

# EUROPEAN ECONOMY

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

No 6 — June 1982

Supplement A

## Recent economic trends

**Slowdown of inflation but production remains stagnant.** — Consumer price increases now show clear signs of slowdown and the Community's trade balance has improved further. But the trend in industrial production remains flat and the rise in unemployment quickened again in April. Despite the fall in interest rates in the United States there is as of yet no indication of a lasting reduction in European interest rates; nevertheless the dollar remains in a relatively strong position in exchange markets.

**Slight upturn in industrial production trend.** — The monthly index of industrial production in the Community (seasonally adjusted), fell by 0,8% in March, after falling 0,1% in February (revised figure); for the first quarter of 1982, industrial production was 0,4% up on the last quarter of 1981. As a result, the underlying trend, as measured by the three-monthly moving average, also moved up slightly to the level last reached in November of last year. This movement however, is well within the margins of fluctuation shown by this indicator since the autumn of 1980 and does not yet indicate any strong movement. Among the Member States for which data are so far available developments were mixed: in Germany, the United Kingdom and France industrial production rose slightly, but elsewhere falls ranging from 0,9% to 8,5% were recorded.

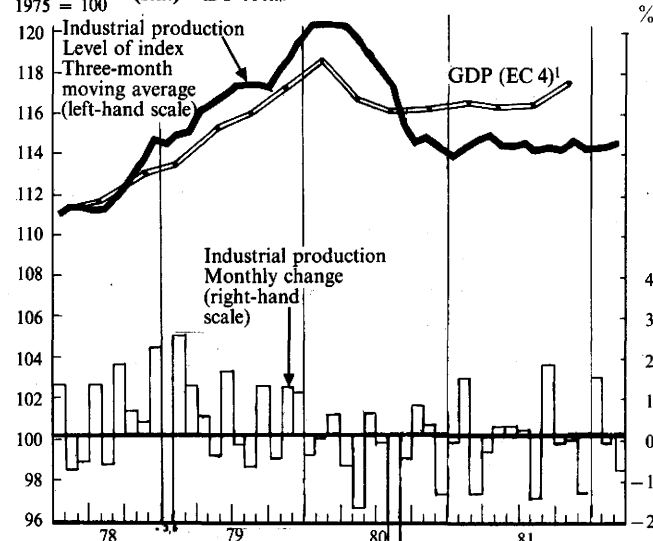
**New surge in unemployment.** — The rate of unemployment in the Community (seasonally adjusted) rose by 0,1% point in April, to reach 9,5% of the civilian labour force. While this is a similar increase in the unemployment rate to that of the previous two months, the rise in the number of unemployed, at 160 000, is twice as large as in both February and March. This is a reflection of the continuing slack in the labour market: at this time of year there is traditionally a large fall in the unadjusted figure for unemployment, but this year the seasonal fall in the total number of unemployed was only half as great as in 1981, which translates into the larger rise in the seasonally adjusted figure. Unemployment has risen again in all Member States in April, following the relative stability in some of them (such as the United Kingdom and Belgium) in recent months, with the rate of increase over 12 months particularly high in Germany and the Netherlands.

**Disinflation process continues.** — While the month-to-month increase in prices in the Community in April at 1,2% was higher than for March this was principally due to seasonal movements: the inflation trend (the seasonally adjusted change over six months at annual rate) continued its rapid fall, to just over 10%, compared to the 12% rate of increase that prevailed in 1981. The slowdown has been particularly pronounced in Germany, where the trend rate of inflation has fallen to below 4% (see Graph 6), in Greece, Italy, the Netherlands and the United Kingdom; on the other hand, deceleration of inflation has been less pronounced in Belgium, Denmark, France, Ireland and Luxembourg.

**Uncertain trend in retail sales.** — It is now fairly clear that retail sales in the Community fell sharply in January after the December upturn, a large fall of 7,3% in Ireland adding to those already known. Preliminary data for later months are as yet only available for two Member States: in France a recovery in February was followed by a smaller one in March, while in the United Kingdom there was a decline in February but some recovery in March. In both of these countries the results for the first quarter of 1982 are thus relatively positive.

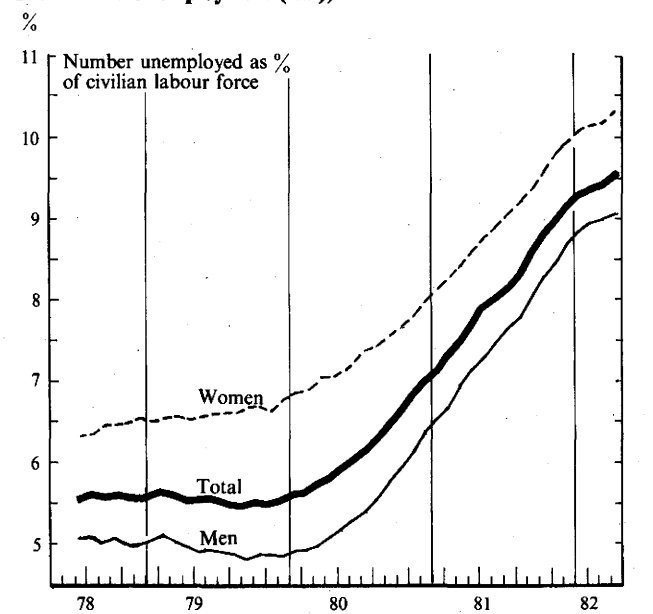
**Visible trade in balance in March.** — Preliminary estimates suggest that the Community's visible trade was approximately in balance in March after an unbroken series of deficits beginning in late 1978. The sharpest improvement came in Italy, where large deficits had been recorded in January and February. The visible trade surplus in the Federal Republic

GRAPH 1: Industrial production and gross domestic product (s.a.) - EC total



<sup>1</sup> France, Germany, Italy and UK; quarterly figures

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



of Germany also showed a substantial increase in March to attain a record monthly level, but fell back in April. As compared with twelve months earlier, the latest visible trade balance figures for all the Community countries except Greece and (probably) the United Kingdom show an improvement.

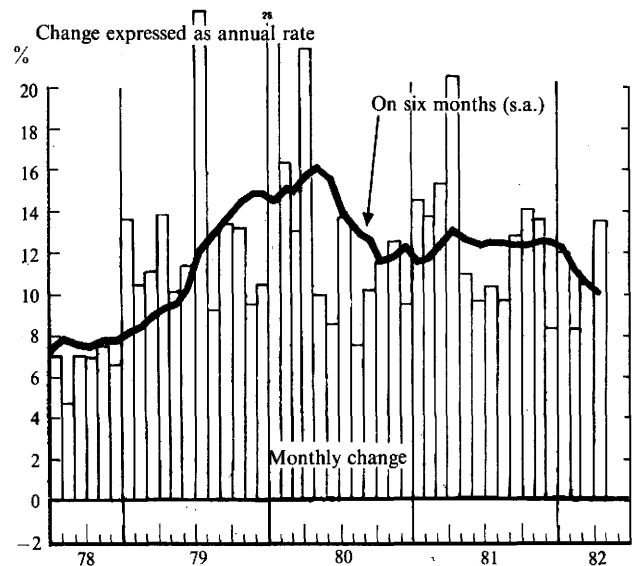
**Monetary expansion moderates.** — Money supply expansion in the Community (s.a.) slowed down in February, falling to 0,7% after January's high rise. The slowdown was general to all the countries except the Netherlands where large inflows of capital again swelled the money supply. The data available for March and April show a relatively large increase for Germany, while in the United Kingdom the expansion of sterling M3 was moderate.

**Short-term interest rates turn down.** — In May, the Community average for short-term interest rates was back to the March level (14,1%), April's rises having given way to falls the month after in Belgium, France and the United Kingdom. The Federal Republic of Germany and the Netherlands lowered their key rates at the beginning of the month, thus contributing to the downward trend. Only in Denmark did strains persist on the money market. In the United States, the swelling of liquidity in the banking system produced a fall in the Treasury bill rate. The average yield on long-term public securities continued to decline in the Community in April, even though there were signs of slight upward fluctuations.

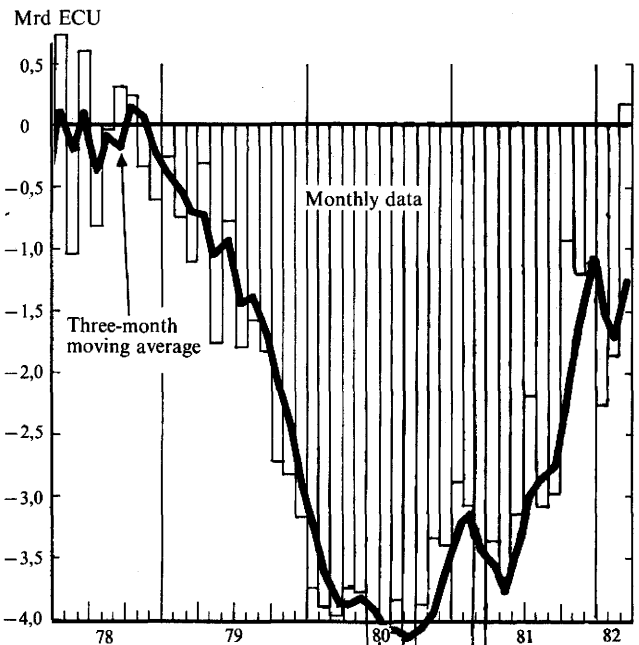
**Dollar fluctuates.** — The May average shows a recovery of the ECU against the dollar. However, after falling during the second half of April and the first half of May, the dollar recovered during the second half of May; by the end of the month it stood higher than at the beginning. Within the European Monetary System the mark was above its ceiling during the middle of the month. A strengthening of the French franc for some days towards the end of the month brought the mark just below its ceiling, but it was at its ceiling again as the month closed. As well as the French franc, the Irish pound, the Italian lira and the Belgian franc stayed in the lower part of the exchange rate system during May. The Belgian franc was the weakest currency throughout the month and needed support of varying amounts. The improvement of the financial Belgian franc against the official franc which took place through April was not continued in May, the discount of the financial franc rising around mid-month before subsiding again to some extent later in May (9,5% end of May). Sterling experienced frequent fluctuations during May, but at the end of the month stood slightly higher against the ECU than it had at the beginning.

7 June 1982

GRAPH 3: Consumer prices EC 10

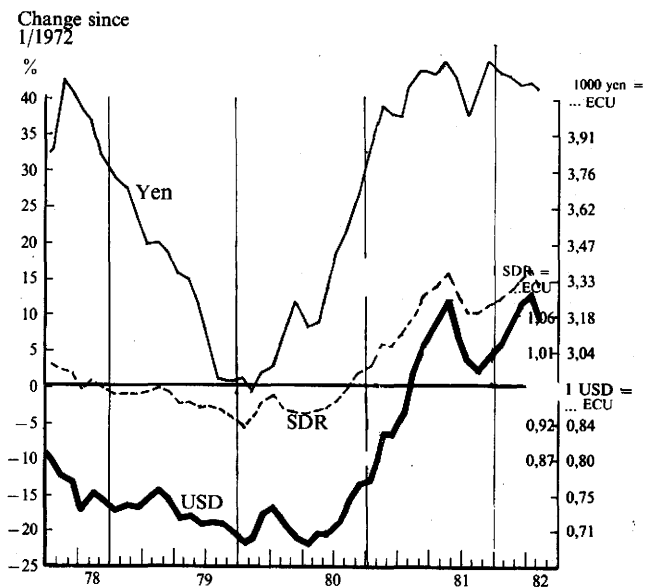


GRAPH 4: Trade balance (s.a.), EC 9

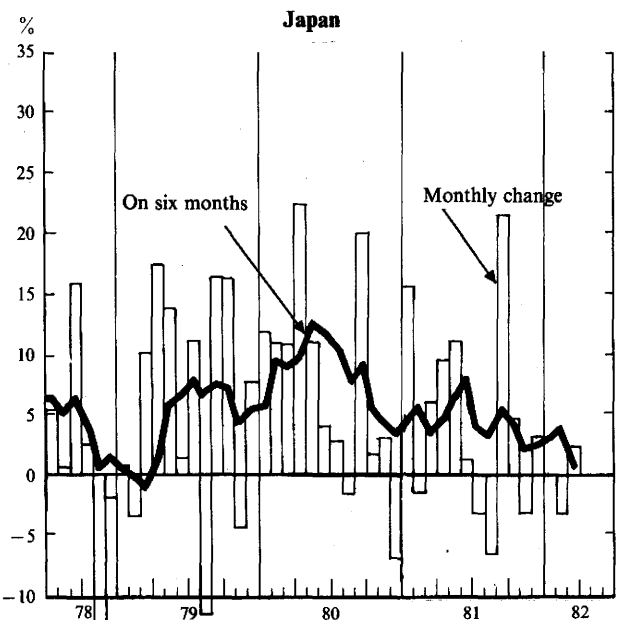
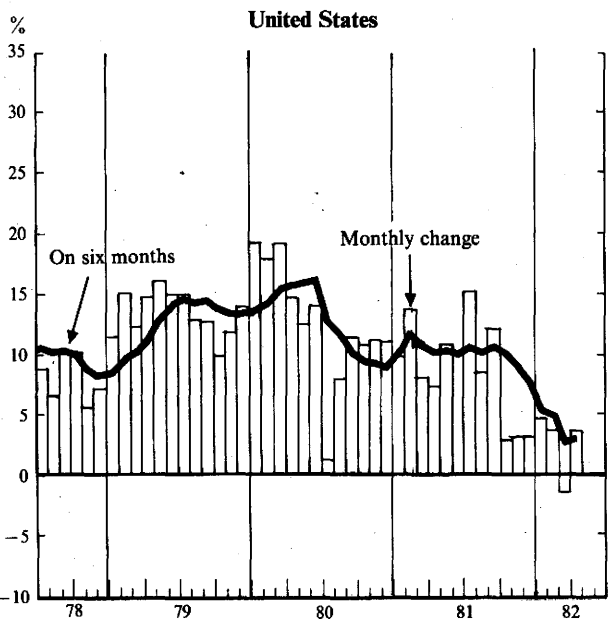
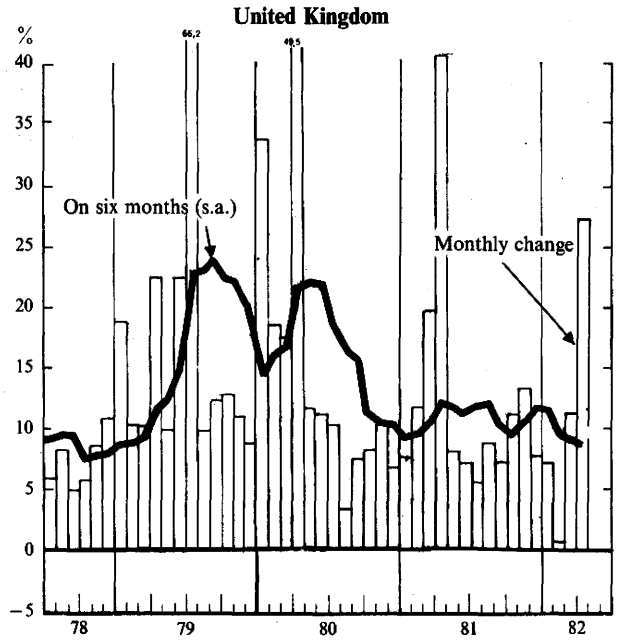
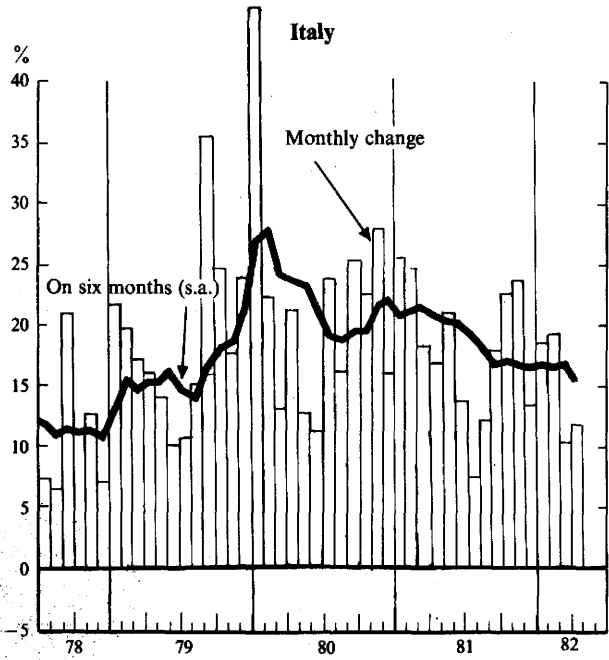
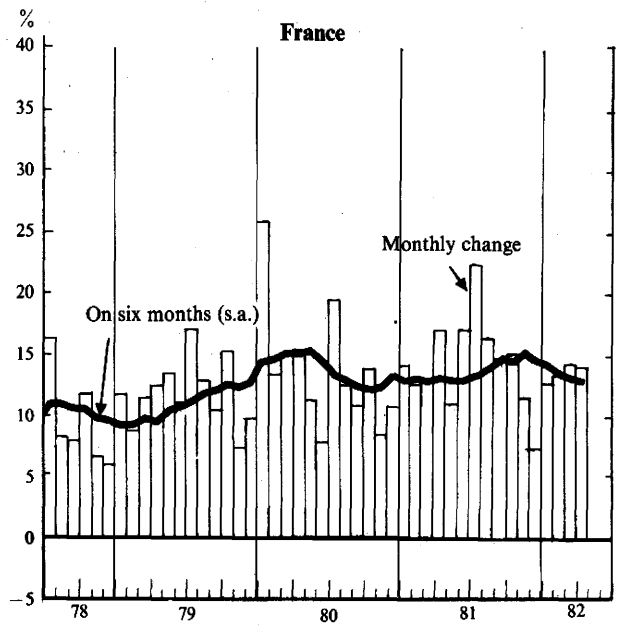
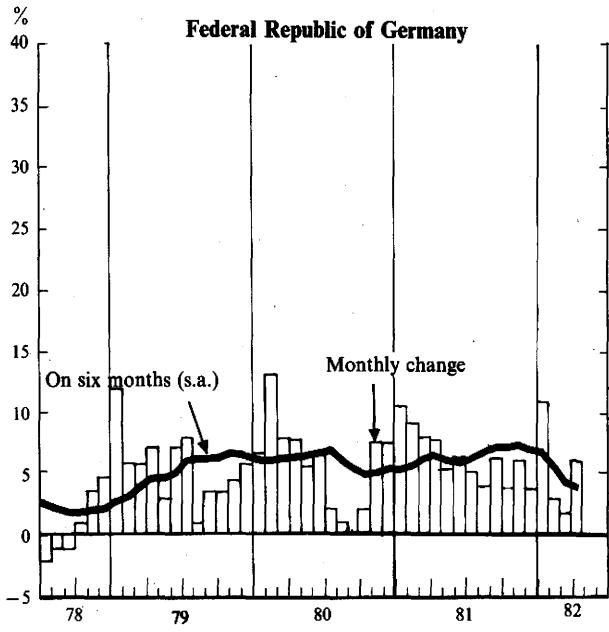


From March 1981, the series is constructed on the basis of an estimate for the United Kingdom.

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



GRAPH 6: Consumer prices, Change expressed as annual rate



Source: National data.

**TABLE 6: Money stock<sup>8</sup> - Percentage change on preceding period (s.a.)**

	1977	1978	1979	1980	1981	1981				1982	1981				1982	Change over 12 months % <sup>2</sup>		
						I	II	III	IV		I	Oct.	Nov.	Dec.			Jan.	Febr.
B (M2)	9,9	9,6	6,2	2,7	6,1	0,9	3,6	0,2	1,3	·	·	·	·	·	·	·	·	5,8
DK (M2)	9,5	6,6	9,4	10,6	10,0	2,7	2,5	1,8	2,6	3,0	·	0,5	1,2	0,8	1,1	0,7	1,2	10,4
D (M3)	11,1	11,0	6,0	6,2	4,8	1,3	2,3	1,1	0,3	3,0	-0,5	0,4	0,4	1,5	0,6	0,9	0,8	6,2
F (M2)	13,9	12,2	14,4	9,7	11,4	3,7	3,9	2,6	0,7	·	0,8	-0,1	0,0	2,4	1,3	·	·	13,1
IRL (M3)	16,3	28,7	19,0	18,0	18,8	4,6	5,2	4,6	3,2	2,1	0,6	-0,3	2,9	2,0	1,9	-1,7	1,8	14,6
I (M2)	21,8	22,8	20,4	12,3	10,0	2,1	1,5	0,9	4,5	·	0,2	0,2	4,0	0,9	0,4	·	·	8,9
NL (M2)	3,6	4,2	7,0	3,6	5,6	4,1	0,8	1,4	-0,4	·	1,3	-0,1	-1,5	2,6	2,7	·	·	8,0
UK (£M3)	9,3	13,3	11,7	19,6	13,9	1,7	3,9	5,6	2,3	1,7	1,4	0,3	0,5	1,1	0,0	0,6	0,5	12,5
EC 8 <sup>9</sup>	12,7	13,3	11,7	10,6	9,3	2,2	2,8	2,3	1,6	·	0,5	0,2	0,9	(1,5)	(0,7)	·	·	9,9
USA (M2)	10,8	8,3	8,8	9,6	10,0	2,7	2,3	2,1	2,5	2,3	0,6	1,1	0,7	1,0	0,4	0,9	·	9,7
JAP (M2)	11,1	13,1	9,1	7,2	11,0	2,3	3,7	2,1	3,1	·	1,8	0,6	0,7	2,1	1,0	·	·	12,3

**TABLE 7: Short-term interest rates<sup>10</sup>**

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

**TABLE 8: Long-term interest rates<sup>11</sup>**

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

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

	1977	1978	1979	1980	1981	1981				1982	1981				1982	Change over 12 months % <sup>2</sup>		
						I	II	III	IV		I	Nov.	Dec.	Jan.			Febr.	March
BFR/LFR	40,88	40,06	40,17	40,60	41,29	41,61	41,42	41,07	41,10	42,97	41,02	41,47	41,61	42,39	44,91	45,16	45,03	8,7
DKR	6,86	7,02	7,21	7,83	7,92	7,97	7,98	7,88	7,88	8,06	7,87	7,93	7,99	8,05	8,14	8,14	8,09	1,4
DM	2,65	2,56	2,51	2,53	2,51	2,57	2,54	2,51	2,44	2,43	2,44	2,45	2,44	2,44	2,41	2,39	2,39	-6,0
DR	42,04	46,80	50,78	59,24	61,62	61,43	61,83	61,47	61,74	62,72	61,82	61,93	62,70	62,99	62,47	63,38	64,97	5,1
FF	5,61	5,74	5,83	5,87	6,04	5,98	6,03	5,99	6,15	6,21	6,17	6,19	6,21	6,21	6,22	6,23	6,21	2,2
IRL	0,654	0,664	0,669	0,676	0,691	0,695	0,694	0,688	0,688	0,691	0,690	0,688	0,692	0,694	0,687	0,691	0,689	-0,7
LIT	1 007	1 080	1 138	1 189	1 263	1 233	1 263	1 254	1 302	1 308	1 306	1 308	1 309	1 307	1 309	1 318	1 324	4,9
HFL	2,80	2,75	2,75	2,76	2,78	2,81	2,81	2,79	2,69	2,67	2,68	2,68	2,68	2,68	2,65	2,65	2,65	-6,1
UKL	0,654	0,664	0,646	0,598	0,553	0,534	0,536	0,562	0,578	0,561	0,577	0,568	0,565	0,559	0,560	0,564	0,570	7,5
USD	1,141	1,274	1,371	1,391	1,116	1,233	1,116	1,033	1,090	1,038	1,099	1,084	1,067	1,033	1,013	0,998	1,033	-6,7
YEN	305,8	267,1	300,5	315,0	245,4	253,1	245,0	239,1	244,4	242,1	245,3	236,9	239,4	243,1	243,9	243,4	244,3	0,1
SDR	0,977	1,018	1,061	1,068	0,946	0,992	0,943	0,911	0,938	0,913	0,942	0,931	0,925	0,911	0,902	0,894	0,910	-3,1

**TABLE 10: Effective exchange rates: export aspect<sup>12</sup> - Percentage change on preceding period**

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

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

	1977	1978	1979	1980	1981	1981				1982				Change over 12 months % <sup>2</sup>				
						I	II	III	IV	I	Sept.	Oct.	Nov.		Dec.	Jan.	Febr.	March
B	0,4	2,4	4,3	-0,2	-2,6	2,2	0	-1,2	1,9	·	2,2	1,8	-1,1	-3,1	10,0	-6,2	·	0,2
DK	0,8	2,3	3,6	0,0	0,1	2,3	-0,7	3,2	-3,7	·	6,7	-5,6	0,5	-1,7	·	·	·	-2,6
D	2,8	2,0	5,5	-0,8	-1,4	0,9	-0,9	0,9	-0,9	0,9	0	0	-0,9	-0,9	1,9	0,9	(1,9)	(0,8)
GR	1,5	7,5	6,0	0,9	-0,6	-3,0	3,1	1,9	0,3	·	1,7	-2,3	4,4	-3,4	0,6	0,2	·	3,8
F	1,6	1,6	4,7	-0,7	-2,3	-1,0	0,8	0	1,5	-2,5	1,6	0	0	1,5	-3,8	0	0,8	4,3
IRL	7,6	8,4	6,2	-1,0	1,9	3,3	1,9	1,6	-0,4	·	1,3	-3,9	4,2	1,1	-6,4	6,0	·	1,8
I	0	2,1	6,7	5,0	-2,3	1,3	-2,4	-4,3	5,1	2,7	19,6	-3,2	7,1	-5,9	0,5	7,8	-3,4	-1,4
L	0,5	3,2	3,4	-3,3	-6,8	-4,9	1,6	1,1	1,2	0,5	-0,7	4,9	-1,3	-8,1	6,0	5,8	-8,5	-1,9
NL	0	0,9	2,8	-0,9	-1,8	0,6	-3,0	-1,5	2,8	-1,8	-1,9	5,8	-0,9	1,8	-1,8	0	-0,9	-1,8
UK	4,7	3,3	3,8	-6,7	-4,0	-1,0	0,3	0,6	1,2	-0,9	0,8	2,3	-1,8	-1,2	0	0,6	0,6	1,3
EC 10	2,3	2,4	4,8	-0,9	-2,2	0	-0,1	0,1	0	(0,4)	2,0	-0,4	0,1	-1,1	1,4	-0,1	(-0,8)	(-0,2)
USA	6,5	5,7	4,4	-3,6	2,7	2,0	0,5	0,3	-4,5	·	-1,3	-1,6	-1,9	-2,1	-2,5	(1,6)	·	(-7,4)
JAP	4,1	6,2	8,3	7,0	3,1	1,6	-0,3	1,6	2,6	(-0,4)	3,8	1,7	-0,3	-0,7	-0,1	-0,6	(0,4)	3,9

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

	1977	1978	1979	1980	1981	1981				1982				Change over 12 months % <sup>2</sup>				
						I	II	III	IV	I	Oct.	Nov.	Dec.		Jan.	Febr.	March	April
B	7,8	8,4	8,7	9,4	11,6	10,6	11,3	12,0	12,5	13,2	12,3	12,5	12,8	13,0	13,2	13,3	13,4	21,4
DK <sup>3</sup>	5,8	6,5	5,3	6,2	8,3	8,0	8,3	8,3	8,9	9,0	8,8	9,0	8,9	9,3	8,7	8,8	(9,1)	(12,9)
D	4,0	3,9	3,4	3,4	4,8	4,2	4,6	5,1	5,8	6,3	5,5	5,8	6,1	6,1	6,3	6,6	6,7	49,2
F	4,8	5,2	6,0	6,4	7,8	7,1	7,5	7,9	8,4	8,6	8,3	8,4	8,5	8,5	8,5	8,6	8,7	17,2
IRL	9,2	8,4	7,4	8,3	10,3	9,9	10,3	10,6	10,9	11,4	10,8	10,9	11,1	11,3	11,3	11,6	11,8	17,8
I	6,4	7,1	7,5	8,0	8,8	8,3	8,6	8,8	9,4	9,7	9,3	9,5	9,5	9,6	9,7	9,9	10,1	21,0
L	0,5	0,7	0,7	0,7	1,0	0,9	0,9	1,0	1,1	1,2	1,1	1,1	1,2	1,2	1,2	1,2	1,3	46,0
NL	4,1	4,1	4,1	4,8	7,3	6,2	6,9	7,7	8,4	9,1	8,2	8,4	8,8	8,9	9,1	9,3	9,5	44,6
UK	5,7	5,7	5,3	6,9	10,6	9,5	10,4	11,1	11,7	11,9	11,7	11,7	11,7	11,9	11,9	11,9	12,0	19,1
EC 9	5,3	5,5	5,5	6,2	8,1	7,3	7,8	8,3	8,9	9,3	8,8	8,9	9,1	9,3	9,3	9,4	9,5	24,1
USA	7,0	6,0	5,8	7,1	7,6	7,4	7,4	7,4	8,3	8,8	8,0	8,3	8,8	8,5	8,8	9,0	·	24,5
JAP <sup>4</sup>	2,0	2,2	2,1	2,0	2,2	2,2	2,3	2,2	2,2	2,3	2,3	2,2	2,2	2,2	2,3	2,3	·	·

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

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

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

	1977	1978	1979	1980	1981	1981				1982				Change over 12 months % <sup>2</sup>				
						I	II	III	IV	I	Sept.	Oct.	Nov.		Dec.	Jan.	Febr.	March
B	1,2	2,3	3,9	1,2	-3,3	-3,3	1,6	-1,2	0,4	·	-0,8	3,7	-6,2	5,1	·	·	·	-0,6
DK	1,1	-2,4	2,2	-1,5	-0,6	-0,3	0,1	0,6	-1,2	·	-1,8	2,5	-2,6	3,2	-1,5	·	·	-4,4
D	3,1	2,8	2,6	0,3	-2,6	-1,7	-2,2	1,2	0,2	·	-0,7	3,6	-4,4	2,2	-4,7	·	·	-6,6
GR	5,9	4,9	-2,1	-3,0	·	-2,2	·	·	·	·	·	·	·	·	·	·	·	·
F	0,1	2,1	2,3	-0,4	0,7	-1,8	0,5	0,6	1,7	1,3	1,7	2,6	-2,2	1,9	-0,4	1,4	0,5	7,0
IRL	4,9	8,7	3,2	-0,6	(-0,7)	0	-1,2	1,3	-4,9	·	-18,0	3,9	-0,4	7,3	-7,3	·	·	-7,5
I	2,9	2,6	7,3	3,1	2,0	0,8	-0,3	0,2	2,4	·	-1,0	4,3	-1,3	-2,0	·	·	·	2,7
NL	4,7	4,7	-0,3	-4,1	-5,1	0,1	-1,3	-1,2	-3,3	·	0,7	4,8	-10,9	8,0	·	·	·	-3,0
UK	-1,7	5,6	4,8	0,2	1,1	2,3	-1,8	0,7	0	1,1	0,2	0,3	-0,5	-0,9	2,3	-0,9	0,5	0,7
EC 9 <sup>6</sup>	1,5	3,2	3,5	0,4	(-0,4)	-0,5	-0,9	0,5	0,6	·	-0,2	2,9	-3,0	1,2	·	·	·	0,5
USA	6,5	3,3	0,3	-4,6	-0,7	2,5	-1,4	0,5	-2,7	·	-0,8	-2,7	0,4	-0,5	-2,1	2,4	·	-1,8
JAP	8,2	6,5	-4,1	-8,4	-9,2	-2,9	-2,9	0,4	-4,1	·	-3,2	-1,7	-0,1	-0,2	3,0	-3,5	·	-5,9

**TABLE 5: Visible trade balance - fob/cif, million ECU (s.a.)**

	1977	1978	1979	1980	1981	1981				1982				Change over 12 months % <sup>2</sup>				
						I	II	III	IV	I	Oct.	Nov.	Dec.		Jan.	Febr.	March	April
B/L	-2 526	-2 890	-3 020	-5 172	-5 420	-1 960	-1 367	-1 759	-4 723	·	- 105	- 354	- 143	- 548	- 229	·	·	+ 448
DK	-2 801	-2 198	-2 904	-1 911	-1 481	- 270	- 333	- 313	- 451	- 417	- 226	- 133	- 212	- 161	- 174	·	·	+ 31
D	14 514	15 934	8 933	3 545	11 239	169	2 365	3 149	5 194	5 234	1 672	1 577	1 945	1 106	1 690	2 430	1 323	+ 295
GR	-3 588	-3 347	-4 187	-3 906	·	- 562	-1 108	-1 113	·	·	- 320	- 374	- 542	·	·	·	·	+ 114
F	-6 117	-4 097	-6 195	-16 952	-17 283	-4 321	-4 068	-4 263	-5 140	-3 485	-1 620	-1 546	-1 974	-1 568	-1 035	- 882	·	+ 499
IRL	- 876	-1 132	-1 955	-1 898	-2 471	- 593	- 583	- 743	- 574	- 643	- 189	- 234	- 151	- 223	- 188	- 232	- 222	+ 7
I	-2 444	- 336	-4 103	-15 696	-13 654	-3 953	-4 757	-3 546	-1 927	-3 781	- 529	- 887	- 511	-1 091	-2 034	- 655	·	+ 666
NL	-1 687	-2 240	-2 619	-2 184	1 312	- 149	- 259	311	1 333	·	341	665	327	524	·	·	·	+ 439
UK	-5 246	-5 548	-8 705	-8 590	·	·	·	·	(-14)	·	(-75)	(-300)	(+199)	(-1098)	(- 129)	·	·	(+ 263)
EC 9 <sup>7</sup>	-7 184	-2 508	-20804	-43859(-30900)	-10350(+0250)(-8350)(-3250)	(- 3750)	(- 950)	(-1300)	(-1 100)	(- 2150)	(- 2150)	(- 1750)	(150)	·	·	·	·	(+ 4500)
USA	-31907	-31																

## Major economic policy measures — May 1982

### Community (EC)

27.5 The Council (Employment and Social Affairs) recorded its agreement on a draft Council resolution concerning Community action to combat unemployment.

### Denmark (DK)

None.

### Belgium (B)

23.4 The Government adopted a draft royal decree under which substantial tax reductions will be granted to firms deciding to invest. Taxable income will be reduced by 20% of the investment amount allocated to research into and development of new products, by 25% for 'energy-saving' goods, by 5% for office furniture and equipment and by 13% for other goods (these accounting for the majority of cases). When depreciation is spread over several years, each annual instalment of the reduction will be proportionate. If insufficient profits are made during the taxable period, the credit against taxable income can be carried forward indefinitely.

12.5 The Banque Nationale raised the ceiling for the indirect advances which the Treasury can obtain through the Fonds des Rentes (Securities Stabilization Fund) by Bfrs 20 000 million. This brings the advances obtainable by the Treasury to a total of Bfr 227 000 million, i.e. Bfrs 37 000 directly and Bfrs 190 000 million indirectly.

25.5 The Government decided to prolong the selective price freeze until the end of 1982. It is also planning to limit profit margins, in absolute value, to their previous level and to widen the scope of the special system under which small and medium-sized enterprises can apply for exemption from the price freeze.

### Federal Republic of Germany (D)

5.5 The Central Council of the Bundesbank (Zentralbankrat) abolished the special Lombard rate, maintaining the normal Lombard facility at 9%.

13.5 The committee which handles negotiations between the Bundesrat and the Bundestag agreed to the Government's proposed investment subsidy of 10%. The compensating 1% VAT increase, planned for 1 July 1983, was not approved.

### Greece (GR)

12.5 The Government laid before Parliament a draft law disbanding the Monetary Committee and transferring its functions to the Bank of Greece, which will in future be responsible for monitoring the credit institutions within the framework of the general monetary policy guidelines laid down by the Government. The Bank takes over the following of the Committee's responsibilities:

- (1) the establishment of the financial programme within the guidelines laid down by the Government;
- (2) the setting of interest rates: lending rates, borrowing rates, and rediscount rate;
- (3) the power to contract loans abroad on behalf of the State, public enterprises and private firms;
- (4) exchange rate policy;
- (5) exchange and credit control.

The draft law also introduces the following changes:

- 1) All central government deficits can in future be covered by Treasury bills; previously this had been possible only for the investment budget deficit and

for the deficits of the ordinary budget and commercial accounts which are automatically financed (by advances).

- 2) It places a limit—10% of annual central government budget expenditure—on the advances which the central government can receive from the Bank of Greece.

24.5 The Government promulgated the legislative instrument entitling private sector workers to 24 working days' paid holiday, provided they have worked for the same employer for a minimum of 12 months. The same legislative instrument lays down that the automatic indexation granted by the Government to the public sector will apply in the private sector only where the collective wage agreements so provide.

### France (F)

12.5 The Government adopted the draft supplementary budget to finance the reduction in company charges and the investment of newly-nationalized enterprises. This amending budget, presented in balance, comprises FF 11 900 million in new receipts and expenditure. On the receipts side, the main provision is the change in value added tax, the standard rate being raised from 17,6 to 18,6%, while the rate for basic foodstuffs is cut from 7 to 5,5%.

The Government also invited the banks to help in financing the newly nationalized enterprises by making FF 6 000 million available for participatory loans. It is releasing in advance the budget funds earmarked for loans to assist in the purchase of property and FF 850 million in subsidies for school building. Lastly it adopted a draft law under which, with effect from 1 October 1982, firms will bear 40% of the cost of their employees' season tickets for travel between home and place of work.

### Ireland (IRL)

None.

### Italy (I)

30.5 The Bank of Italy increased the amount of the non-interest-earning deposit which banks have to make if they overshoot the ceilings on lira lending.

### Luxembourg (I)

None.

### Netherlands (NL)

26.4 With a view to satisfying more fully the needs of private firms for risk capital, the Government introduced—for the period from 26 April 1982 to 31 December 1983—a new method of financing known as 'E-credit'. The loan will be granted by the National Investment Bank (100% State-guaranteed) for a fifteen-year period. The interest rate will partly depend on the profits made by the firm. The first repayment need not be made for five years. As announced in the Draft Budget for 1982, the loan will be funded out of revenue from the export of national gas.

6.5 In view of the interest rate trend on the domestic market and abroad, the Nederlandsche Bank decided, with effect from 6 May 1982, to lower the rate for advances and for promissory notes by half a percentage point. The discount rate remains unchanged. The ruling rates will henceforth be the following:

- discount rate: 8%;
- rate for advances: 8½%;
- rate for promissory notes: 9%.

### United Kingdom (UK)

None.

### Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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