

EUROPEAN ECONOMY

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

No 6 — June 1981

Supplement A

Recent economic trends

Stabilization of activity. — As was expected on the basis of the Community's business surveys the 12-month long decline in the trend of industrial production was brought to a halt in March. The rise in unemployment continued in April and the rate of inflation quickened further. The improvement of the Community's trade balance continued at least up to March. Despite a rise in interest rates in the Community (particularly in France) the ECU in May depreciated further against the dollar.

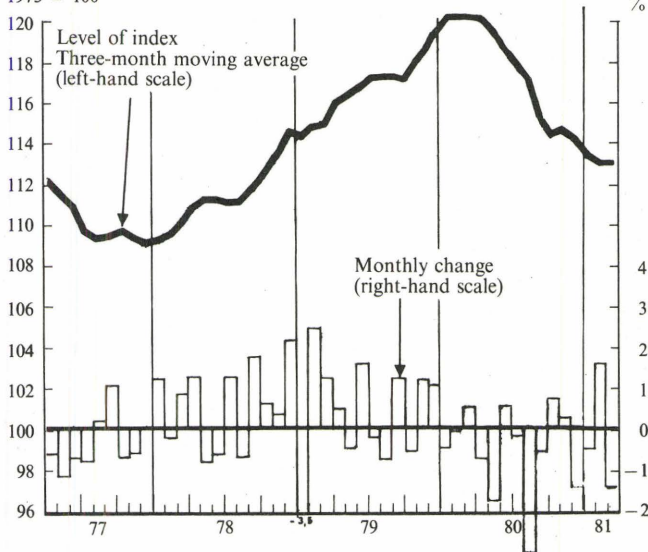
Stabilization of the trend in industrial production. — The index of industrial production in the Community (seasonally adjusted) fell by 1,5% in March, following a rise of 1,6% (revised figure) the previous month. The three-monthly moving average remained unchanged, suggesting that the underlying trend in industrial production may have stabilized after the decline of the preceding 12 months. Compared with the year-ago level industrial production in March was down by 6,5% in the Community on average with a particularly large fall in the United Kingdom (10,3%). On average for the first quarter of 1981 industrial production in the Community was down 1,1% over the fourth quarter of 1980, or the same rate of decline as the previous quarter. Among the Member States Belgium, Denmark, the Federal Republic of Germany, Italy and the Netherlands showed an increase, whereas a decline was seen in France, Luxembourg and the United Kingdom. (Complete first quarter figures not available for Greece and Ireland.)

Unemployment passes 8½ million. — The number of unemployed in the Community (seasonally adjusted) in April reached 8,5 million or 7,7% of the active civilian population, a further rise of 0,2% points. Three Member States now have rates of unemployment of 10% or more: Belgium (11,1%), Ireland (10,5%) and the United Kingdom (10,0%). These are followed by Denmark (9,0%), Italy (8,6%), France (7,4%) and the Netherlands (6,8%). Only two Member States have rates below 5%: the Federal Republic of Germany (4,4%) and Luxembourg (0,9%) (Table 2). There are as yet no signs of a slowdown in the rate of increase: for the Community as a whole, unemployment in April was nearly 34% higher than 12 months previously, compared with 32% in March. Only two Member States, the United Kingdom and Luxembourg have 12-month rates of change lower in April (65,3% and 39,8% respectively) than in March (68,1% and 46,1% respectively). In addition, the number of unfilled vacancies (seasonally adjusted), has also fallen again in most of the Member States for which data are available.

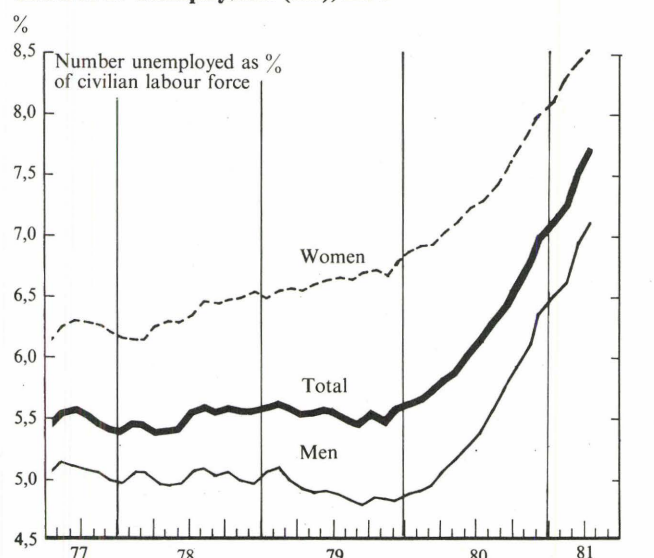
Inflationary pressures continue. — The monthly consumer price index in the Community went up by 1,5% in April after a 1,2% rise in March. This acceleration is due principally to a large increase in the UK (2,9% on a month-to-month basis) about half of which was a result of annual adjustments in local authority rents and rates, with a further quarter of the rise attributable to increases in indirect taxation. In France prices also rose more rapidly in April (1,4%), to some extent as a consequence of liberalization of price controls on services. Decelerations were recorded in most other Member States. In Belgium the index actually fell in April and again in May reflecting the general price freeze introduced by the Government and a fall in food prices. In Italy the rise in consumer prices in April at 1,4% was unchanged from March, and preliminary indications for May give a similar figure despite increases in controlled rents and a sharp upward adjustment in petroleum prices. In the Federal Republic of Germany although the month-to-month changes show some deceleration the pattern is less clear: the seasonally-adjusted

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

1975 = 100



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



figures have moved erratically in the early part of the year. For the Community as a whole the trend of consumer prices expressed by the rise over six months, seasonally adjusted, rose again in April to 13%. (Graph 3).

Slow reduction in trade balance. — According to a provisional estimate, the rate of improvement in the Community's trade balance (s.a.) slowed down in February, the deficit reaching 2 800 million ECU against just over 2 900 million in January (revised figure) and 3 300 million in December. In March there was a marked improvement in the trade balance in France (which continued in April), and Italy and the Netherlands. In Denmark and Ireland, on the other hand, the deficit widened, and for the Federal Republic of Germany, the March result is particularly unfavourable followed, however, by a large surplus in April. Despite the fluctuations in the monthly figures for individual Member States, the trend—as measured by the three-monthly moving average for the Community as a whole—has again improved somewhat.

Uneven trend in money supply. — The money supply in the Community (s.a.) increased by 1,2% in January against 0,9% the previous month. Incomplete data for the following months indicate a slowdown in monetary expansion in the Federal Republic of Germany (only 0,3% rise in February and 0,0% in March), whilst there was some acceleration in Denmark, Ireland (although with a very uneven movement) and the Netherlands. In the United Kingdom, money supply (£ M3) after several months of relatively slow expansion, rose sharply in April.

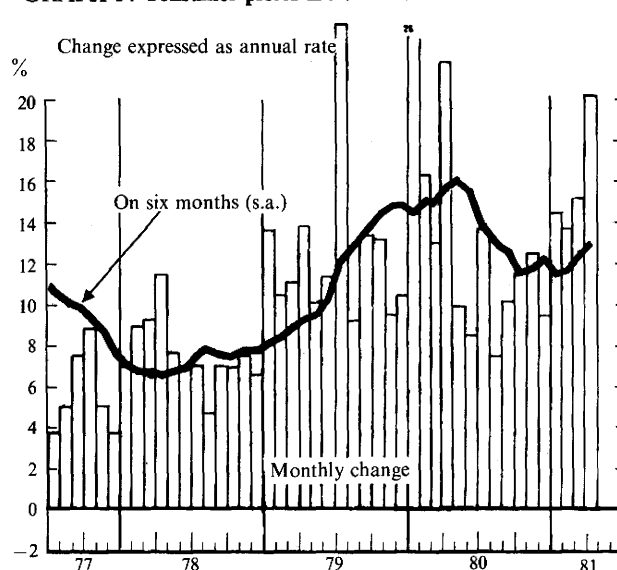
Contrasting movements in interest rates. — After several months of stability in the region of 13,8%, the average of Community short-term interest rates moved at the end of May to 15,2%. This climb was principally the result of a very substantial adjustment in the cost of money in France—from 13,1% at the end of April to 18,2% at the end of May. Elsewhere in the Community movements were more limited, rises were recorded in the Federal Republic of Germany, in Ireland and more markedly in the Netherlands. In the United Kingdom and Belgium the level was practically unchanged; in Denmark decreased (Table 8). The average level of long-term rates remained stable in April, rises in certain Member States being compensated for by falls in others. According to provisional indications for May, a recovery in the upward trend took place not only in France, where yields on Government securities were drawn upwards by short-term rates but to a certain degree also in the United Kingdom and in the Federal Republic of Germany.

Developments in real interest rates. — Most countries have recently experienced strong upward pressure on short-term rates as a result of tight monetary policy in the US. In the Federal Republic of Germany and France, real interest rates have become strongly positive since February and May respectively despite the sluggishness of activity (see Graph 6, opposite). In the previous cycle, a similar strengthening only took place when growth had already picked up. Only in Italy have real interest rates remained consistently negative since mid-1979. In the UK, real rates have recently become positive and long-term nominal rates are now short-term rates indicating expectations of an upward movement in the latter, the contrary being the case in the other countries depicted.

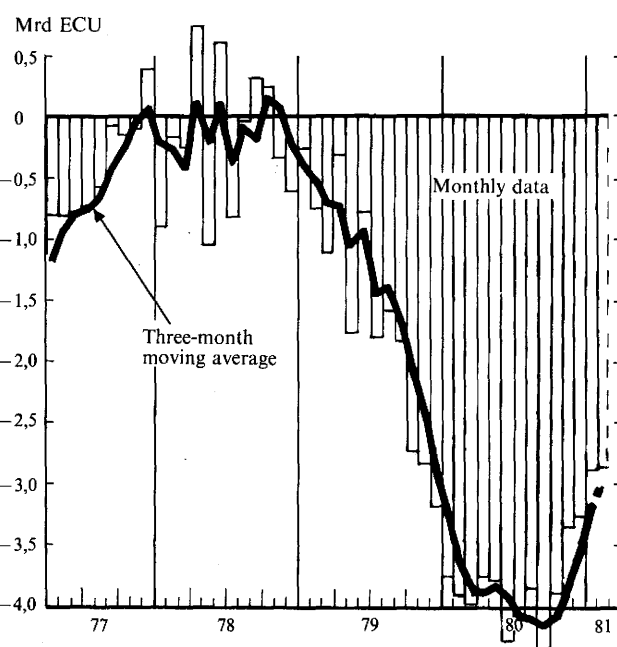
Weakness of European currencies. — May saw an erosion of the European currencies both *vis-à-vis* the yen and the dollar, which gained nearly 6% on average for the month in relation to the April average against the ECU. The strengthening of the dollar continued through the month and its value against the ECU at the beginning of June was back to the same level as that following the Smithsonian Agreement of December 1972. Sterling appreciated by 1,7% against the ECU on average in May. Within the EMS, the French franc fell sharply after the Presidential elections to the floor of its bilateral margin against the mark. Substantial intervention was undertaken to support the French currency: in the last week of the month measures were taken by the French authorities to defend the franc, in particular a considerable rise in money market rates as well as a tightening of exchange controls, and these resulted in a stabilization of its position.

5 June 1981

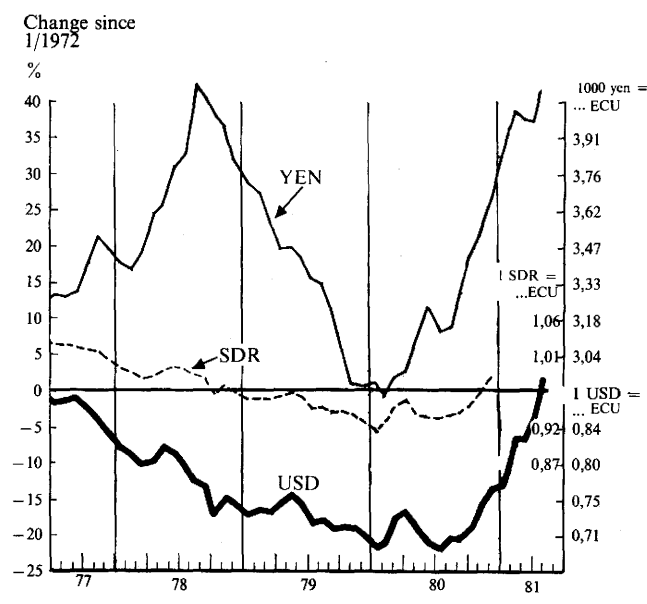
GRAPH 3: Consumer prices EC 9



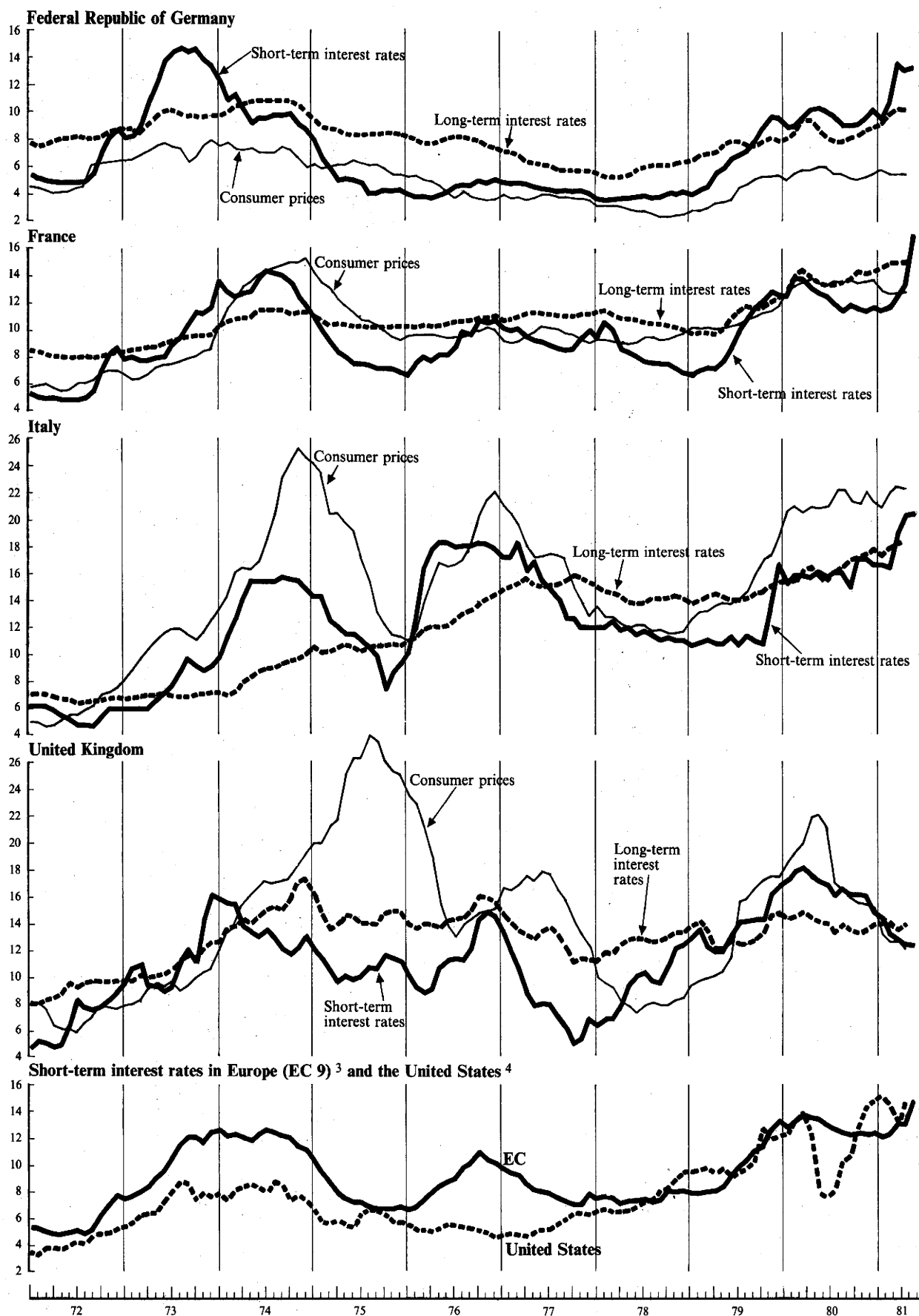
GRAPH 4: Trade balance (s.a.), EC 9



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



GRAPH 6: Relative movements of short-term and long-term interest rates ¹ and consumer prices ²



¹ Money-market rates (in principle three-month rates) for short-term and yield on public sector bonds for long-term (monthly averages).

² Consumer prices: change on 12 months.

³ Average of interest rates weighted by 1978 GDP.

⁴ 13-week Treasury bills.

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

	1976	1977	1978	1979	1980	1980				1981	1980			1981				Change over 12 months 2
						I	II	III	IV		Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B/L	-2 375	-2 526	-2 890	-3 022	-4 996	-1 452	-926	-1 270	-1 413	:	-560	-322	-532	-635	:	:	:	-117
DK	-2 954	-2 801	-2 198	-2 806	-2 116	-870	-618	-439	-314	-261	-93	-78	-143	-71	-84	-106	-161	126
D	12 243	14 514	15 934	8 933	3 615	1 122	557	835	501	169	220	82	198	43	458	-331	:	705
GR	-3 131	-3 588	-3 347	-4 187	:	-909	-924	-949	:	:	:	:	:	:	:	:	:	:
F	-7 732	-6 117	-4 097	-6 490	-16 948	-4 045	-4 440	-4 561	-4 758	-3 848	-1 657	-1 523	-1 578	-1 596	-1 344	-907	-779	440
IRL	-772	-876	-1 132	-1 955	-1 899	-575	-413	-436	-492	-585	-88	-195	-209	-168	-201	-217	-235	91
I	-5 981	-2 444	-336	-4 151	-15 604	-2 962	-3 515	-5 325	-4 356	-3 574	-2 080	-1 295	-981	-1 244	-1 374	-956	:	16
NL	317	-1 687	-2 240	-2 619	-2 977	-592	-853	-815	-710	-285	-129	-312	-268	85	-219	-151	:	164
UK	-8 664	-5 246	-5 548	-8 695	-3 345	-2 101	-1 905	-550	777	:	361	227	189	698	417	:	:	1 127
EC 9 ⁹	-15 919	-7 184	-2 508	-20 804	-44 271	-11 636	-11 922	-12 397	-10 681	:	-3 980	-3 388	-3 319	(-2 913)	(-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	-1 466	-1 525	-2 396	-4 230	-2 606	-374	-2 946	1 279
JAP	2 171	8 488	14 285	-5 574	-7 700	-3 467	-3 162	-1 194	-224	(376)	-351	237	-38	369	(113)	(-116)	675	2 166

TABLE 7: Money supply¹⁰ - Percentage change on preceding period (s.a.)

	1976	1977	1978	1979	1980	1980				1981	1980			1981				Change over 12 months % 2
						I	II	III	IV		Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
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	1,5	1,8	1,9	-0,3	1,1	1,5	1,1	12,6
D (M3)	8,4	11,1	11,0	6,0	6,2	1,7	1,0	1,0	2,5	1,3	0,1	1,4	1,0	1,0	0,3	0,0	:	5,8
F (M2)	12,8	13,9	12,2	14,4	9,7	3,1	1,4	2,3	2,5	:	0,8	1,2	0,6	2,3	1,0	:	:	11,6
IRL (M3)	14,3	16,3	28,7	19,0	16,9	2,8	2,5	6,8	3,8	5,0	0,7	4,9	-1,7	2,3	4,5	-1,7	:	19,4
I (M2)	20,8	21,8	22,8	20,4	11,9	1,8	2,3	1,8	4,8	:	1,1	1,2	2,5	1,1	:	:	:	12,2
NL (M2)	22,7	3,6	4,2	7,0	3,6	-0,3	2,7	0,8	0,5	:	1,0	0,4	-0,9	1,3	2,3	:	:	7,7
UK (M3)	11,3	9,3	13,3	11,7	19,6	3,4	3,7	7,7	4,7	2,0	2,5	1,2	0,9	0,7	0,4	0,8	2,0	20,7
EC 8 ¹¹	12,9	12,3	12,7	11,0	9,7	2,1	1,8	2,5	3,0	:	0,9	1,2	0,9	(1,2)	:	:	:	(10,5)
USA (M2)	14,1	10,8	8,3	8,8	9,6	1,9	2,1	3,6	1,8	:	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	2,3	1,1	1,8	-0,7	0,9	1,1	0,3	:	6,9

TABLE 8: Short-term interest rates¹²

	1976	1977	1978	1979	1980	1980				1981	1980			1981				Change over 12 months 2
						I	II	III	IV		Nov.	Dec.	Jan.	Feb.	March	April	May	
B	10,0	7,6	7,3	10,1	14,2	17,5	14,0	12,6	13,1	17,0	13,0	13,1	12,4	13,0	17,0	17,0	16,9	1,1
DK	10,3	14,5	15,4	12,5	16,9	19,1	18,9	17,9	12,0	15,2	10,3	12,0	13,1	10,9	15,2	14,3	13,1	-6,1
D	4,2	4,4	3,7	6,7	9,5	9,8	9,9	9,2	10,2	13,4	9,7	10,2	9,6	14,5	13,4	13,0	13,4	3,2
F	8,8	9,3	8,1	9,5	12,4	13,8	12,5	12,6	11,6	12,9	11,4	11,6	11,4	13,3	12,9	13,1	18,1	5,3
IRL	11,8	8,4	9,9	15,9	16,3	19,0	17,6	13,6	13,6	14,6	13,7	13,6	13,8	15,0	14,6	15,2	15,9	-2,1
I	17,6	14,5	11,3	11,5	15,9	15,8	15,6	14,8	16,5	19,0	17,0	16,5	16,5	16,3	19,0	18,2	:	2,6
NL	7,1	4,8	6,6	9,5	10,6	11,2	10,5	10,3	9,4	10,3	10,0	9,4	9,5	11,3	10,3	11,3	12,5	1,3
UK	10,6	8,1	8,3	13,7	16,8	18,5	17,1	15,9	14,9	12,6	14,6	14,9	13,8	12,6	12,6	12,5	12,5	-4,6
EC 8 ¹¹	7,5	8,0	7,2	9,6	12,7	13,7	12,9	12,3	12,3	13,8	12,0	12,3	11,8	13,7	13,8	13,8	(15,1)	(1,9)
USA	5,0	5,3	7,2	10,1	11,4	13,6	7,4	10,5	14,6	12,9	14,3	14,6	15,0	14,3	12,9	13,7	:	1,0
JAP	:	6,2	5,1	5,9	10,7	12,7	10,9	11,3	9,4	7,4	9,8	9,4	8,3	8,5	7,4	6,7	:	-5,4

TABLE 9: Long-term interest rates¹³

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

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

	1976	1977	1978	1979	1980	1980				1981	1980			1981				Change over 12 months % 2
						I	II	III	IV		Nov.	Dec.	Jan.	Feb.	March	April	May	
BFR/LFR	43,17	40,88	40,06	40,17	40,60	40,54	40,36	40,44	41,07	41,61	41,14	41,22	41,49	41,68	41,66	41,49	41,41	2,7
DKR	6,76	6,86	7,02	7,21	7,83	7,80	7,84	7,81	7,86	7,97	7,87	7,86	7,94	7,97	7,99	7,99	7,98	1,7
DM	2,82	2,65	2,56	2,51	2,53	2,50	2,52	2,53	2,56	2,57	2,56	2,56	2,58	2,59	2,54	2,54	2,54	1,1
DRA	40,89	42,04	46,80	50,78	59,24	55,39	59,80	61,43	60,36	61,43	59,96	60,97	60,88	61,58	61,82	61,88	61,80	2,0
FF	5,34	5,61	5,74	5,83	5,87	5,85	5,85	5,86	5,92	5,98	5,93	5,93	5,97	5,99	5,99	5,99	6,08	3,7
IRL	0,622	0,654	0,664	0,669	0,676	0,675	0,675	0,671	0,684	0,695	0,685	0,687	0,692	0,696	0,696	0,695	0,694	2,6
LIT	930	1 007	1 080	1 138	1 189	1 162	1 182	1 200	1 213	1 233	1 214	1 215	1 226	1 230	1 243	1 264	1 263	6,9
HFL	2,96	2,80	2,75	2,75	2,76	2,75	2,76	2,75	2,77	2,81	2,78	2,78	2,80	2,82	2,81	2,81	2,82	2,0
UKL	0,622	0,654	0,664	0,646	0,598	0,626	0,608	0,597	0,562	0,534	0,557	0,555	0,535	0,526	0,541	0,539	0,530	-13,0
USD	1,118	1,141	1,274	1,371	1,391	1,411	1,391	1,423	1,340	1,233	1,335	1,299	1,286	1,207	1,206	1,175	1,107	-21,1
YEN	331,2	305,8	267,1	300,5	315,0	343,1	321,9	312,8	282,1	253,1	284,3	272,3	259,8	247,8	251,6	252,1	244,1	-23,6
SDR	0,968	0,977	1,018	1,061	1,068	1,082	1,071	1,078	1,042	:	1,041	1,025	:	:	:	:	:	-5,9

⁹ 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.

¹⁰ 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 production¹ - Percentage change on preceding period (s.a.)

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

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 % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	6,8	7,8	8,4	8,7	9,4	8,8	9,0	9,5	10,1	10,6	9,9	10,0	10,3	10,4	10,6	10,8	11,1	25,4
DK ³	4,7	5,8	6,5	5,3	6,2	5,0	5,5	6,2	7,3	8,2	7,0	7,4	7,6	8,0	8,0	8,7	9,0	64,2
D	4,1	4,0	3,9	3,4	3,4	3,1	3,2	3,5	3,8	4,2	3,6	3,8	4,0	4,1	4,1	4,3	4,4	38,9
F	4,3	4,8	5,2	6,0	6,4	6,3	6,3	6,3	6,6	7,1	6,5	6,6	6,8	7,0	7,1	7,2	7,4	19,7
IRL	9,4	9,2	8,4	7,4	8,3	7,2	7,7	8,6	9,5	10,0	9,3	9,5	9,7	9,8	10,0	10,1	10,3	37,0
I	5,6	6,4	7,1	7,5	8,0	7,8	8,0	7,9	8,1	8,3	8,0	8,1	8,2	8,2	8,3	8,4	8,6	10,7
L	0,3	0,5	0,7	0,7	0,7	0,7	0,6	0,7	0,8	0,9	0,8	0,8	0,8	0,9	0,9	1,0	0,9	39,8
NL	4,3	4,1	4,1	4,1	4,8	4,1	4,4	4,9	5,7	6,4	5,4	5,7	5,9	6,1	6,3	6,7	6,8	65,1
UK	5,3	5,7	5,7	5,3	6,9	5,6	6,2	7,1	8,3	9,4	7,9	8,4	8,8	9,1	9,4	9,7	10,0	65,3
EC 9	4,9	5,3	5,5	5,5	6,2	5,6	5,9	6,3	6,8	7,3	6,6	6,8	7,0	7,1	7,3	7,5	7,7	33,9
USA	7,7	7,0	6,0	5,8	7,1	6,2	7,3	7,5	7,5	7,3	7,6	7,5	7,4	7,4	7,3	7,3	7,3	(8,0)
JAP ⁴	2,0	2,0	2,2	2,1	2,0	1,9	2,0	2,0	2,2	2,2	2,1	2,2	2,2	2,1	2,2	2,2	:	14,5

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

	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	April	
B	9,2	7,1	4,5	4,5	6,6	2,4	0,8	1,8	2,2	2,2	0,9	1,0	0,3	0,8	0,9	0,6	-0,1	7,4
DK	9,0	11,1	10,1	9,6	12,4	2,5	3,1	2,9	1,9	2,6	0,7	0,9	0,4	0,6	1,0	2,0	1,2	11,8
D	4,3	3,7	2,7	4,1	5,5	1,9	1,8	0,7	0,8	2,2	0,2	0,6	0,6	0,8	0,8	0,7	0,6	5,5
GR	13,3	12,2	12,5	19,0	24,9	7,0	7,0	1,8	7,8	7,3	2,6	3,4	3,2	2,4	0,9	2,4	2,0	24,3
F	9,6	9,5	9,3	10,7	13,6	3,8	3,1	3,2	2,8	3,1	1,1	0,7	0,9	1,2	0,9	1,1	1,4	12,9
IRL ⁵	17,9	13,7	7,7	13,2	18,2	3,8	7,4	2,9	3,1	6,2	(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	1,7	2,1	1,2	1,9	1,9	1,4	1,4	20,2
L	9,8	6,7	3,1	4,5	6,3	1,7	1,6	1,0	1,9	2,4	0,8	0,9	1,1	0,8	0,6	0,8	0,6	7,4
NL	9,0	6,4	4,2	4,3	(7,0)	1,8	2,5	1,1	1,4	1,5	0,6	0,3	0,1	0,7	0,6	0,9	1,0	6,3
UK	16,5	15,9	8,3	13,4	18,0	4,7	5,8	2,1	1,9	2,4	0,6	0,8	0,6	0,6	0,9	1,5	2,9	12,0
EC 9	10,8	10,5	7,5	9,9	13,9	4,0	3,6	2,5	2,6	3,1	0,9	1,0	0,8	1,2	1,0	1,2	1,5	12,2
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	0,7	1,0	(0,7)	(0,4)	(9,7)
JAP	9,3	8,1	3,8	3,6	8,0	2,2	3,2	1,2	1,0	(1,1)	0,1	0,2	-0,6	1,2	0,1	0,6	(0,8)	(5,2)

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

	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	April	
B	7,1	2,4	-1,9	6,3	5,8	3,4	-0,5	-0,1	2,5	2,6	0,7	1,3	0,3	1,1	0,8	0,8	1,2	6,5
DK	8,2	7,9	4,4	8,9	16,7	6,3	3,6	1,2	2,9	4,4	1,0	1,1	1,4	1,4	1,3	1,4	:	12,0
D	5,8	1,8	-0,8	6,9	8,0	3,9	1,7	-0,2	0,8	3,8	2,4	1,4	1,4	0,9	1,3	1,7	:	7,1
F ⁶	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	2,7	:	0,6	1,3	1,4	:	:	:	:	13,2
I	22,9	17,4	8,4	15,5	20,1	6,6	3,5	2,3	3,8	4,9	0,7	2,2	1,4	1,6	1,6	1,6	:	15,0
L ⁶	6,9	5,4	1,3	2,7	8,2	4,3	1,4	1,1	0,7	:	0,2	0,5	0,5	3,1	:	:	:	7,8
NL	16,4	19,2	10,5	12,1	16,3	5,2	4,0	2,4	1,1	2,9	0,4	0,4	0,2	1,4	1,0	1,3	1,4	10,6
EC 9 ⁷	12,0	9,3	4,4	10,3	:	:	2,0	3,1	2,1	(2,9)	0,9	0,5	0,7	0,8	0,8	1,3	(0,8)	(10,6)
USA	4,6	6,1	7,8	12,5	14,1	4,6	2,0	:	:	-0,7	-0,7	-0,1	-0,2	-0,5	-0,2	0	0,5	-0,5
JAP	5,5	1,9	-2,5	7,3	17,8	6,5	4,8	0,7	-0,7	:	:	:	:	:	:	:	:	:

TABLE 5: Gross hourly wages in industry⁸ — Percentage change

	On preceding period								On corresponding quarter of preceding year								
	1976	1977	1978	1979	1980	1979		1980				1979		1980			
						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	2,1	1,0	2,1	2,7	1,8	0,7	8,4	8,0	7,9	8,8	8,3	7,5

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 Monthly series calculated by linear interpolation.

⁶ National source.

Major economic policy measures — May 1981

Community (EC)

None.

Belgium (B)

30.4 The price freeze in force since 2 April was extended until the end of May, though on a selective basis. Exceptions will be allowed for reasons of profitability or increased costs.

22.5 A 'crisis loan' will be issued between 11 and 20 June. It will comprise two tranches, one intended for private individuals (A), the other for institutional investors (B). Tranche A will have a ten-year maturity and repayments will be linked to the ECU; it will be exempt from tax, apart from withholding tax on investment income, and it will be possible, subject to certain conditions, to use the stock for the payment of succession duty. The interest rate is expected to be around 13%. In the case of tranche B, which will have a maturity of seven years, a number of tax concessions are planned, raising its yield to subscribers to 14.5%.

28.5 The Banque Nationale lowered the discount rate from 14 to 13%, and the rate for advances on current account from 16 to 15%.

Denmark (DK)

20.5 The Government agreed, with parliamentary support, on the conditions for pursuing the pluriannual economic programme until the end of 1982. With a view to reducing the external disequilibrium in the years ahead, cutting back unemployment and slowing down the growth of public spending:

- the employment and business programme will be carried on at present levels, i.e. DKR 5 600 million a year (job creation, tax allowances to business, etc.)
- the efforts to improve the Government's budgetary position will be continued: the real increase in non-cyclical expenditure will be limited to 0% in the case of central government and 1% in the case of local government.

26.5 Parliament adopted a number of amendments to tax laws concerning private real property and tax allowances on wage and salary incomes.

FR Germany (D)

18.5 The nominal interest rate for the special DM 6 300 million investment programme was raised from 8 to 8.75% (giving an effective rate of 10.25%).

20.5 The Federal Government introduced a supplementary budget for 1981 to take account of the forecast rise in the financing needs of the Federal Labour Office (to DM 8 500 million, compared with an original DM 3 700 million).

Greece (GR)

6.5 Prices for a further series of products were freed from control. This leaves only 23 basic consumer items still subject to price control.

23.5 The Greek Monetary Committee decided to channel the excess liquidity of commercial banks towards public undertakings. These will issue bonds or notes which the commercial banks will have to purchase in amounts equivalent to 1% of their total deposits. The interest rates are allowed to vary between 16 and 18.5%.

France (F)

15.5 During the second week of May, the Banque de France, acting in support of the franc, raised its key rate several times, to an ultimate level of 18%. Most of the banks raised their base rate from 12.75 to 14.75%.

17.5 The key rate for interventions by the Banque de France (purchases of private paper on a day-to-day basis) was raised to 17.5%.

22.5 The exchange-control arrangements were reinforced by the following package of measures:

- the period of forward cover for imports was limited to one month (instead of two), though the three-month period was maintained for raw materials and essential products;

- the period during which importers may hold the foreign exchange they require for settling imports in cash was restricted to two working days (instead of eight);
- exporters were required to surrender within one month (instead of three) the foreign exchange received in settlement of exports made since 1 May 1981. They may, if necessary, sell forward or export the relevant foreign exchange, since the rules governing terms of payment remain unchanged (free credit up to six months, authorization thereafter);
- an 'investment frame' system is to be introduced in order to restrict the total amount of purchases of securities by residents. Residents will remain free to carry out transactions abroad involving French securities;
- unless special exemption is granted, direct French investment abroad must be three-quarters financed by foreign currency loans. The amount below which authorization is not required for investments of this nature was reduced from FF 5 to 1 million.

Ireland (IRL)

10.5 Increased subsidies on butter, milk, bread and flour were introduced, costing IRL 20 million this year. It was also announced that public transport fare and electricity price increases are to be withheld for the time being.

18.5 It was announced that firms whose costs rose by more than 2% as a result of last year's increase in hydrocarbon tax are to be repaid a portion of their tax payments. It is anticipated that between 12 and 20 firms will benefit from the relief.

Italy (I)

27.5 The Italian Government announced that, for all purchases of foreign currency made during the period from 28 May to 1 October 1981, a non-interest-bearing deposit equivalent to 30% of the amount of the relevant transaction must be lodged with the Banca d'Italia, the deposit to be released after three months. This measure, from which there are exceptions for cereals and petroleum, affects almost all imports of goods and foreign travel by residents. So as to limit its impact on the liquidity of the economy, banks will be able to exceed the ceilings fixed for the expansion of lending to their customers by an amount equivalent to half of the total mandatory deposits lodged for the account of such customers.

Luxembourg (L)

21.5 The Tripartite Conference on the Steel Industry reached an agreement the main points of which were as follows:

- the salaries of white-collar staff are to be reduced by 3% for a period from 1.1.1981 to 31.12.1983 (freeze of real wage);
- in 1981, the State will contribute LFR 600 million to labour costs relating to persons employed on special work schemes in the general interest ('anti-crisis department' for the steel industry);
- the 'advance' (an advance-indexation payment made since 1972 and amounting to 1.5% of wages) will be suspended;
- the application of the sliding wage scale will be delayed by one month;
- profit margins will be frozen;
- contributions to the unemployment fund will rise from 2.5 to 5% of the amount of income tax.

Netherlands (NL)

6.5 An allowance of between HFL 250 and HFL 450 (depending on the composition of the household) will be granted in December 1981 to households earning the minimum wage.

8.5 As from 1 July 1981, the minimum wage and the allowances linked to it will be increased by 2.3%, over and above the increase which is to be made on the same date to offset the rise in prices.

United Kingdom (UK)

None.

Price (excluding VAT) in Luxembourg

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