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EUROPEAN ECONOMY

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

No 4 — April 1982

Supplement A

Recent economic trends

Monetary constraints on the upturn remain strong. — The most recent short-term economic indicators for the Community show a recovery of industrial production, following the fall in December, a marked slowdown of the rise in unemployment and a fall in the rate of inflation. The improvement in the trade balance may have been interrupted and the month of March saw a rise in short-term interest rates and a continued strengthening of the dollar.

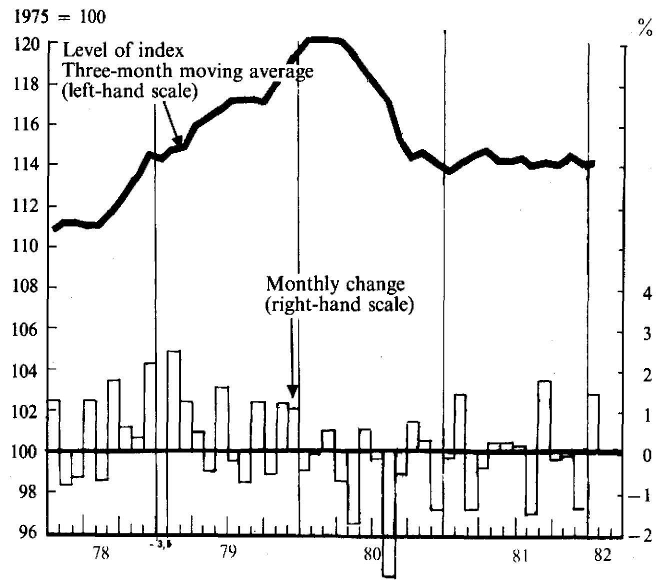
Small rise in industrial production. — The monthly index of industrial production in the Community (seasonally adjusted) rose by 1,5% in January, the first time this measure has been positive since last September and maybe the result of an initial recovery of output from the severe weather conditions in the previous months, particularly in the northerly countries. The underlying trend (as measured by the three-monthly moving average) only rose marginally and has effectively been hovering around the same point for the last nine months. Among the Member States, there was a significant rise of 1,9% in the Federal Republic of Germany, the largest since February 1981 and also rises in Luxembourg and Italy, but industrial production fell in France (by 3,0%), and also in the United Kingdom, the third consecutive month in which industrial production there has fallen.

Growth of unemployment slows. — For the first time in 24 months the rate of unemployment in the Community (seasonally adjusted) did not rise in February remaining at the rounded 9,3% reached in January. The absolute number of unemployed in February however rose by 75 000, a rise well below those of around 190 000 in previous months. The general tendency towards a slowdown in unemployment was shared by the majority of Member States. The exceptions were Italy, where there has been a slow but progressive increase throughout the winter, Belgium, where it rose again by 0,2 points to 13,2% and in Germany and the Netherlands where it is still rising very rapidly (over 40% higher than 12 months previously) (Table 2).

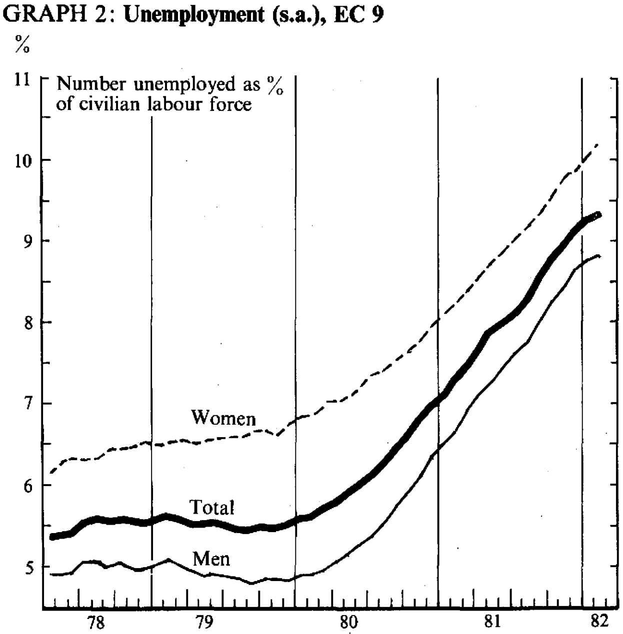
Further slowdown in inflation trend. — The month to month rise in consumer prices in the Community fell to 0,6% in February. The six month trend rate (seasonally adjusted) decreased by 1% to just under 11%. One of the most important factors in this slowdown was the stability of the index in the United Kingdom due to lower petrol, oil and seasonal food prices as well as to local authority 'rates'rebates. A significant deceleration was recorded in the index in the Federal Republic of Germany where prices of certain non-food consumption goods fell. In Greece the decline in the index of 0,2% exceeded the usual seasonal movement. In certain other countries (Denmark, Netherlands and Italy) the ending of winter sales exerted upward pressure on the index and in Luxembourg higher tobacco excises were a major factor in the month to month rise of 1%. Price control of services in France helped to dampen the rise in prices somewhat and in Belgium the price freeze of 15 February was reflected in the moderate month to month increase in March (0,2%).

Fall in retail sales. — The volume of retail sales in the Community fell sharply in November, by 2,8% but with results for all but two Member States available for December it seems likely that a large proportion of this will be recovered, such that the overall figure for the fourth quarter of 1981 should be positive; in the region of 1,0%, indicating that a strong recovery of consumer spending was taking place in the fourth quarter of 1981. The preliminary data available for January however, show a marked reaction to this, as the volume of retail sales fell sharply in Germany, but also to a lesser extent in Denmark and Italy. A sharp rise was seen, however, in January in the United Kingdom.

GRAPH 1: **Industrial production (s.a.), EC 10**



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



Limited movements in money supply. — The preliminary data available for February indicate that monetary expansion in the Federal Republic of Germany returned to a more normal rhythm after the spurt observed in January. In the United Kingdom, the same month saw virtually no variation in sterling M3 because Treasury indebtedness with the banking system was sharply reduced. In France M2 rose by 11,4% for 1981 as a whole, having grown by only 0,1% since the end of August. Money supply in Belgium grew by 6,1% last year: expansion was particularly small in the third quarter, but accelerated slightly in the last three months of the year.

Foreign trade deteriorates in January. — A provisional estimate suggests a slight deterioration in the Community's trade balance (fob-cif) for January, because of a jump in the Belgian and Italian deficits and a fall in the German surplus from the previous month's high level; the French trade deficit, however, narrowed. In February, the French trade balance went on improving while the German surplus grew. The trade deficit has for several months been stable overall in Denmark and Ireland.

Slight rise in short-term interest rates. — Despite the efforts of the monetary authorities in certain Community countries to encourage interest rates to fall, the Community short-term interest rate average rose slightly last month, climbing from 13,9% in February to 14,2% in March; the margin over the United States interest rate fell from 2 points in February to 1 point in March. In the Community, market rates fell in Belgium and Germany, the Netherlands and the United Kingdom, while in Denmark, France and Ireland, the trend was markedly upwards. The average yield on long-term securities fell slightly in the Community in February, as it did in the United States.

Further rise in the dollar. — In March the dollar's gain on the ECU averaged 1,8% for the month, continuing the rise observed in the previous three months. At the end of March, the dollar and the ECU were thus roughly on a par again. Within the EMS during the month the mark and the guilder together moved away from the Belgian franc and the French franc, though the latter fluctuated sharply in the last days of the month. For the first time since October 1981, sterling weakened slightly against the ECU.

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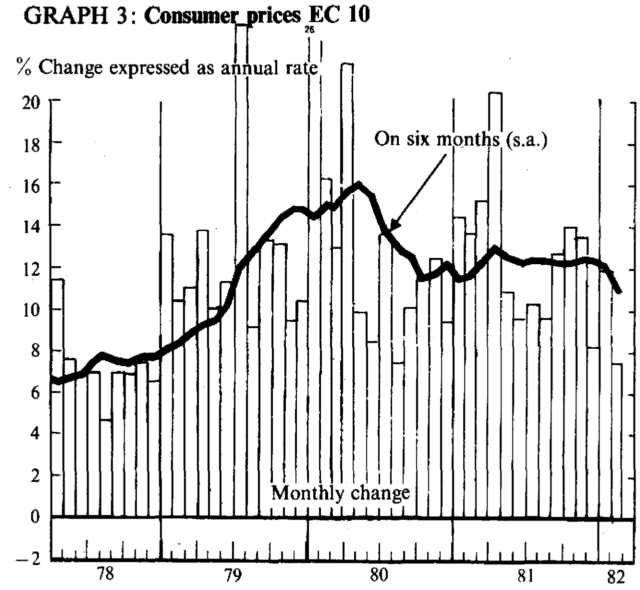
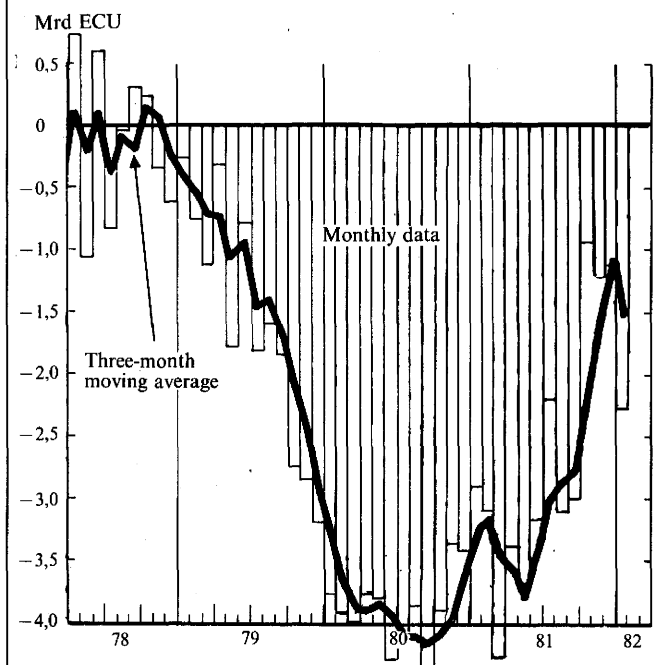
GRAPH 3: **Consumer prices EC 10**

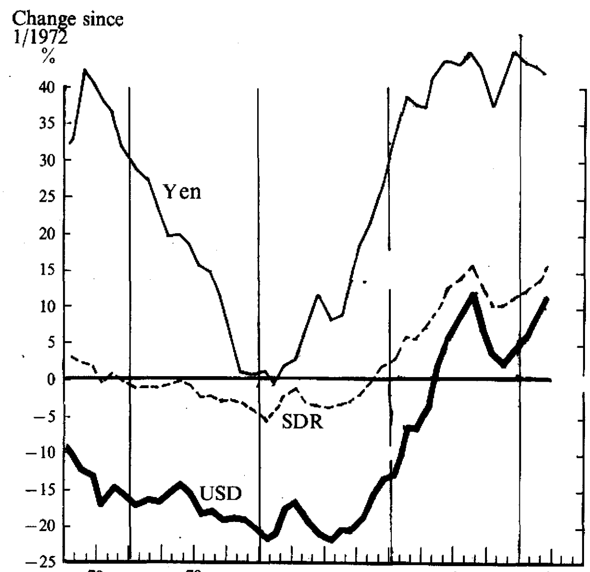


GRAPH 4: **Trade balance (s.a.), EC 9**



From March 1981 the series is constructed on the basis of an estimate for the United Kingdom.

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



EUROPEAN ECONOMY

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

Supplement A - No 4 Economic briefs April 1982

The economic situation in the Community

(Communication from the Commission to the Council in accordance with Article 2 of the Convergence Decision of 18 February 1974)

The first two sections of this communication give an account of recent developments in the European economy together with revised forecasts for 1982. The latter suggest a slow recovery in economic activity during this year. The associated policy recommendations are set out in Section 3. These forecasts and recommendations rely upon relatively hopeful assumptions for world economic conditions (for example an end to the US recession in mid-year and no new upward movement of interest rates).

However, there is a serious possibility of a frankly worse turn of events, for example of world monetary conditions that could abort the cyclical recovery process in Europe. A closer examination of action which could be undertaken would then become necessary. This is considered in Section 4.

1. Economic trends and prospects. — The economic situation at the end of 1981 and in early 1982 has been evolving somewhat more than one might deduce from the flat trend of industrial production and the steep rise in unemployment. Processes of cyclical and balance of payments adjustment are in motion in most countries. Business prospects have been gradually improving according to the European Community opinion surveys of industrialists.

However, the fragility of the recovery phase is illustrated by the new Commission forecasts which suggest only 1,6% GDP growth in 1982 as a whole. This implies a quarterly profile of low growth from the end of 1981 to mid-1982. By end-1982 growth is projected to reach a 2½% annual rate.

Underlying the cyclical profile for both 1981 and 1982 is a relatively buoyant export volume growth, which has been stimulated as a necessary adjustment to the second oil shock and was further boosted by the strong depreciation of European currencies last year. For 1982 the outlook is for a slight growth of private consumption in volume terms, a less strongly negative evolution of investment (than in 1981), and a positive turn to the stock-building cycle.

The most striking change in 1981 was the 16,4% reduction in the volume of petroleum imports, following the significant reduction already achieved in 1980. With rising production in the Community of oil and nuclear electricity, the Community's dependence on imported oil for its total energy requirements made a sharp step down from 45% in 1980 to 39½% in 1981.

The balance of payments current account of the Community overall turned out better in 1981 than expected last autumn. The deficit is now estimated to have declined from 1,3% of GDP in 1980 to 0,8% in 1981, and to further decline to 0,4% in 1982. Germany is moving rapidly back towards equilibrium, the UK and the Netherlands are in surplus, but France and most of the smaller Member States remain in substantial deficit.

Little progress was made in reducing inflation in 1981, with an EC average consumer price rise of 11,4%. With the recent weakening of commodity prices, and some deceleration in the growth of nominal incomes, the achievements in 1982 should be more substantial in this respect, and the objective should be to lower inflation below the 10,6% now foreseen by the Commission. Divergences between countries seem likely to remain worringly wide, with consumer price increases of over 20% in the last twelve months in Greece and Ireland, and only a little less in Italy.

Total employment in 1981 is estimated to have fallen by nearly 1½%, and with the substantial growth of the labour force, the unemployment rate rose by nearly one-third. The rate of growth of unemployment had up to the end of 1981 shown no sign of slowing down, with an average monthly increase of 180 000 persons. If the expected business upturn materializes, this rate of growth of unemployment will slow, with the absolute level possibly stabilizing in some countries towards the end of 1982, with the aid also of special labour market measures.

2. Policy developments. — Monetary policy in the Community in recent months has been overshadowed by financial developments in the United States. Short-term interest rates fell sharply there with the onset of recession towards the end of 1981, but in the new year US rates hardened again.

In the Community the monetary authorities have been seeking to obtain a more gradual but steady lowering of interest rates. By mid-February average short-term rates had declined to a little over 14%, which maintains a real interest rate margin of about 3%; with the expected decline in the inflation rate in 1982, these rates remain very high for a low-point in the business cycle. The ECU/US dollar exchange rate has been sensitive to these changing interest rate differentials. Thus the dollar was weaker in the last months of 1981, but has strengthened again sharply in early 1982, notwithstanding substantial European central bank intervention selling dollars.

Money supply in the Community as a whole has kept to a rather steady rate of about 10½%. Slower monetary growth was achieved in several Member States in 1981 (including Germany and the UK), but somewhat faster growth than expected was seen in France, Italy and especially Greece.

Budgetary policy ended up in 1981 less tight than originally planned. The aggregate net borrowing of government as a whole thus rose quite significantly from 3,6% of GDP in 1980 to 5,0% in 1981 (with all the reserve with which such a weighted mean should be interpreted). The only country to have reduced its public government borrowing as a share of GDP was the UK. The levels of government borrowing were highest in Belgium, Denmark, Greece, Ireland and Italy.

Budget policy adjustments have been in preparation in several countries in early 1982, in Belgium and Ireland as well as Italy in a restrictive direction, in Germany with measures to stimulate investment and aid employment; in the UK the 1982/83 budget will be published in March against a background of approximate achievement of budget policy objectives for the past year.

On present plans and forecasts it is expected that government borrowing will be reduced slightly in 1982 to 4,7% of GDP (from 5,0% in 1981) for the Community as a whole, with increases expected though in France, Greece and Denmark.

The growth of nominal wage incomes per capita decelerated on average in 1981 to 11,7%, compared to 13,4% in 1980. Taking into account price rises, this gave in 1981 a very slight gain in purchasing power. A further deceleration is forecast for 1982 in nominal wage incomes per capita (10,1%), approximately in line with deceleration of prices. Negotiations have been under way in several countries in line with the Commission's communication (of July 1981) on the principles for indexation in the Community. In Italy these have not yet resulted in an adjustment of the prevailing system; in Belgium the government has just decided to limit pay increases in 1982 through a temporary limitation of indexation. The Netherlands made some such adjustments in 1981. In France a voluntary incomes policy is under negotiation.

In the face of the dramatic increase in unemployment in the course of 1980 and 1981, Member States have been taking measures aimed at reducing the disequilibrium in the labour market. Several countries have been adapting their policies for school-leavers along the lines envisaged by the Commission,[1] the UK, Denmark and France in particular envisaging training or employment opportunities for all 16-18 year olds;[2] Germany's very extensive apprenticeship schemes are covering a still increasing proportion of young people.

An intensification of work sharing schemes through early retirement (which is already an important feature in Belgium and Denmark and which plays a certain role in the UK) is now envisaged in France and is to be examined in Germany. In France a reduction of the weekly working time is also under way, together with an expansion of public sector employment and other measures. The Dutch Government envisages an employment creation programme costing about 1% of GDP but details are still being debated.

3. Policy for reinforcing a recovery in economic activity. — The prerequisite of an effective European economic policy is that a sufficient internal coherence between Member States is achieved. This does not mean identical performance or policies, as the controlled adaptability of exchange rate parities in the EMS has shown. However, it does mean, for example in the present situation, that countries which have moved into financially vulnerable situations act decisively to remedy this; and that countries with strong balance of payments positions do not pursue so prudent financial policies as to impede the recovery of high deficit countries. Divergences of this kind risk undermining the cyclical recovery process.

Several Member States, especially Belgium, have been preparing stabilization policies, and in these cases bold action in the areas of public finance and costs provides the best prospects for a renewal of employment creating growth. Belgium has in particular announced measures to limit pay indexation, a measure all the more urgently needed, following the devaluation of the Belgian franc (and to a lesser degree the Danish krone) on 21 February. The Belgian devaluation corresponded to a need for an exceptionally deep adjustment, and must be followed through with the domestic budget and income measures. In general the essential Community interest is that Member States concentrate on thorough domestic public finance and cost stabilization measures in good time, rather than wait until the failure to limit internal disequilibrium has to be ratified by exchange rate changes. The Community must guard in any case against a drift towards a pattern of competitive devaluation. Action to turn the trend in extremely high inflation rates (Ireland, Greece and Italy) and/or extremely high public deficits (Denmark, Greece, Ireland, Italy) is now urgently required.

Some countries have been able to create a certain room for manœuvre: thus Germany has recently taken measures aimed at stimulating investment and employment over the medium-run. Meanwhile domestic demand remains in the short-run stagnant in this country, and seems likely to remain so in 1982, as also in the UK. The policy strategy in these countries aiming indirectly at reducing interest rates must be encouraged, notably in Germany. For the time being, these countries should avoid any restrictive budget policy action in 1982. Moreover monetary policy should typically aim at the higher end of target ranges for monetary expansion.

As a more general proposition in the Community, budgetary measures may partially compensate for the effects of high interest rates either through increased investment aids as in Germany and France, or through such measures as a reduction of the value added tax on construction activity as in Belgium.

There is also now a strong case at a time of declining petroleum prices for adjusting energy consumption taxes upwards, so as to maintain the right energy price message to consumers and investors. The oil importing countries must not repeat the mistake of the mid-1970s, when acceptance of a short-term energy price weakness led eventually to the great costs of the second oil shock. Extra consumption tax revenues can easily be offset in useful public finance adjustments of other kinds, be it for employment or investment expenditures or tax reductions.

Employment measures will continue to warrant a rising share of public expenditure. Specific measures aimed at improving the situation on labour markets have been described in other Commission communications. From an economic point of view, care should be taken to avoid introducing any new labour market rigidities impeding the redeployment of labour when a stronger demand arises. The adjustment of working time in its many forms (working week, year, life time) should also contribute to reducing unemployment. This needs to be negotiated by the social partners in ways which take account of the competitive position of firms.

In addition to the need for convergence of policies in fundamental respects, there are technical possibilities for strengthening the European Monetary System which are currently being examined in the appropriate Community forums. Decisions in this field are expected to be taken soon.

4. Risks and contingencies. — Against a background of uncertain cyclical recovery, the most clearcut risk for 1982 is that negative impulses may be communicated across to the European economy from the United States as a result of the particular stance of policies there. For example it is possible that a cyclical upturn in the US combines with a rising federal budget deficit to cause upward pressure on interest rates beyond present levels.

The fact that interest rates in Europe in 1981, at the trough of the recession, were even higher than in 1979 and 1980, is probably the most important explanation of the failure of cyclical recovery to get under way last year. In the typical cycle of the past decade, short-term interest rates fell 5-6% from peak to trough. A renewed rise in interest rates could well tip the balance of influences against an upturn.

It is also possible that world trade growth could weaken again in 1982, reflecting difficulties in other regions of the world, including Eastern Europe and parts of the developing world.

Thus for a number of reasons it is possible that the economic recovery in Europe in 1982 might abort. Action to forestall this contingency is therefore imperative.

First, the depressive influences of high interest rates may be combining with a weakening propensity to invest that reflect industrialists' perceptions of increasing world-wide trade restrictions; these two factors may be dampening, if not stultifying the motor forces that normally drive the business upswing.

Secondly, on the policy side, the major industrialized economies may be making some miscalculations over the costs of insufficient policy coordination, both as between the branches of government responsible for budgetary, monetary and trade policies, and as between the major regional centres of policy-making in North America, Japan and Europe. As regards the United States the problems of reconciling the objectives of monetary and budgetary policy are evident. For both Europe and Japan the resultant pressures on the dollar's exchange rate, unabated by any policy position in the US, have caused problems. In Europe the inflationary influences of devaluation have required continued tight financial policies. In Japan a reluctance to follow US interest rates has contributed to a weaker exchange rate and a faster balance of payments adjustment than might otherwise have occurred or been desired. The prospect now of a further round of monetary tensions, originating in the US budget/monetary policy mix is having a profoundly unsettling impact. Whether or not apprehensions turn out to be founded, the impact of the uncertainty is adverse on business expectations and on attempts of policy-makers to set, adhere to and explain publicly their strategies.

In Europe a third consecutive year of fast-rising unemployment should not be met just by resolve to wait for the present orientations or policy to deliver desirable results. Two broad policy responses should be considered.

(i) The most constructive approach would be for the major industrialized countries and regions to work together, on a time-scale adapted to the mid-year June summit, to produce an international cooperative solution. This could mean achieving a more generalized concern in monetary policy for interest rate and exchange rate movements, a more balanced set of domestic policy mixes, and a relaxation of trade policy tensions that could be confirmed by an agreement removing present disputes. On the US side this could mean reducing the budget deficit and introducing international considerations into the management of monetary policy. In Japan this could mean conversely a less restrictive stance or even a budgetary stimulus in an evolving policy mix which assured a sound internal-external balance in the economy. For Europe policy could aim at an easing of interest rates and at strengthening economic activity without trade tensions.

(ii) If an agreement with its principal partners proves impossible to achieve, the Community should examine which policies would permit it to protect its own interests. These policies should be determined at the appropriate time and could for example aim at a concerted reduction of European interest rates, together with the introduction of the necessary measures to contain the secondary effects of such action.

5. Conclusions. — (a) The economic upswing in Europe is still uncertain and is probably being hampered by the high interest rates; unemployment is still rising fast. However the balance of payments is improving on the whole quite fast.

(b) Within the European Community, there are policy adjustments that can, and need to be made to strengthen a sustainable upswing. Stabilization programmes remain still to be implemented as a matter of urgency in some countries and these are indispensable for improving employment. But in other countries whose financial condition is becoming sounder, budgetary policies should abstain from any restrictive impulse. Monetary policy should at present be aiming typically at the higher end of target ranges in countries with relatively low inflation. Budgets should notably support employment-related measures and aid investment, in part through measures anticipating general interest rate decline, and maintain the right energy price message through fiscal adjustments.

(c) Improvements to the European Monetary System, in particular a more extensive role for the ECU in private and public uses, are warranted as a contribution to rebuilding a more balanced and safe international monetary environment.

(d) The prospects for 1982 are still darkened by serious problems of imbalance in the budgetary-monetary-trade policy mix emerging in the industrialized countries, and notably the US. A set-back to the recovery in Europe in 1982, implying a third successive year of fast rising unemployment would have far-reaching implications. Policies would have to be reconsidered in fundamental ways, as regards the management of monetary policy in Europe in relation to the US, as regards the domestic mix of policies within Europe, and as regards the general balance of monetary, budgetary and trade policies in the industrialized world.

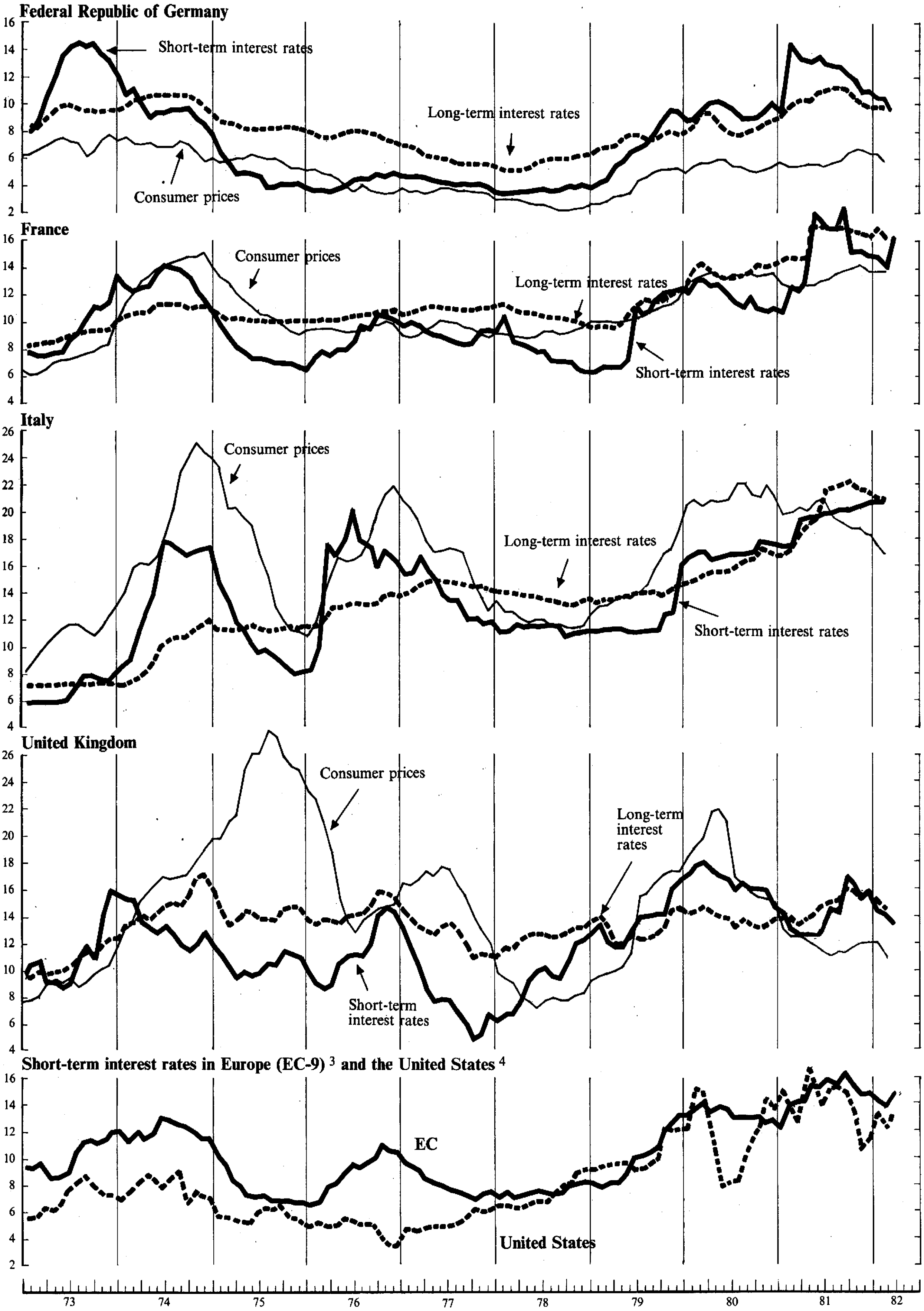
1 Foreword to the fifth medium-term programme (para 7.2.2).
2 16-25 year olds in Denmark.

TABLE 1: **Main economic aggregates, 1980-82**

	1980	1981	1982	1980	1981	1982		1980	1981	1982
	GDP volume, % change			**Private consumption deflator, % change**				**Unemployment rate, % of civilian labour force**		
DK	−0,2	−1,2	2,5	12,3	11,5	10,1		6,2	8,3	8,9
D	1,9	0,0	1,4	5,4	6,0	4,5		3,4	4,8	6,6
GR	1,6	−0,2	1,2	22,2	23,5	24,0		(2,8)	(3,1)	(3,4)
F	1,3	0,1	2,7	13,2	13,1	13,0		6,5	7,8	8,5
IRL	1,9	1,7	1,6	18,2	20,0	19,5		8,3	10,4	12,0
I	4,0	−0,8	1,5	20,3	19,2	16,5		8,0	8,9	9,7
NL	0,6	−1,1	0,8	6,9	6,7	5,0		4,9	7,5	9,7
B	2,4	−1,4	0,4	6,4	7,6	10,0		9,3	11,5	13,3
L	0,4	−3,0	0,1	7,7	8,1	12,0		0,7	1,0	1,3
UK	−1,4	−1,4	1,1	15,9	11,6	10,3		6,9	10,5	11,8
EC	1,4	−0,5	1,6	11,8	11,4	10,6		6,1	7,9	9,1
	Current account of balance of payments % GDP			**General government net lending (+) or borrowing (−), % GDP**[1]				**Money supply, % change end of year**[1 2]		
DK	−3,4	− 3,1	−2,9	− 5,9[3]	−10,7[3]	−12,1[3]	(M2)	10,9	10,1	13,0
D	−1,8	− 1,2	0,2	− 3,5	− 4,5	− 3,6	(M3)	6,2	5,0	4,9
GR	−0,9	− 4,0	−3,0	(− 3,3)	(− 6,3)	(− 8,2)	(M3)	24,7	34,7	27,8
F	−1,3	− 1,4	−1,4	+ 0,4	− 2,1	− 3,1	(M2)	9,7	12,3	(13,0)
IRL	−8,4	−12,9	−9,3	−12,8	−14,4[4]	−12,3	(M3)	16,9	13,6	13,6
I	−2,5	− 2,1	−1,2	− 7,8	−10,6	−10,3	(M3)	16,9	17,0	17,0
NL	−1,4	2,0	3,9	− 3,4	− 4,1	− 3,7	(M2)	3,6	6,3	8,8
B	−5,2	− 6,6	−3,9	− 9,4	−13,3	−12,0	(M2)	2,7	5,1	(9,5)
L	22,2	19,7	(20)	− 1,8	− 3,3	− 3,0		:	:	:
UK	1,4	2,2	0,7	− 3,9	− 2,3	− 0,8	(£M3)	18,4	10,5	9,0
EC	−1,3	− 0,8	−0,4	− 3,6	− 5,0	− 4,7		11,3	10,9	(9,9)

1 The figures relate to calendar years except for the UK (financial years).
2 End-year on end-year.
3 Excluding losses on bonds issued below par: −2,9, −6,9 and −8,5% respectively.
4 Excluding private sector participation in investments amounting to IRL 112 mill.
Source: Commission services, based on information available up to 2 March 1982; the figures take provisionally into account the effects of the realignment of EMS parities on 21 February 1982.

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: **Money supply**[8] - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 August	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	Change over 12 months %
B (M2)	9,9	9,6	6,2	2,7	6,1	1,0	0,9	3,6	0,2	:	:	:	:	:	:	:	:	5,8
DK (M2)	9,8	6,7	9,9	10,9	10,8	5,3	2,3	2,6	1,4	4,1	3,6	−2,0	0,7	2,0	1,4	−0,3	:	10,9
D (M3)	11,1	11,0	6,0	6,2	4,8	2,5	1,3	2,3	1,1	0,3	0,3	0,3	−0,5	0,4	0,4	1,5	0,6	5,6
F (M2)	13,9	12,2	14,4	9,7	11,4	2,4	3,7	3,9	2,6	0,7	1,5	−0,5	0,8	−0,1	0,0	:	:	11,4
IRL (M3)	16,3	28,7	19,0	16,9	13,7	3,8	4,5	1,8	6,4	0,5	4,0	−0,8	−1,0	0,4	1,1	1,8	1,5	10,7
I (M2)	21,8	22,8	20,4	12,3	:	5,3	2,1	1,5	1,0	:	0,0	1,0	0,2	0,2	:	:	:	8,1
NL (M2)	3,6	4,2	7,0	3,6	:	0,6	4,1	0,8	1,4	:	−0,3	0,4	1,2	−0,1	:	:	:	7,2
UK (£M3)	9,3	13,3	11,7	19,6	13,9	4,9	1,7	4,2	5,2	2,1	1,0	1,9	1,6	0,4	0,2	1,7	−0,1	14,5
EC 8[9]	12,7	13,3	11,7	10,6	:	3,3	2,2	2,9	2,3	:	0,9	0,5	0,7	0,4	:	:	:	(9,6
USA (M2)	10,8	8,3	8,8	9,6	10,0	1,5	2,7	2,3	2,1	2,5	1,0	1,2	0,6	1,1	0,7	1,0	0,3	10,2
JAP (M2)	11,1	13,1	9,1	7,2	11,0	2,1	2,3	3,7	2,1	3,1	0,9	0,2	1,8	0,6	0,7	2,1	:	12,2

TABLE 7: **Short-term interest rates**[10]

	1977	1978	1979	1980	1981	1981 I	1981 II	1981 III	1981 IV	1982 I	1981 Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	March	Change over 12 months 2
B	7,3	7,3	10,9	14,2	15,6	17,0	15,3	16,0	16,0	14,3	16,0	15,8	15,0	16,0	15,3	14,5	14,3	−2,7
DK	14,5	15,4	12,5	16,9	14,9	15,2	18,1	20,6	11,6	14,8	20,6	17,4	8,8	11,6	13,9	10,5	14,8	−0,4
D	4,3	3,7	6,9	9,5	12,3	13,4	13,0	12,3	10,8	9,6	12,3	11,7	10,8	10,8	10,3	10,3	9,6	−3,8
F	9,1	7,8	9,7	12,0	15,3	12,5	17,8	18,6	15,1	16,4	18,6	15,3	15,4	15,1	15,0	14,1	16,4	3,9
IRL	8,4	9,9	16,0	16,2	16,6	14,6	15,8	18,9	18,8	21,0	18,9	18,3	18,5	18,8	18,5	19,5	21,0	6,4
I	14,0	11,5	12,0	17,2	19,7	19,7	20,0	20,3	20,8	:	20,3	20,5	20,6	20,8	20,9	21,0	:	3,4
NL	4,8	7,0	9,6	10,6	11,8	10,3	11,8	12,9	10,9	8,4	12,9	12,9	11,2	10,9	10,2	9,7	8,4	−1,9
UK	8,0	9,4	13,9	16,8	14,2	12,6	12,7	16,9	15,8	13,6	16,9	16,5	15,1	15,8	14,5	14,1	13,6	1,0
EC 8[9]	8,1	7,7	10,3	13,3	14,8	14,1	15,4	16,4	14,7	(14,2)	16,4	15,3	14,5	14,7	14,3	13,9	(14,2)	(0,1)
USA	5,3	7,4	10,8	11,6	13,9	12,5	13,9	14,7	11,6	13,2	14,7	13,0	10,6	11,6	13,4	11,9	13,2	0,7
JAP	6,2	5,1	5,9	10,7	7,4	7,4	7,3	7,2	6,9	:	7,2	7,3	7,3	6,9	6,4	6,4	:	−2,1

TABLE 8: **Long-term interest rates**[11]

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 August	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	Change over 12 months
B	8,8	8,5	9,7	12,2	13,8	13,0	13,6	14,2	14,0	14,0	14,1	14,0	13,8	13,9	14,0	14,3	13,8	0,
DK	16,2	16,8	16,7	18,7	19,3	18,6	18,6	19,5	20,4	19,5	20,3	20,4	19,2	19,0	19,5	19,8	20,6	1,
D	6,2	5,7	7,4	8,5	10,4	8,9	10,3	10,9	11,1	9,7	11,2	11,1	10,4	10,0	9,7	9,9	9,8	−0,
F	11,0	10,6	10,9	13,7	16,3	14,3	15,0	17,3	17,1	16,5	17,0	17,1	16,9	16,8	16,4	17,2	16,3	1,
IRL	12,9	12,8	15,1	15,4	17,2	15,6	16,1	17,2	18,2	18,2	17,6	18,2	18,2	18,0	18,2	19,1	19,2	3,
I	14,6	13,7	14,1	16,1	20,6	16,9	18,4	21,8	22,4	21,4	22,2	22,4	21,7	21,7	21,4	21,1	21,1	3,
L	7,0	6,6	6,8	7,4	8,6	7,9	8,0	8,7	9,2	9,3	9,0	9,2	9,2	9,2	9,2	9,3	9,9	2,
NL	8,5	8,1	9,2	10,7	12,2	11,2	12,1	12,3	13,1	11,8	13,0	13,1	12,7	12,4	11,8	11,7	11,6	0,
UK	12,5	12,6	13,0	13,9	14,8	13,8	13,4	14,7	16,1	15,8	15,2	16,1	16,0	15,1	15,8	14,9	14,4	0,
EC 9[9]	10,4	10,1	10,9	12,6	14,8	13,0	13,8	15,4	15,8	15,0	15,6	15,8	15,4	15,0	15,0	15,0	14,6	1,
USA	7,1	7,9	8,7	10,8	13,1	11,9	12,2	14,8	14,1	13,1	13,6	14,1	14,1	12,7	13,1	13,3	12,7	0,
JAP	7,3	6,1	7,7	9,2	8,7	9,4	8,3	8,8	9,0	7,9	9,2	9,0	8,8	8,2	7,9	7,9	8,0	−0,

TABLE 9: **Value of ECU** — 1 ECU = units of national currency or SDRs

	1977	1978	1979	1980	1981	1981 I	1981 II	1981 III	1981 IV	1982 I	1981 Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	March	Change over 12 months %
BFR/LFR	40,88	40,06	40,17	40,60	41,29	41,61	41,42	41,07	41,10	42,97	40,76	40,81	41,02	41,47	41,61	42,39	44,91	7,8
DKR	6,86	7,02	7,21	7,83	7,92	7,97	7,98	7,88	7,88	8,06	7,81	7,84	7,87	7,93	7,99	8,05	8,14	1,9
DM	2,65	2,56	2,51	2,53	2,51	2,57	2,54	2,51	2,44	2,43	2,49	2,44	2,44	2,45	2,44	2,44	2,41	−5,2
DR	42,04	46,80	50,78	59,24	61,62	61,43	61,83	61,47	61,74	62,72	61,17	61,48	61,82	61,93	62,70	62,99	62,47	1,0
FF	5,61	5,74	5,83	5,87	6,04	5,98	6,03	5,99	6,15	6,21	5,96	6,10	6,17	6,19	6,21	6,21	6,22	3,8
IRL	0,654	0,664	0,669	0,676	0,691	0,695	0,694	0,688	0,688	0,691	0,683	0,687	0,690	0,688	0,692	0,694	0,687	−1,2
LIT	1 007	1 080	1 138	1 189	1 263	1 233	1 263	1 254	1 302	1 308	1 255	1 293	1 306	1 308	1 309	1 307	1 309	5,3
HFL	2,80	2,75	2,75	2,76	2,78	2,81	2,81	2,79	2,69	2,67	2,76	2,70	2,68	2,68	2,68	2,68	2,65	−5,8
UKL	0,654	0,664	0,646	0,598	0,553	0,534	0,536	0,562	0,578	0,561	0,582	0,589	0,577	0,568	0,565	0,559	0,560	3,6
USD	1,141	1,274	1,371	1,391	1,116	1,233	1,116	1,033	1,090	1,038	1,057	1,086	1,099	1,084	1,067	1,033	1,013	−16,0
YEN	305,8	267,1	300,5	315,0	245,4	253,1	245,0	239,1	244,4	242,1	242,4	251,1	245,3	236,9	239,4	243,1	243,9	−3,1
SDR	0,977	1,018	1,061	1,068	0,946	0,992	0,943	0,911	0,938	0,913	0,925	0,941	0,942	0,931	0,925	0,911	0,902	−8,1

TABLE 10: **Effective exchange rates: export aspect** [12] - Percentage change on preceding period

	1977	1978	1979	1980	1981	1981 I	1981 II	1981 III	1981 IV	1982 I	1981 Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	March	Change over 12 months %
B/L	6,1	3,5	1,5	−0,4	−6,0	−2,9	−1,4	−0,9	1,0	−5,1	1,8	0,7	−0,4	−1,4	−0,5	−2,4	−6,3	−10,5
DK	−0,3	0,0	−0,7	−8,0	−7,5	−4,0	−2,4	−0,1	2,0	−3,5	3,5	0,9	−0,6	−1,4	−1,0	−1,4	−1,6	−4,7
D	8,5	6,5	5,2	0,5	−6,2	−3,1	−1,1	−1,1	5,1	−0,6	2,9	3,6	0,1	−0,7	−0,1	−0,6	1,3	2,3
F	−4,7	−1,3	0,7	0,4	−8,5	−3,3	−3,1	−1,1	−1,7	−2,1	2,3	−1,7	−1,2	−1,0	−0,5	−0,5	−0,6	−7,6
IRL	−3,1	1,2	0,4	−2,5	−9,9	−5,2	−2,2	0,5	2,1	−2,4	3,8	0,6	−1,1	−0,6	−1,1	−1,1	0,6	−1,5
I	−7,7	−5,9	−3,2	−3,7	−12,2	−4,1	−5,1	−1,3	−2,6	−1,6	1,0	−2,2	−1,1	−0,7	−0,3	−0,4	−0,7	−9,3
NL	5,8	2,9	1,7	0,1	−4,8	−3,0	−2,0	−0,5	5,0	−0,2	2,2	3,1	0,8	−0,3	−0,1	−0,5	0,7	3,1
UK	−4,8	0,9	6,5	10,0	−0,9	2,0	−3,9	−7,5	−0,9	1,7	−3,5	0,2	2,2	0,9	0,3	0,4	−0,8	−8,7
ECU	0,9	2,5	5,9	2,3	−15,2	−5,9	−5,7	−4,4	3,0	−2,5	3,3	2,0	−0,3	−1,4	−0,4	−1,1	−0,9	−9,2
USA	−1,3	−9,8	−2,6	0,0	12,1	4,0	7,2	5,8	−3,6	3,9	−3,0	−1,1	−1,8	0,1	1,6	3,3	1,7	14,4
JAP	10,7	21,6	−7,1	−4,1	13,8	6,5	−2,1	−1,6	0,9	−1,5	−0,5	−1,7	2,6	3,0	−1,8	−3,1	−1,3	−5,6

8 National sources for Belgium, the Federal Republic of Germany, France, Ireland and the United Kingdom; seasonally adjusted by Eurostat for Denmark, Italy and The Netherlands.
9 Average weighted by 1975 GDP at 1975 prices and purchasing power parities. For the money supply, the monthly variation is calculated for Belgium using linear interpolation of quarterly dat
10 National sources; EC excludes Luxembourg; 3-month interbank rate except: Belgium, yield at issue of 4-month certificates issued by the Fonds des Rentes; Denmark, call-money rates on the mon market (monthly average); France, 1-month interbank rate on 'private paper'; Italy, rate on interbank sight deposits. Annual average, end of quarter and end of month.
11 Yield of public-sector bonds. Annual average and average of last month of the quarter, monthly average except for France: end of quarter and end of month.
12 Weighting coefficients calculated to take account not only of bilateral trade but also of competition in third markets and in the exporting country's domestic market.

Note: (s.a.) = seasonally adjusted.
: = not available.
() = estimate.
EC 9 = Community total, excluding Greece.

TABLE 1: **Industrial production**[1] - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 July	Aug.	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Change over 12 months %[2]
B	0,4	2,4	4,3	−1,0	−2,3	−4,0	2,3	0,4	−1,5	3,2	−5,2	1,8	2,2	2,8	−2,3	−3,9	:	5,0
DK	0,8	2,3	3,6	0,2	0,1	−1,6	2,3	−0,7	3,2	−3,7	3,3	−5,9	6,7	−5,6	0,5	−1,7	:	3,2
D	2,8	2,0	5,5	−0,8	−0,9	−0,9	0,9	−0,9	0,9	−0,9	0,9	0	0,9	0	−0,9	−0,9	1,9	3,0
GR	1,5	7,5	6,0	0,9	−1,2	−1,6	−3,1	3,2	0,5	1,2	−2,4	1,6	1,8	−2,1	4,3	−3,5	:	−1,3
F	1,6	1,6	4,7	−0,7	(2,3)	−2,7	−1,5	0,8	0	1,5	−1,5	0	1,6	0	0	1,5	−3,0	1,5
IRL	7,6	8,4	6,2	−1,0	1,9	−1,4	3,3	1,9	1,6	−0,4	2,2	−1,2	1,3	−3,9	4,2	1,1	:	8,7
I	0	2,1	6,7	5,0	−2,3	5,2	1,3	−2,4	−4,3	5,0	2,8	−16,5	19,6	−3,2	7,1	−6,0	0,6	0,9
L	0,5	3,2	3,4	−3,3	−6,8	−1,3	−4,9	1,6	1,1	1,2	−1,2	1,8	−0,7	4,9	−1,3	−8,1	6,0	6,0
NL	0	0,9	2,8	−0,9	−1,8	4,0	0,3	−3,0	−2,2	1,9	2,8	−4,5	−1,9	5,8	−1,8	0,9	:	2,4
UK	4,7	3,3	3,8	−6,7	−4,1	−2,0	−1,1	0,3	0,5	1,3	−0,4	0	0,8	2,3	−1,8	−1,2	−0,7	1,0
EC 10	2,3	2,4	4,8	−0,9	−2,0	−1,1	0,3	−0,1	−0,1	0	0,1	−1,7	1,8	−0,2	0	−1,2	(1,5)	1,6
USA	6,5	5,7	4,4	−3,6	2,7	4,7	2,0	0,5	0,3	−4,5	0,7	−0,2	−1,3	−1,7	−1,9	−2,1	−2,5	−4,7
JAP	4,1	6,2	8,3	7,0	3,1	1,6	1,6	−0,3	1,6	2,6	1,0	−2,6	3,8	1,7	−0,3	−0,7	−0,1	4,3

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

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 August	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	Change over 12 months %[2]
B	7,8	8,4	8,7	9,4	11,6	10,1	10,6	11,3	12,0	12,5	12,0	12,2	12,3	12,5	12,8	13,0	13,2	24,0
DK[3]	5,8	6,5	5,3	6,2	8,3	7,3	8,0	8,3	8,3	8,9	8,5	8,7	8,8	9,0	8,9	9,3	(9,0)	(12,9)
D	4,0	3,9	3,4	3,4	4,8	3,8	4,2	4,6	5,1	5,8	5,1	5,2	5,5	5,8	6,1	6,1	6,3	48,9
F	4,8	5,2	6,0	6,4	7,8	6,6	7,1	7,5	7,9	8,4	7,9	8,1	8,3	8,4	8,5	8,5	8,5	20,2
IRL	9,2	8,4	7,4	8,3	10,3	9,4	9,9	10,3	10,6	10,9	10,5	10,8	10,8	10,9	11,1	11,3	11,3	15,3
I	6,4	7,1	7,5	8,0	8,8	8,1	8,3	8,6	8,8	9,4	8,8	8,9	9,3	9,5	9,5	9,6	9,7	17,2
L	0,5	0,7	0,7	0,7	1,0	0,8	0,9	0,9	1,0	1,1	1,0	1,1	1,1	1,1	1,2	1,2	1,2	34,6
NL	4,1	4,1	4,1	4,8	7,3	5,6	6,2	6,9	7,7	8,4	7,6	7,8	8,2	8,4	8,8	8,9	9,1	42,1
UK	5,7	5,7	5,3	6,9	10,6	8,3	9,5	10,4	11,1	11,7	11,1	11,5	11,7	11,7	11,7	11,9	11,9	23,6
EC 9	5,3	5,5	5,5	6,2	8,1	6,8	7,3	7,8	8,3	8,9	8,3	8,5	8,8	8,9	9,1	9,3	9,3	25,7
USA	7,0	6,0	5,8	7,1	7,6	7,4	7,4	7,4	7,4	8,3	7,3	7,6	8,0	8,3	8,8	8,5	8,8	20,4
JAP[4]	2,0	2,2	2,1	2,0	2,2	2,2	2,2	2,3	2,2	2,2	2,1	2,2	2,3	2,2	2,2	2,2	:	6,5

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

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 August	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	Change over 12 months %[2]
B	7,1	4,5	4,5	6,6	7,6	2,2	2,2	0,8	2,6	2,1	0,5	0,9	0,4	1,0	0,6	1,0	0,2	7,6
DK	11,1	10,1	9,6	12,3	11,7	1,9	2,6	4,3	2,4	2,2	0,4	0,9	0,5	1,2	0,5	0,7	0,6	11,8
D	3,7	2,7	4,1	5,5	5,9	0,8	2,2	1,8	1,2	1,2	0,3	0,5	0,3	0,5	0,3	0,9	0,2	5,8
GR	12,2	12,5	19,0	24,9	24,5	7,8	7,3	5,4	1,9	7,5	−0,8	4,3	2,6	2,1	2,1	1,1	−0,2	19,5
F	9,5	9,3	10,7	13,6	13,4	2,8	2,9	3,3	3,9	3,2	1,3	1,2	1,2	0,9	0,6	1,0	1,0	13,9
IRL[5]	13,6	7,6	13,2	18,2	20,4	3,1	6,2	3,9	5,6	5,9	(1,9)	(1,9)	(1,9)	(1,9)	(0,8)	(0,8)	(0,8)	18,9
I	17,0	12,2	14,8	21,2	19,6	5,3	5,2	4,4	3,0	4,6	0,9	1,4	1,7	1,8	1,0	1,4	1,3	16,9
L	6,7	3,1	4,5	6,3	8,1	1,9	2,4	2,2	2,0	1,6	0,4	0,9	0,3	0,6	0,6	1,4	1,0	9,1
NL	6,4	4,2	4,3	7,0	6,9	1,5	1,5	2,3	1,6	2,0	0,3	1,2	0,9	0,3	0	0,3	0,5	7,0
UK	15,9	8,3	13,4	18,0	11,9	1,9	2,4	4,9	1,7	2,5	0,7	0,6	0,9	1,1	0,6	0,6	0	11,0
EC 10	10,5	7,6	10,2	14,1	12,6	2,7	3,2	3,6	2,5	3,0	0,7	1,0	1,1	1,1	0,6	1,0	0,6	12,0
USA	6,5	7,6	11,5	13,5	10,2	2,6	2,6	2,3	2,8	1,3	0,7	0,9	0,2	0,3	0,2	0,4	(0,6)	(7,7)
JAP	8,1	3,8	3,6	8,0	4,9	1,0	1,1	1,6	0,3	1,2	−0,6	1,6	0,4	−0,3	0,3	0	−0,3	3,1

TABLE 4: **Volume of retail sales** - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 July	August	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Change over 12 months %[2]
B	1,2	2,3	3,9	1,2	−3,3	−0,4	−3,3	1,6	−1,2	0,4	−3,0	−0,4	−0,8	3,7	−6,2	5,1	:	−0,6
DK	1,1	−2,4	2,2	−1,5	−0,6	0,4	−0,3	0,1	0,6	−1,2	8,5	−5,2	−1,8	2,5	−2,6	3,2	−1,5	−4,4
D	3,1	2,8	2,6	0,3	−2,6	0,2	−1,7	−2,2	1,2	0,2	4,6	−1,8	−0,7	3,6	−4,4	2,2	−4,7	−2,7
GR	5,9	4,9	−2,1	3,0	:	−3,4	−2,2	:	:	:	:	:	:	:	:	:	:	:
F	0,1	2,1	2,3	−0,4	0,9	2,0	−1,8	0,5	0,6	2,4	2,3	−3,4	1,7	2,9	−1,4	1,4	−1,4	−0,8
IRL	4,9	8,7	3,2	−0,6	:	4,1	0	−1,2	1,3	:	3,6	7,8	−18,0	3,9	−0,4	:	:	−6,8
I	2,9	2,6	7,3	3,1	2,0	−0,5	0,8	−0,3	0,3	2,4	1,1	1,1	−0,9	4,2	−1,3	−2,0	:	2,6
NL	4,7	4,7	−0,3	−4,1	−5,1	−1,8	0,2	−1,3	−1,6	−3,0	7,3	−9,0	0,6	4,8	−10,5	8,0	:	−3,0
UK	−1,7	5,6	4,8	0,2	1,1	−0,1	2,3	−1,8	0,7	0	−0,6	0,9	0,2	0,3	−0,5	−0,9	2,3	−0,1
EC 9[6]	1,5	3,2	3,5	0,4	(−0,4)	−0,3	−0,5	−0,9	0,4	0,8	2,3	−1,5	−0,2	3,0	−2,8	(1,1)	:	(0,7)
USA	6,5	3,3	0,3	−4,6	−0,7	0,1	2,5	−1,3	0,5	−2,6	−0,8	0,8	−0,8	−2,6	0,4	0,1	−1,0	−2,3
JAP	8,2	6,5	−4,1	−8,4	−9,2	−1,6	−2,9	−2,9	0,4	−4,1	3,4	−0,4	−3,2	−1,7	−0,1	:	:	−9,2

TABLE 5: **Trade balance** - fob/cif, million ECUs (s.a.)

	1977	1978	1979	1980	1981	1980 IV	1981 I	1981 II	1981 III	1981 IV	1981 August	Sept.	Oct.	Nov.	Dec.	1982 Jan.	Febr.	Change over 12 months[2]
B/L	−2 526	−2 890	−3 020	−5 172	−5 420	−1 391	−1 960	−1 367	−1 759	−723	−870	−247	−225	−354	−143	−548	:	+ 89
DK	−2 801	−2 198	−2 904	−1 911	−1 481	−313	−270	−333	−313	−451	−21	−108	−106	−133	−212	−161	−171	−87
D	14 514	15 934	8 933	3 545	11 239	501	169	2 365	3 149	5 194	395	1 063	1 672	1 577	1 945	1 106	1 690	+1 232
GR	−3 588	−3 347	−4 187	−3 906	:	−1 131	−562	−1 108	−1 113	:	−289	−297	−320	−374	:	:	:	−39
F	−6 117	−4 097	−6 195	−16952	−17283	−4 764	−4 321	−4 068	−4 263	−5 140	−785	−1 871	−1 620	−1 546	−1 974	−1 568	−1 035	+ 309
IRL	−876	−1 132	−1 955	−1 898	−2 471	−553	−593	−583	−743	−574	−168	−268	−189	−234	−151	−223	−188	+ 14
I	−2 444	−336	−4 103	−15696	−13654	−4 654	−3 953	−4 757	−3 546	−1 927	−1 238	−1 537	−529	−887	−511	−1 023	:	+ 218
NL	−1 687	−2 240	−2 619	−2 184	1 312	−710	−149	−259	311	1 333	−10	252	341	665	327	:	:	+ 595
UK	−5 246	−5 548	−8 705	−3 590	:	779	:	:	:	(−14)	:	(−566)	(475)	(−688)	(+199)	:	:	(−288)
EC 9[7]	−7 184	−2 508	−20804	−43859	(−30900)	−10751	(−10350)	(−10250)	(−8350)	(−3250)	(−3 150)	(−3000)	(−950)	(−1300)	(−1 100)	(−2250)	:	(+700)
USA	−31907	−31014	−27146	−26113	−35538	−5 387	−6 892	−9 068	−9 672	−10326	−5 330	−2 616	−4 633	−4 019	−1 674	−4 811	−1 162	−1 431
JAP	8 488	14 285	−5 574	−7 700	7 831	−156	571	1 941	3 559	2 104	1 343	1 285	1 761	488	−55	−1 171	281	+ 85

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 Until 1979: EC 8 (without L and GR), from 1980: EC 9 (without L).
7 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. From March 1981 the series is constructed on the basis of an estimate for the United Kingdom.

Major economic policy measures — March 1982

Community (EC)

15.3 The Council (Economic and Financial Affairs) carried out its first quarterly examination of the economic situation in the Community for 1982, on the basis of a Commission communication of 10 March 1982. On completion of this examination, the Council shared the Commission's view that for the time being there was no need to amend the economic policy guidelines for 1982 adopted by the Council on 14 December 1981. The Council also decided the economic policy guidelines to be followed by the Hellenic Republic for 1982, thus completing the Decision of 14 December 1981 adopting the annual economic report and laying down the guidelines for 1982.

The Council (economic and financial affairs) adopted the Decision raising to 2 000 million ECU the total amount of Euratom loans which the Commission is empowered to contract for the purpose of contributing to the financing of nuclear power stations.

29-30.3 The European Council largely concentrated on the economic and social situation. It emphasized the need for a coordinated policy to promote investment and to combat unemployment. It agreed on the need for the Community and each Member State to take, as from this year, all appropriate steps or initiatives to improve the level of productive investment in Europe. In this connection, it confirmed the importance it attributed to the lowering of interest rates and the strengthening of the Community lending instruments.

As regards employment, the Council recognized that the gravity of the unemployment situation called for specific quick-acting measures. The Member States would take measures concerning more particularly the vocational training of young people.

The European Council noted that the European Monetary System had operated satisfactorily in its first three years. Action should now be taken to give fresh momentum to the system by strengthening economic convergence, the EMS mechanisms, the role of the ECU and monetary cooperation between the Community and third countries.

Belgium (B)

4.3 The Banque Nationale lowered the discount rate from 14% to 13% and the rate for ordinary advances from 15% to 13,5%.

4.3 On a proposal from the Minister for the Budget, the Government decided to cut ministerial salaries by 10%.

5.3 The Government undertook to extend the selective price freeze until the end of the year.

11.3 The Government took the following decisions concerning current operations under the 1982 budget and the reform of social security finances:

— Budget: current spending in 1982 is reduced from BFR 1 469 800 million to BFR 1 393 000 million. Revenue is fixed at BFR 1 141 000 million, including extra receipts from a temporary increase of BFR 1 per litre in the tax on petrol and from a 10% tax surcharge on incomes over BFR 3 million;

— Social security: deficit to be reduced by BFR 42 500 million, notably as a result of higher contributions to pension and annual holiday schemes (BFR 10 000 million) and restrictions on spending reflected particularly in lower unemployment benefits for those under 18 and for certain categories of unemployed workers living together and in a revised basis for calculating benefits (BFR 20 500 million). Reserves are also to be drawn down to the tune of BFR 12 000 million.

22.3 Following a cut in the wake of the currency realignment of 21 February, the Banque Nationale raised interest rates on two-month and three-month certificates by 0,40 points and 0,50 points respectively.

Denmark (DK)

12.3 With a view to facilitating new construction Parliament has adopted the introduction of indexed bond loans which modify the profile of debt-service during the redemption period compared with traditional loans.

Corrigendum to Major economic policy measures, February 1982:
Central government expenditure for 1982 is estimated at DKR 167,1 mrd (and not, as indicated, DKR 157,1 mrd).

Federal Republic of Germany (D)

18.3 The Central Council of the Bundesbank (Zentralbankrat) reduced the special Lombard rate from 10 to 9,5%.

24.3 The Federal Government has decided to allocate DM 12 800 million of Federal funds for energy research and development in the period to 1985.

Greece (GR)

9.3 The Government laid its draft budget before Parliament. Expenditure is planned to rise by 35% (to DR 923 200 million) and revenue by 58,5%. The deficit, put at DR 238 000 million should be smaller than last year's and would be equivalent to 9% of gross domestic product (as against 12% in 1981). The improvement is due to sharply increased revenue, notably from indirect taxation (new taxes and increases in existing ones), direct taxation (new taxes, increases in existing ones and measures to combat tax evasion) and payments from the EAGGF (forecast to climb from DR 9 000 million in 1981 to some DR 49 000 million in 1982). A key feature of the budget is the redistribution of the direct tax burden on the basis of social criteria.

France (F)

5.3 The prices of regular-grade and premium-grade petrol were reduced by 5 centimes a litre, while those for diesel oil and domestic heating oil were raised by 4 centimes a litre.

9.3 With effect from 1 April, freight rates charged by the SNCF were increased by between 6% and 12,5%, depending on the type of goods.

10.3 Pending the introduction of a new plan for 1983-86, the Government decided to step up assistance to the microelectronics industry.

14.3 A package of measures was adopted to restimulate activity in the building and public works sector; among other things, individuals will be able to obtain contractual loans carrying an average interest rate of 14,5% from the main banking networks.

24.3 The SNCF raised its passenger fares by 10,5%, with effect from 1 April.

24.3 to support the franc, the Banque de France put up its day-to-day money market rate from 17% to 18% and tightened the exchange control arrangements in force since 21 May 1981:

— the period within which exporters are required to surrender foreign exchange receipts was reduced from 1 month to 15 days;

— the FF 1 million exemption for the financing of investment abroad was discontinued. Investment of this kind now has to be financed in foreign currency to the extent of 75% of the total cost in foreign currency;

— authorization is now needed for the purchase of second residences abroad.

24.3 The Government adopted six orders on social reforms (among other things, wage and salary earners may retire at 60 from 1 April 1983 onwards).

Ireland (IRL)

25.3 The Irish Parliament adopted the budget for 1982. The main budgetary targets were:

— Current budget deficit: IRL 679 million, approximately 6% of GDP;

— Exchequer borrowing requirement: IRL 1 683 million, approximately 14% of GDP.

The outcome for these quantities in 1981 was IRL 802 million (approximately 8% of GDP) and IRL 1 722 million (approximately 17% of GDP), respectively. The capital budget for 1982 is fixed at IRL 2 211 million, an increase of 17% over the 1981 outturn.

Italy (I)

2.3 The Banking Association decided to lower the banks' base rate for their prime customers from 22,5% to 21,75%. The discount rate on commercial bills was at the same time cut from 21% to 20,25% and that on lira-denominated export credits from 20,50% to 19,50%.

Luxembourg (L)

9.3 The Government adopted a package of measures to accompany the adjustment to the rate of exchange of the Luxembourg franc on 21 February. Essentially, the measures concerned the introduction of a price freeze, liquid fuels taxation, rents and income restraint.

Netherlands (NL)

3.3 The Government adopted an employment programme including measures to reduce youth unemployment and to achieve a better distribution of work. The programme is expected to cost some HFL 3 000 million. The Government is also planning to extent the subsidized housing programme and to increase the volume of public-sector investment.

18.3 The Nederlandsche Bank cut the discount rate from 8½% to 8%, with effect from 19 March.

United Kingdom (UK)

9.3 The Government presented its budget for the financial year 1982-83 together with its public expenditure plans for the financial years up to 1983-84 and published a revised medium-term financial strategy (MTFS).

It is officially estimated that the Government's proposals will lead to a public sector borrowing requirement (PSBR) of UKL 9 500 million in 1982/83 (3,5% of GDP), slightly above the illustrative figure given in last year's MTFS.

In the latest version of the MTFS, the target range for monetary growth for 1982/83 has been set at 8-12% (compared to the illustrative range of 5-9% given in the March 1981 MTFS), and is to apply to a number of monetary aggregates, not just to Sterling M3 alone as previously.

Public expenditure plans for 1982/83 foresee total expenditure of UKL 115 000 million, UKL 5 000 million more than planned in March 1981. The planning total for 1983/84 is UKL 121 700 million, an increase over 1982/83 of 5,7%.

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