-4 151	-15 604	-3 210	-3 431	-5 325	-4 356		-1 968	-2 080	-1 295	-981	-1 247	-1 373		259
NL	317	-1 687	-2 240	-2 619	-2 977	-592	-853	-815	-710		-202	-129	-312	-268	85	219		70
UK	-8 664	-5 246	-5 548	-8 695	-3 345	-2 099	-1 903	-549	774		-111	361	225	190	698	417		1 127
EC 9 <sup>9</sup>	-15 919	-7 184	-2 508	-20 804	-44 271	-11 630	-11 890	-12 351	-10 741		-4 467	-3 960	-3 381	-3 399	(-2 700)	(-2 800)		(1 100)
USA	-13 189	-31 907	-31 014	-27 146	-26 113	10 336	-6 627	-3 792	-5 387	-7 210	-1 420	-1 466	-1 525	-2 396	-4 230	-2 606	-374	2 142
JAP	2 171	8 488	14 285	-5 574	-7 700	-3 467	-3 162	-1 194	-254	(418)	134	-351	237	-38	369	(128)	(-79)	(1 347)

TABLE 7: Money supply<sup>10</sup> - Percentage change on preceding period (s.a.)

	1976	1977	1978	1979	1980	1980				1981	1980				1981			Change over 12 months
						I	II	III	IV		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B (M2)	13.4	9.9	9.7	6.1	2.8	0.5	0.4	0.4	1.1									2.6
DK (M2)	11.4	9.8	6.7	9.9	10.9	1.8	0.7	2.0	5.3	2.3	1.7	1.5	1.8	1.9	-0.3	1.1	1.5	11.3
D (M3)	8.4	11.1	11.0	6.0	6.2	1.7	1.0	1.0	2.5		0.3	0.1	1.4	1.0	1.0	0.3		6.6
F (M2)	12.8	13.9	12.2	14.4	9.7	3.1	1.4	2.3	2.5		0.5	0.8	1.2	0.6	2.3			11.4
IRL (M3)	14.3	16.3	28.7	19.0	16.9	1.5	3.3	6.0	5.1		1.5	1.7	5.1	-1.7	2.9			19.8
I (M2)	20.8	21.8	22.8	20.4	11.9	1.8	2.3	1.9	4.6		0.6	1.0	1.1	2.4				11.9
NL (M2)	22.7	3.6	4.2	7.0	3.6	-0.2	2.5	1.0	0.5		0.3	1.0	-0.4	-0.9	1.3			6.1
UK (EM3)	11.3	9.3	13.3	11.7	19.6	2.0	3.3	8.6	4.6	2.2	0.5	1.9	2.1	0.6	0.5	1.0	0.7	19.9
EC 8 <sup>11</sup>	12.9	12.3	12.7	11.0	9.7	1.9	1.7	2.6	3.0		0.5	0.8	1.3	0.9				9.7
USA (M2)	14.1	10.8	8.3	8.8	9.6	1.9	2.1	3.6	1.8		0.7	0.7	0.9	0.2	0.5	0.6		9.5
JAP (M2)	13.5	11.1	13.1	9.1	7.2	2.6	1.5	0.9	2.1		-1.1	1.1	1.8	-0.7	0.9			7.2

TABLE 8: Short-term interest rates<sup>12</sup>

	1976	1977	1978	1979	1980	1980				1981	1980			1981				Change over 12 months 2
						I	II	III	IV		I	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	10.0	7.6	7.3	10.1	14.2	17.5	14.0	12.6	13.1	17.0	12.5	13.0	13.1	12.4	13.0	17.0	17.0	0.0
DK	10.3	14.5	15.4	12.5	16.9	19.1	18.9	17.9	12.0	15.2	15.5	10.3	12.0	13.1	10.9	15.2	14.3	-4.6
D	4.2	4.4	3.7	6.7	9.5	9.8	9.9	9.2	10.2	13.4	9.2	9.7	10.2	9.6	14.5	13.4	13.0	2.9
F	8.8	9.3	8.1	9.5	12.4	13.8	12.5	12.6	11.6	12.9	11.4	11.4	11.6	11.4	13.3	12.9	13.1	0.1
IRL	11.8	8.4	9.9	15.9	16.3	19.0	17.6	13.6	13.6	14.6	13.3	13.7	13.6	13.8	15.0	14.6	15.2	-3.4
I	17.6	14.5	11.3	11.5	15.9	15.8	15.6	14.8	16.5	19.0	17.0	17.0	16.5	16.5	16.3	19.0	-	3.2
NL	7.1	4.8	6.6	9.5	10.6	11.2	10.5	10.3	9.4	10.3	9.3	10.0	9.4	9.5	11.3	10.3	11.3	0.8
UK	10.6	8.1	8.3	13.7	16.8	18.5	17.1	15.9	14.9	12.6	16.9	14.6	14.9	13.8	12.6	12.6	12.5	-4.6
EC 8 <sup>11</sup>	7.5	8.0	7.2	9.6	12.7	13.7	12.9	12.3	12.3	13.8	12.3	12.0	12.3	11.8	13.7	13.8	(13.9)	(0.6)
USA	5.0	5.3	7.2	10.1	11.4	13.6	7.4	10.5	14.6	12.5	12.5	14.3	14.6	15.0	14.3	12.5	14.5	-2.3
JAP	-	6.2	5.1	5.9	10.7	12.7	10.9	11.5	9.4	7.3	9.6	9.8	9.4	8.3	8.5	7.3	-	-5.4

TABLE 9: Long-term interest rates<sup>13</sup>

	1976	1977	1978	1979	1980	1980				1981	1980				1981			Change over 12 months
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	9.0	8.8	8.5	9.7	12.2	12.5	11.8	12.4	13.0	13.6	12.4	12.6	12.6	13.0	13.2	13.4	13.6	1.1
DK	13.6	16.6	16.7	15.9	18.9	19.3	19.3	18.9	18.4	18.4	18.9	17.7	18.0	18.4	17.9	18.6	18.4	-0.2
D	7.8	6.2	5.7	7.4	8.5	9.4	8.2	8.1	8.9	10.3	8.1	8.3	8.7	8.9	9.1	9.9	10.3	0.9
F	10.5	11.0	10.6	10.0	13.7	14.4	13.3	13.9	14.3	15.0	13.9	14.3	14.2	14.3	14.6	15.1	15.0	0.6
IRL	14.7	12.9	12.8	14.9	15.4	16.8	14.6	14.6	15.6	16.1	14.6	14.8	14.9	15.6	16.2	16.0	16.1	-0.7
I	12.5	15.2	14.2	14.3	16.4	16.2	15.4	17.0	17.9	18.1	17.0	17.2	17.4	17.9	17.3	17.8	18.1	1.9
L	7.2	7.0	6.6	6.8	7.4	7.3	7.5	7.5	7.9	8.0	7.5	7.6	7.7	7.9	7.8	7.9	8.0	0.7
NL	9.0	8.1	7.7	8.8	10.2	11.5	10.0	10.3	10.5	11.4	10.3	10.3	10.5	10.5	10.5	11.1	11.4	-0.1
UK	14.4	12.7	12.5	13.0	13.8	14.6	13.8	13.3	13.8	13.4	13.3	13.2	13.4	13.8	13.9	13.9	13.4	-1.2
EC 9 <sup>11</sup>	10.4	10.1	9.7	10.3	12.2	12.9	11.9	12.2	12.7	13.4	12.2	12.3	12.5	12.7	12.8	13.3	13.4	0.5
USA	6.8	7.1	7.9	8.7	10.8	11.9	9.4	10.9	11.9	:	10.9	11.2	11.8	11.9	11.7	12.2	:	0.6
JAP	8.7	7.3	6.1	7.7	9.2	10.0	8.6	9.2	9.4	:	9.2	9.0	9.5	9.4	8.8	8.8	:	-0.5

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

	1976	1977	1978	1979	1980	1980				1981	1980			1981				Change over
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	12 months
BFR/LFR	43,17	40,88	40,06	40,17	40,60	40,54	40,36	40,44	41,07	41,61	40,85	41,14	41,22	41,49	41,68	41,66	41,49	2,5
DKR	6,76	6,86	7,02	7,21	7,83	7,80	7,84	7,81	7,86	7,97	7,85	7,87	7,86	7,94	7,97	7,99	7,99	1,7
DM	2,82	2,65	2,56	2,51	2,53	2,50	2,52	2,53	2,56	2,57	2,55	2,56	2,56	2,58	2,59	2,54	2,54	0,7
DRA	40,89	42,04	46,80	50,78	59,24	55,39	59,80	61,43	60,36	61,43	60,14	59,96	60,97	60,88	61,58	61,82	61,88	8,3
FF	5,34	5,61	5,74	5,83	5,87	5,85	5,85	5,86	5,92	5,98	5,89	5,93	5,93	5,97	5,99	5,99	5,99	2,6
IRL	0,622	0,654	0,664	0,669	0,676	0,675	0,675	0,671	0,684	0,695	0,678	0,685	0,687	0,692	0,696	0,696	0,695	3,0
LIT	930	1 007	1 080	1 138	1 189	1 162	1 182	1 200	1 213	1 233	1 210	1 214	1 215	1 226	1 230	1 243	1 264	7,4
HFL	2,96	2,80	2,75	2,75	2,76	2,75	2,76	2,75	2,77	2,81	2,76	2,78	2,78	2,80	2,82	2,81	2,81	1,8
UKL	0,622	0,654	0,664	0,646	0,598	0,626	0,608	0,597	0,562	0,534	0,573	0,557	0,555	0,535	0,526	0,541	0,539	-11,3
USD	1,118	1,141	1,274	1,371	1,391	1,411	1,391	1,423	1,340	1,233	1,385	1,335	1,299	1,286	1,207	1,206	1,175	-12,8
YEN	331,2	305,8	267,1	300,5	315,0	343,1	321,9	312,8	282,1	253,1	289,7	284,3	272,3	259,8	247,8	251,6	252,1	-25,0
SDR	0,968	0,977	1,018	1,061	1,068	1,082	1,071	1,078	1,042	·	1,059	1,041	1,025	·	·	·	·	-5,9

<sup>9</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>10</sup> National sources for the Federal Republic of Germany, France, Ireland and the United Kingdom; seasonally adjusted by Eurostat for Denmark, Italy, The Netherlands and Belgium.

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

	1976	1977	1978	1979	1980	1979	1980				1980					1981		Change over 12 months % <sup>2</sup>
						IV	I	II	III	IV	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	8,1	0,4	2,4	4,5	-0,4	-0,5	3,5	-3,2	-3,0	-3,2	3,1	-3,9	0,6	0,6	-7,7	12,0	-3,7	-4,5
DK	9,3	0,8	2,3	3,6	0,2	6,0	-0,2	-4,1	-1,3	-1,6	-9,6	5,0	0,5	-6,0	6,7	-0,5	2,1	-3,4
D	7,4	2,8	2,0	5,5	-0,1	0,5	1,6	-2,3	-1,9	-1,1	-1,6	-0,8	1,6	-1,6	-1,6	1,7	4,1	-0,9
GR	10,5	2,0	7,6	6,1	:	-0,5	0,4	1,3	-0,9	:	-2,2	4,0	:	:	:	:	:	1,3
F	9,7	1,6	1,6	4,7	-0,7	-2,2	0,5	-2,2	0	-2,3	0	-5,1	1,6	-3,8	5,6	-6,8	-0,8	-8,9
IRL	9,0	8,1	9,4	6,7	:	0,4	0,7	-1,0	:	:	0,3	:	:	:	:	:	:	-2,8
I	11,6	0	2,1	6,7	5,0	8,6	4,1	-2,7	-7,6	5,3	-14,4	13,6	1,3	4,2	-6,0	-1,1	7,5	-3,4
L	3,8	0,5	3,2	3,4	-3,3	2,0	1,8	-2,4	-7,5	-1,3	-6,1	-1,0	2,3	1,9	-6,2	-3,9	4,0	-17,6
NL	8,0	0	0,9	2,8	-0,2	-0,3	3,0	-2,9	-3,9	2,8	-3,6	-2,8	4,8	2,7	-0,9	1,8	0,9	1,7
UK	2,7	4,7	3,1	3,7	-7,0	0	-2,6	-3,0	-3,0	-2,3	-2,9	-1,6	0,4	-0,2	-1,3	-1,1	1,0	-12,9
EC 9	7,4	2,4	2,3	4,8	-0,7	1,2	0,6	-1,4	-2,7	-1,1	-3,1	-0,5	0,6	0,2	-1,5	-0,7	(1,5)	(-4,4)
USA	10,2	6,5	5,7	4,4	-3,5	0,1	0	-5,2	-1,7	4,9	1,0	1,6	1,9	1,7	1,0	0,4	(-0,3)	(-1,0)
JAP	11,1	4,1	6,2	8,3	7,1	2,7	4,1	0,1	-2,3	1,6	-4,5	3,9	0,8	-1,5	2,3	0,6	1,7	-0,1

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

	1976	1977	1978	1979	1980	1980				1981	1980				1981			Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	6,8	7,8	8,4	8,7	9,4	8,8	9,0	9,4	10,1	10,6	9,8	9,9	10,0	10,3	10,4	10,6	10,8	23,5
DK <sup>3</sup>	4,7	5,8	6,5	5,3	6,2	5,0	5,5	6,2	7,4	8,2	6,6	7,0	7,4	7,6	8,0	8,0	8,7	62,0
D	4,1	4,0	3,9	3,4	3,4	3,1	3,2	3,5	3,8	4,2	3,5	3,6	3,8	4,0	4,1	4,1	4,3	38,2
F	4,3	4,8	5,2	6,0	6,4	6,3	6,3	6,3	6,6	7,1	6,4	6,5	6,6	6,8	7,0	7,1	7,3	17,3
IRL	9,4	9,2	8,4	7,5	8,3	7,2	7,7	8,6	9,5	10,0	9,0	9,3	9,5	9,7	9,8	10,0	10,1	37,6
I	5,6	6,4	7,1	7,5	8,0	7,8	8,0	7,9	8,1	8,3	8,0	8,0	8,1	8,2	8,2	8,2	8,3	6,6
L	0,3	0,5	0,7	0,7	0,7	0,7	0,6	0,7	0,8	0,9	0,7	0,8	0,8	0,8	0,9	0,9	1,0	46,1
NL	4,3	4,1	4,1	4,1	4,8	4,1	4,4	4,9	5,7	6,4	5,1	5,4	5,7	5,9	6,1	6,3	6,7	63,4
UK	5,3	5,7	5,7	5,3	6,9	5,6	6,2	7,1	8,3	9,4	7,5	7,9	8,4	8,8	9,1	9,4	9,7	68,1
EC 9	4,9	5,3	5,5	5,5	6,2	5,6	5,9	6,3	6,8	7,3	6,4	6,6	6,8	7,0	7,1	7,3	7,5	32,1
USA	7,7	7,0	6,0	5,8	7,1	6,1	7,5	7,6	7,5	7,3	7,5	7,6	7,5	7,4	7,4	7,3	7,3	18,8
JAP <sup>4</sup>	2,0	2,0	2,2	2,1	2,0	1,9	2,0	2,0	2,2	:	2,0	2,1	2,2	2,2	2,1	2,2	:	:

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

	1976	1977	1978	1979	1980	1980				1981	1980				1981			Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	9,2	7,1	4,5	4,5	6,6	2,4	0,8	1,8	2,2	2,2	0,6	0,9	1,0	0,3	0,8	0,9	0,6	7,6
DK	9,0	11,1	10,1	9,6	12,4	2,5	3,1	2,9	1,9	2,6	0,5	0,7	0,9	0,4	0,6	1,0	2,0	11,3
D	4,3	3,7	2,7	4,1	5,5	1,9	1,8	0,7	0,8	2,2	0	0,2	0,6	0,6	0,8	0,8	0,7	5,5
GR	13,3	12,2	12,5	19,0	24,9	7,0	7,0	1,8	7,8	7,3	2,8	2,6	3,4	3,2	2,4	0,9	2,4	25,6
F	9,6	9,5	9,3	10,7	13,6	3,8	3,1	3,2	2,8	3,1	0,9	1,1	0,7	0,9	1,2	0,9	1,1	12,7
IRL <sup>5</sup>	17,9	13,7	7,7	13,2	18,2	3,8	7,4	2,9	3,1	6,2	(1,0)	(1,0)	(1,0)	(2,1)	(2,0)	(2,0)	:	21,0
I	16,8	17,0	12,2	14,8	21,2	6,5	3,9	4,3	5,3	5,2	1,9	1,7	2,1	1,2	1,9	1,9	1,4	20,4
L	9,8	6,7	3,1	4,5	6,3	1,7	1,6	1,0	1,9	2,4	0,1	0,8	0,9	1,1	0,8	0,6	0,8	7,4
NL	9,0	6,4	4,2	4,3	(7,0)	1,8	2,5	1,1	1,4	1,5	0,7	0,6	0,3	0,1	0,7	0,6	0,9	6,6
UK	16,5	15,9	8,3	13,4	18,0	4,7	5,8	2,1	1,9	2,4	0,6	0,6	0,8	0,6	0,6	0,9	1,5	12,6
EC 9	10,8	10,5	7,5	9,9	13,9	4,0	3,6	2,5	2,6	3,1	0,8	0,9	1,0	0,8	1,2	1,0	1,2	12,4
USA	5,8	6,5	7,6	11,5	13,5	3,9	3,6	1,9	2,6	(2,6)	0,9	0,9	0,9	0,9	0,7	1,0	(0,7)	(10,6)
JAP	9,3	8,1	3,8	3,6	8,0	2,2	3,2	1,2	1,0	(1,1)	1,5	0,1	0,2	-0,6	1,2	0,1	(0,5)	(6,2)

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

	1976	1977	1978	1979	1980	1980				1981	1980				1981			Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	7,1	2,4	-1,9	6,3	5,8	3,4	-0,5	-0,1	2,5	2,6	1,5	0,7	1,3	0,3	1,1	0,8	0,8	4,5
DK	8,2	7,9	4,4	8,9	16,7	6,3	3,6	1,2	2,9	:	1,1	1,0	1,1	1,4	1,4	:	:	13,3
D	5,8	1,8	-0,8	6,9	8,0	3,9	1,7	-0,2	0,8	3,8	-0,9	2,4	1,4	1,4	0,9	1,3	1,7	7,1
F <sup>6</sup>	10,1	6,5	4,6	11,8	:	:	:	:	:	:	:	:	:	:	:	:	:	13,1
IRL	19,6	17,2	8,9	12,2	:	4,7	3,5	0,7	:	:	0,6	:	:	:	:	:	:	9,8
I	22,9	17,4	8,4	15,5	20,1	6,6	3,5	2,3	3,8	:	1,2	0,7	2,2	1,4	1,6	1,6	:	15,0
NL <sup>6</sup>	6,9	5,4	1,3	2,7	8,2	4,3	1,4	1,1	0,7	:	0,2	0,2	0,4	0,5	:	:	:	7,8
UK	16,4	19,2	10,5	12,1	16,3	5,2	4,0	2,4	1,1	2,9	0,4	0,4	0,4	0,2	1,4	1,0	1,3	10,6
EC 9 <sup>7</sup>	12,0	9,3	4,4	10,3	:	:	:	:	:	:	:	:	:	:	:	:	:	:
USA	4,6	6,1	7,8	12,5	14,1	4,6	2,0	3,1	2,1	(2,9)	0,3	0,9	0,5	0,7	1,1	1,2	(0,9)	(10,6)
JAP	5,5	1,9	-2,5	7,3	17,8	6,5	4,8	0,7	-0,7	-0,7	-0,3	-0,7	-0,1	-0,2	-0,5	-0,2	0	1,8

TABLE 5: Gross hourly wages in industry<sup>8</sup> — Percentage change

	On preceding period					On corresponding quarter of preceding year											
	1976	1977	1978	1979	1980	1979				1980				1979			
						III	IV	I	II	III	IV	III	IV	I	II	III	IV
B	13,6	10,1	6,6	6,7	8,7	1,0	2,5	1,8	3,4	1,6	2,0	5,7	8,0	7,3	8,9	9,6	9,1
DK	11,7	9,1	12,0	12,0	11,4	3,4	3,3	2,7	2,7	1,4	1,4	10,6	13,5	14,8	12,6	10,5	8,5
D	6,4	7,1	5,3	5,7	6,6	2,0	0,1	0,4	4,1	2,7	0,1	5,4	5,5	4,9	6,6	7,4	7,4
F	15,1	14,7	12,3	12,2	15,7	2,1	2,3	5,2	3,9	4,3	3,6	11,9	12,2	13,7	14,1	16,6	18,1
IRL	18,9	16,7	14,7	15,1	:	4,2	7,7	3,2	6,4	4,7	:	11,6	17,8	18,5	23,2	23,8	:
I	20,8	26,7	20,6	17,9	22,3	7,1	5,1	4,8	3,8	6,8	3,6	20,2	24,8	24,3	22,6	22,2	20,5
L	13,9	10,4	7,7	4,0	:	-1,2	-1,2	4,2	4,0	:	:	3,9	4,6	5,2	5,8	:	:
NL	11,3	7,9	8,3	6,5	6,8	1,4	0,7	4,2	0,8	0	0,9	6,7	6,5	8,2	7,3	5,8	6,0
UK	16,7	9,4	12,5	14,4	18,4	6,8	1,5	3,1	6,2	5,8	2,6	17,5	16,3	18,7	18,6	17,5	18,8
EC 9	13,6	12,3	11,4	11,8	(14,0)	4,2	2,0	3,2	4,5	(4,7)	(2,2)	12,8	13,5	14,4	14,7	(15,2)	(15,5)
USA	7,9	9,2	8,6	8,4	8,7	2,0	2,2	1,8	1,9	2,8	3,5	8,7	7,8	7,4	8,0	8,9	10,3
JAP	12,3	8,5	5,9	7,4	8,1	3,0	0,4	1,8	3,2	2,5	0,1	8,4	8,0	7,9	8,8	8,1	7,5

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> Monthly series calculated by linear interpolation.

<sup>6</sup> National source.

<sup>7</sup> Excluding Luxembourg; weighted average.

## Major economic policy measures — April 1981

### Community (EC)

None.

### Belgium (B)

31.3 The Banque Nationale raised the discount rate from 13 to 16% and the rate for advances on current account from 15 to 18%. The financial intermediaries raised the base ranges within which they set the actual terms by 2,5 to 3 percentage points, bringing the base rate to a minimum of 16,50% for discount and 18,75 to 19% for cash advances.

31.3 The Banque Nationale reintroduced the re-employment ratio, which obliges the financial institutions to hold in their portfolios an amount of public funds and Treasury certificates which may not fall below the amount of public funds held at 31 December 1980 or the average amount of certificates held between 13 and 26 March 1981; in the event of an increase in loans to the private sector each institution will have to increase its loans to the public sector in a proportion laid down by the ratio which existed in 1978.

1.4 The minimum guaranteed wage was increased by 5%, to BFR 25 115 a month. This amount will apply in all sectors.

2.4 The Minister for Economic Affairs decided to freeze prices for one month on the basis of 19 March levels. An exception was made for products subject to a programme contract (such as oil). Announcements of price increases were also suspended for one month.

8.4 The Treasury's indirect credit line with the Banque Nationale (special lending to the Fonds des Rentes) was raised from BFR 110 000 million to BFR 130 000 million. This now brings the combined maximum amount of Banque Nationale lending to the Treasury to BFR 167 000 million.

13.4 In order to implement a number of measures decided previously (22 March) or announced in the new Government statement, the Government approved various texts of the draft programme law. The main aim of these provisions is to stimulate business investment; most important are an increase in the tax exemption on the investment reserve, from 5 to 30% but limited to undistributed profits; a reduction in the company solidarity tax, by raising the tax threshold; a reduction of the basic taxable amount in line with the increase in investments and the number of additional workers engaged; the permanent exemption of capital gains reinvested in the business within three years; the promotion of employment in small and medium-sized enterprises, by increasing the temporary exemption of company profits for each additional unit of staff from BFR 100 000 to BFR 150 000. However, the ceiling set for the disaggregation of married couples' incomes and for the notional allocation of a household's single earned income between two spouses is lowered from BFR 750 000 to 680 000.

15.4 The Banque Nationale lowered the discount rate from 16 to 15% and the rate for advances on current account from 18 to 17%.

30.4 The Banque Nationale lowered the discount rate and the rate for advances on current account to 14 and 16% respectively.

### Denmark (DK)

27.4 Danmarks Nationalbank and the private banks have agreed to extend the general guideline for bank lending expiring in June until the end of December 1981. The overall increase which should be contained for the period until the end of June within 6% of bank lending at the end of September 1980 must not exceed this base by more than 10% during the latter half of 1981. The agreement on lending rates will not be pursued beyond the month of June.

### FR Germany (D)

8.4 The Federal Government announced, in a joint declaration with the French

Government, its intention to borrow on the international capital markets funds to the equivalent of 2 500 million ECU (at present about DM 6 300 million). This amount will be used for credits at a low rate of interest in favour of investments in energy saving, notably of heating and industrial energy consumption and of the reduction of the use of oil in power stations. Other areas to benefit are telecommunications, dwelling construction and vocational training.

23.4 The Federal Government announced, with respect to the proceeds of the loans to be raised on the international capital markets, that credits for qualifying projects would be made available at an interest rate of 9 1/4%, implying an interest-rate relief of about 2%. The cost to the Exchequer was estimated to be about DM 100 million per annum in the next ten years.

### Greece (GR)

None.

### France (F)

1.4 Civil service salaries were increased by 3,1% with effect from 1 April.

8.4 The details of the Franco-German loan were announced (see above). The total amount raised will be the equivalent of 5 000 million ECU, or FF 15 000 million for each country. Each country will raise half the total amount on the international capital market in separate but simultaneous issues in several tranches. For France, the borrower will be the Crédit National. The proceeds of the fund-raising will be used in the form of low-interest loans to promote various categories of investment (in the saving of energy and raw materials, support for employment, and in the development of advanced technologies, etc.).

### Ireland (IRL)

1.4 Increases in post and telephone charges came into effect and are expected to raise an additional IRL 35 million in 1981.

22.4 A new mortgage subsidy of IRL 4 000 which aims to help 'young married' couples who are first-time house purchasers has been announced.

### Italy (I)

None.

### Luxembourg (L)

None.

### Netherlands (NL)

26.3 The Government decided that in 1981 it would increase the subsidized construction of new homes by 12 000 units and subsidized renovation by 4 000 units.

9.4 In order to combat tax evasion in respect of bearer savings bonds, the Government is proposing to make it compulsory to register issues of and transactions in these securities. In addition, only stockbrokers will be authorized to effect such transactions. These measures will not apply to savings bonds already in circulation.

30.4 After the increase of only 0,5% implemented on 1 January 1981, civil service salaries will, from July, enjoy the full application of the system of indexing pay to price rises.

### United Kingdom (UK)

None.

### Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
'European Economy' (3 issues per year)	17.10	700	12.00	10.50	24.50	The annual subscription runs from 1 January to 31 December of each year.
<b>Supplements</b>						
Series A — 'Recent economic trends' (11 issues per year)	8.55	350	6.00	5.30	12.30	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series B — 'Economic prospects — business survey results' (11 issues per year)	8.55	350	6.00	5.30	12.30	
Series C — 'Economic prospects — consumer survey results' (3 issues per year)	2.45	100	1.70	1.50	3.50	
All three supplements	19.50	800	13.60	12.00	28.00	These are surface mail rates; for air subscription rates please apply to the agents
Combined subscription — 'European Economy' and supplements	36.60	1 500	25.50	22.50	52.50	

