

EUROPEAN ECONOMY

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

No 8-9 — August-September 1982

Supplement A

Recent economic trends

Slowdown of activity in the second quarter. — According to estimates based on national accounts data for the four larger Member States real gross domestic product in the Community in the first quarter of 1982 rose by 0,8% (seasonally adjusted annual rate). Domestic demand rose strongly, reflecting mainly a sharp increase in stockbuilding but the external balance deteriorated as a result both of a strong rise in imports and a fall in exports. Provisional estimates suggest that gross domestic product in the Community fell somewhat in the second quarter as also confirmed by the short term economic indicators (fall in industrial production, weak trend in the volume of retail sales).

Major supply and demand components at constant prices: EC total

(Percentage change on preceding period, annual rates; seasonally adjusted)

	GDP ¹	Imports ²	Exports ²	Foreign Balance ^{2,3}	Domestic demand	Change in stocks ³	Gross fixed investment	Government consumption	Private consumption
1979 Q1	1,0	6,9	-0,7	-1,9	3,0	0,5	-6,1	-2,4	5,7
Q2	6,7	20,3	15,0	-1,2	7,9	-1,1	18,7	2,5	8,3
Q3	1,8	12,3	5,2	-1,7	3,6	4,4	7,8	0,6	-4,0
Q4	5,0	7,7	4,0	-0,9	6,0	0,4	10,4	2,2	5,2
1980 Q1	4,8	9,2	12,1	0,7	4,1	-0,1	3,3	2,7	5,1
Q2	-6,2	-4,0	-11,1	-2,0	-4,3	-1,1	-5,8	2,2	-3,9
Q3	-2,1	-5,5	-4,8	0,3	-2,3	-3,7	-3,9	3,1	2,8
Q4	0,7	-2,8	1,3	1,1	-0,5	-1,6	3,8	-1,1	0,9
1981 Q1	0,9	-1,0	9,5	2,7	-1,7	-0,6	-11,0	7,8	-0,1
Q2	-0,5	1,4	14,8	3,4	-3,8	-2,5	1,6	-5,3	-1,0
Q3	0,3	11,4	16,8	1,5	-1,2	-2,1	-3,1	2,6	1,7
Q4	2,7	2,5	3,8	0,4	2,3	2,0	-1,5	-2,0	1,6
1982 Q1	0,8	9,3	-4,1	-3,7	4,6	4,2	-5,4	6,7	0,5

¹ FR Germany: GNP.

² Goods and services; including intra-Community trade; FR Germany: including factor incomes.

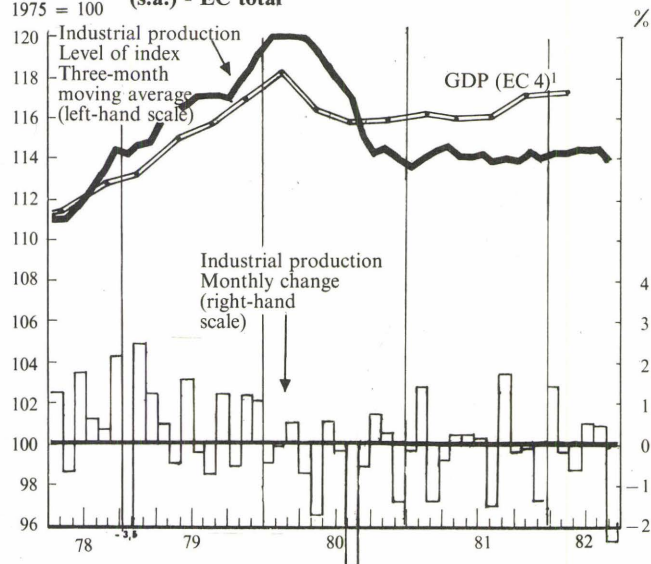
³ Change on previous period as per cent of previous period's GDP.

Source: Estimates by the Commission services based on national accounts data for the Federal Republic of Germany, France, Italy and the United Kingdom; United Kingdom 1981 Q2 and Q3: partly estimates of Commission services.

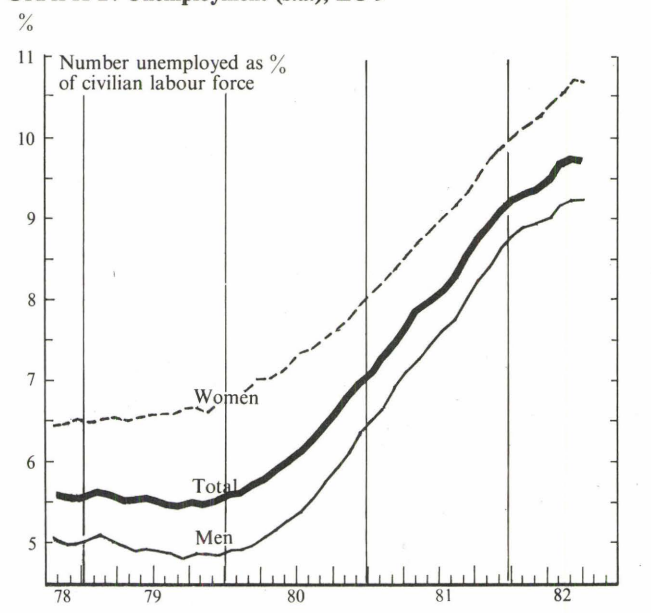
Large fall in industrial production. — The index of industrial production (seasonally adjusted) for the Community as a whole in June was down by 2,3%, the largest fall in a single month since August 1980. In consequence, the results for the second quarter show a sharp fall over the first quarter and the underlying trend in industrial production as measured by the three-monthly moving average, also dropped sharply by 0,6% points, to the same level as in June of last year. Among the Member States, significant declines occurred in Germany, Italy and the United Kingdom, while in France there was no change. In nearly all Member States industrial production is considerably down on 12 months previously, except in Belgium and Denmark where there has been fairly strong growth during the first six months of this year, and in the United Kingdom where there has been a slight recovery over the second quarter.

Slight fall in unemployment. — The number of unemployed in the Community (seasonally adjusted) fell by 5 000 in July. The rate of unemployment therefore remained constant at the rate of 9,8% of the civilian labour force (revised figure) reached in June. The rise in unemployment has slowed significantly in Denmark, the United Kingdom, and Belgium, the countries where it had accelerated most

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



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



rapidly in 1981. However, the 12 months increase is still very high in Germany (41%) and the Netherlands (39%).

Inflation records further fall. — The month to month increase of consumer prices in July of 0,6% was the lowest rate recorded for nearly two years at the Community level and brought the trend rate (the seasonally adjusted change over 6 months) down to 9,4%. The fall in inflation rates was generalized and it was only in Italy that a sharp increase in the July figure was recorded, principally due to higher public sector charges, a factor which will also influence the August figures. In the Netherlands, the increase in the month to month rate was essentially due to the annual adjustment in rents in July. Rents rose strongly in Luxembourg while in Denmark special factors included excise duty increases introduced in June. Price controls limited the month to month increase in France to 0,3%, the lowest figure recorded for nearly five years. In Greece, the Federal Republic of Germany and the United Kingdom the effect of changes in the prices of seasonal foods dampened down prices considerably.

Trend in retail sales still hesitant. — On the basis of almost complete results for the Community, the volume of retail sales is estimated to have fallen sharply in May, by 3,3%, following somewhat hesitant developments in the previous three months. Sales were down sharply in all Member States except the United Kingdom where monthly variations have in any case been fairly small since February. Preliminary figures for June indicate a strong recovery in France and a somewhat lesser upturn in the United Kingdom, suggesting that for the second quarter as a whole, retail sales will probably remain at much the same level as in the first quarter.

No improvement in trend of trade balance. — Marked month-to-month fluctuations in the Community's visible trade balance continue to be observed, the deficit increasing from 710 thousand million ECU in May to 2 650 thousand million ECU in June (seasonally adjusted). The trend, as measured by a three-month moving average, is less irregular but has shown no improvement since the beginning of the year. Among the Member States, the visible trade surplus of the Federal Republic of Germany has remained fairly steady at a high level in recent months. The deficits of Italy and Ireland are showing signs of being reduced, but the deficit in France appears to be growing.

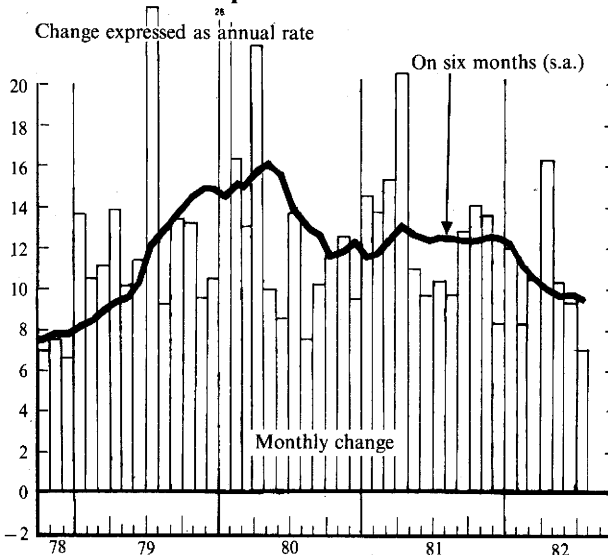
Monetary expansion stabilized. — The average rate of monetary expansion in the Community, which increased slightly (by 0,1 points) in April, returned in May to its March level of 0,7%. Monetary creation during the two months slowed down in the Federal Republic and the Netherlands, but gained momentum in France and Italy. Preliminary results for June point to moderation, except in Italy, where the rate of monetary expansion has remained high. The rate began to climb again in July in the Federal Republic and in Ireland, and remained stable in the United Kingdom.

General relaxation of short-term interest rates. — After hesitant movements in the first half of the year, short-term interest rates throughout the Community began to decline in the summer; from 13,9% in June, the Community average had eased to 12,6% by the end of August. Seven of the Community's nine Central Banks reduced their key rates in July or August, and the banks also adjusted their base rates downwards. The downturn was less widespread on the long-term capital market, particularly in July, when yields rose in the Federal Republic and the Netherlands and marked time in France and Italy, but rates eased more generally in the second half of August.

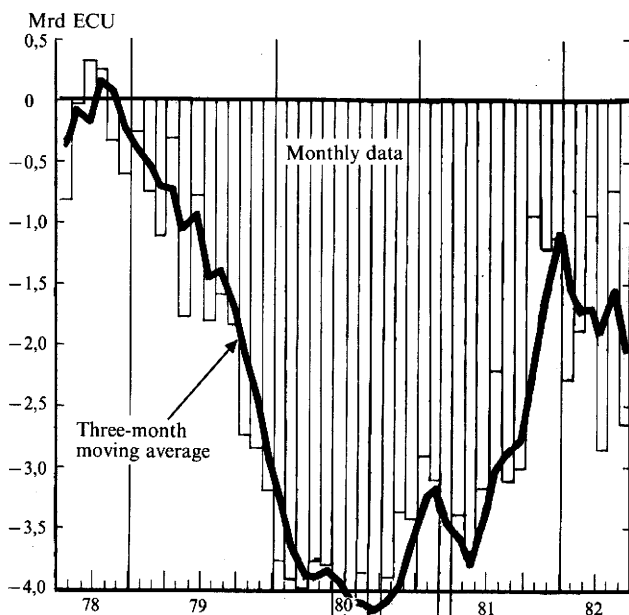
Day-to-day fluctuations in ECU/dollar rate around quiet trend. — The ECU/dollar rate showed considerable day-to-day fluctuation during the period between mid-July and the end of August, but changed little over that period as a whole, the dollar rising by 0,4%. The average value of the dollar in August was 0,7% higher in terms of the ECU than in July and 5,8% higher than in August 1981. Within the EMS the position of the franc worsened during August, the franc falling from a position near the top of the fluctuation band at the beginning of the month to around the middle of the band later in the month. The Danish krone, having also lost ground continuously during August, was close to the middle of the band at the end of the month. The Belgian franc weakened somewhat during the month but the discount of the financial franc was further reduced. The relative positions of the Irish pound and the German mark remained nearly unchanged, the mark being the weakest currency in the exchange-rate mechanism of the EMS. Both sterling and the lira continued to trade above the narrow fluctuation band, although the lira weakened somewhat in the second half of the month.

9 September 1982

GRAPH 3: Consumer prices EC 10

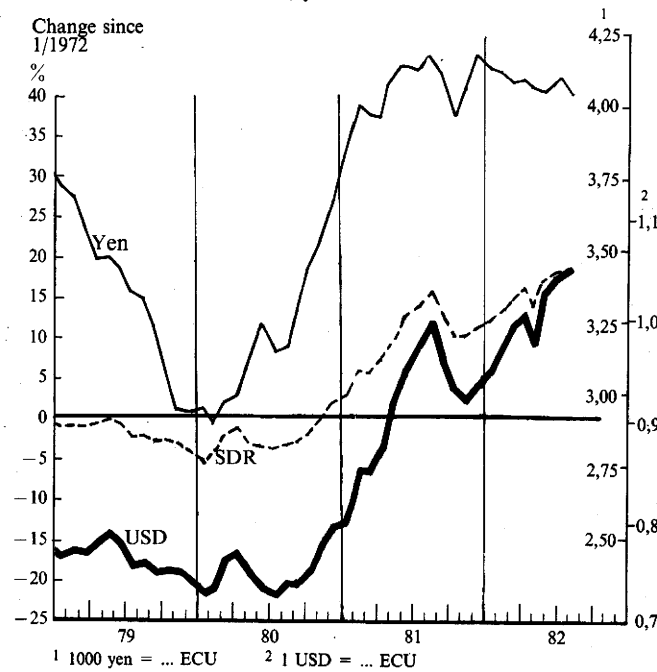


GRAPH 4: Trade balance (s.a.), EC 9



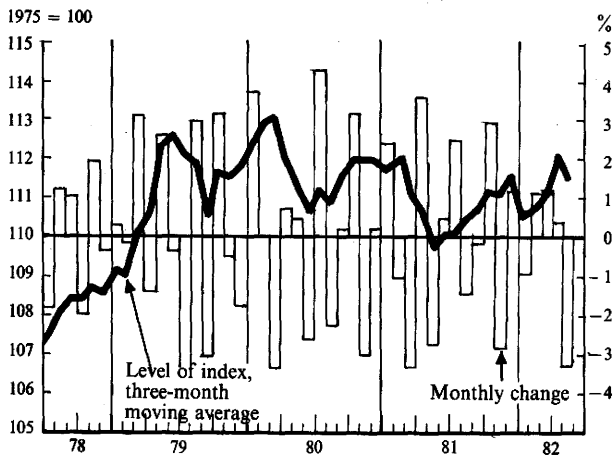
From March 1981, the series is constructed on the basis of an estimate for the United Kingdom.

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

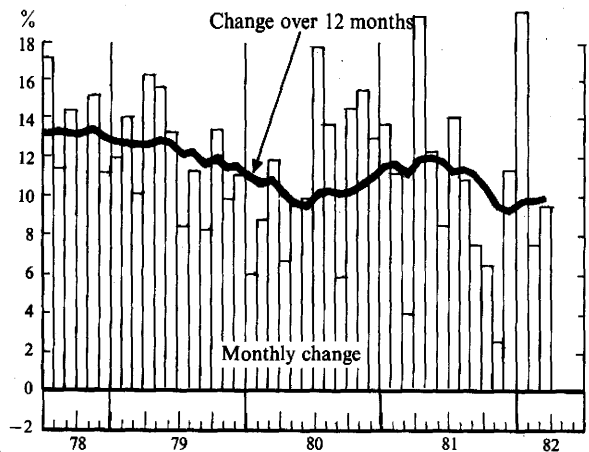


1 1000 yen = ... ECU 2 1 USD = ... ECU

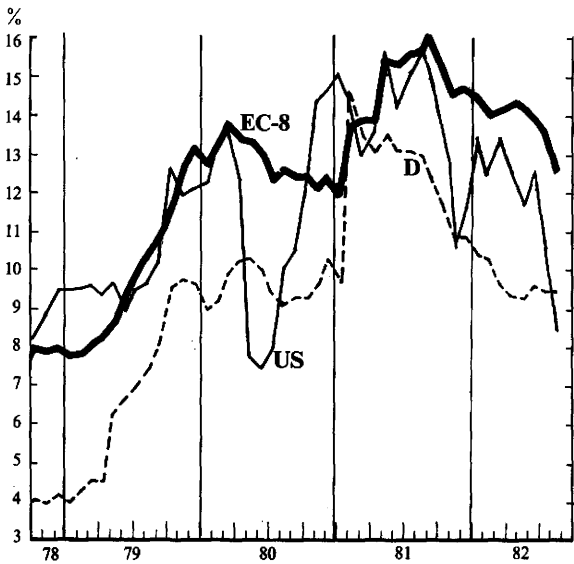
GRAPH 6: Volume of retail sales (s.a.), EC-9



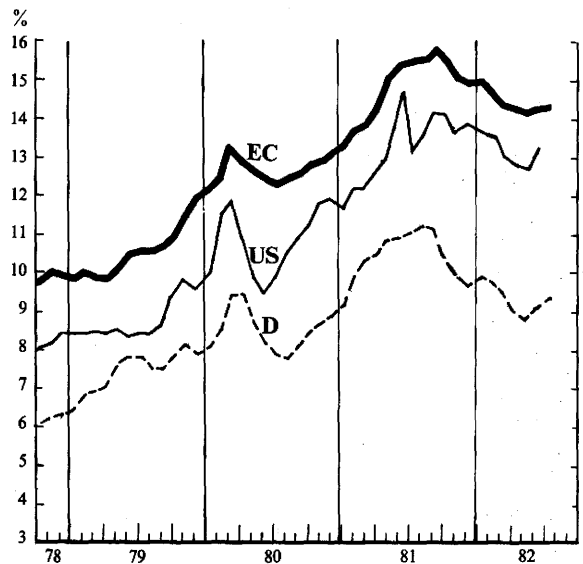
GRAPH 7: Money supply (s.a.), EC 8



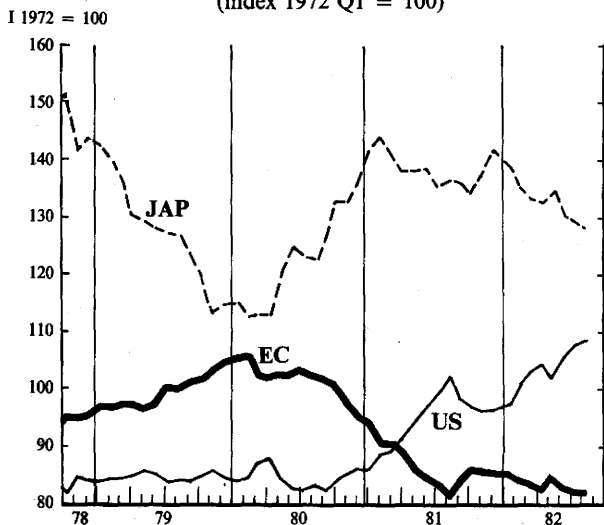
GRAPH 8: Short-term interest rates



GRAPH 9: Long-term interest rates



GRAPH 10: Effective exchange rates, export aspect
(index 1972 Q1 = 100)



GRAPH 11: Gross hourly wages in industry, EC 9

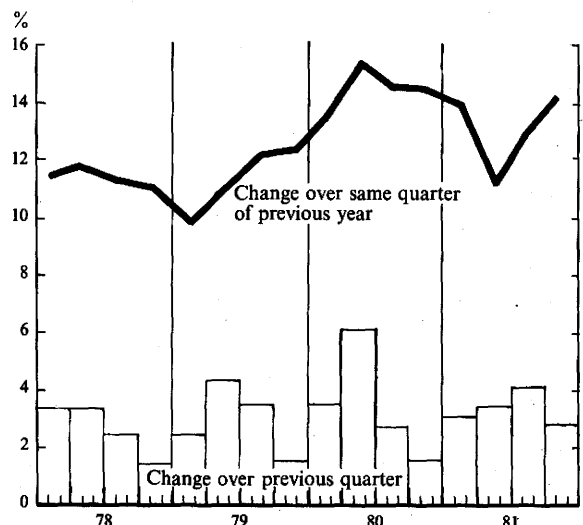


TABLE 6: Money stock⁸ - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981			1982		1982						Change over 12 months % ²	
						II	III	IV	I	II	Jan.	Febr.	March	April	May	June		July
B (M2)	9,9	9,6	6,2	2,7	6,0	3,2	0,4	1,3	0,8	:	:	:	:	:	:	:	:	5,9
DK (M2)	9,5	6,6	9,4	10,6	10,0	2,5	1,8	2,6	3,0	1,3	1,1	0,7	1,2	0,1	0,7	0,6	:	9,1
D (M3)	11,1	11,0	6,0	6,2	4,8	2,3	1,1	0,3	3,0	0,9	1,5	0,6	0,9	0,8	0,2	-0,1	0,7	5,8
F (M2)	13,9	12,2	14,4	9,7	11,4	3,9	2,6	0,7	4,3	:	2,4	1,3	0,6	1,3	1,2	:	:	12,0
IRL (M3)	16,3	28,7	19,0	18,0	18,8	5,2	4,6	3,2	2,1	1,7	2,0	1,9	-1,7	1,8	-0,4	0,2	2,2	11,7
I (M2)	21,8	22,8	20,4	12,3	10,0	1,5	1,0	4,4	1,5	3,3	0,6	0,4	0,5	1,0	0,7	1,6	:	10,5
NL (M2)	3,6	4,2	7,0	3,6	5,6	0,8	1,4	-0,4	5,7	:	2,6	0,8	2,2	0,5	0,2	:	:	6,3
UK (EM3)	9,3	13,3	11,7	19,6	13,9	3,9	5,6	2,3	1,7	2,5	1,1	0,0	0,6	0,5	1,1	0,8	0,8	11,0
EC 8 ⁹	12,7	13,3	11,7	10,6	9,3	2,8	2,3	1,6	2,8	:	1,5	0,6	0,7	(0,8)	(0,7)	:	:	9,4
USA (M2)	10,8	8,3	8,8	9,6	10,0	2,3	2,1	2,5	2,3	:	1,0	0,4	0,9	:	:	:	:	:
JAP (M2)	11,1	13,1	9,1	7,2	11,0	3,7	2,1	3,1	:	:	2,1	1,0	-1,0	:	:	:	:	:

TABLE 7: Short-term interest rates¹⁰

	1977	1978	1979	1980	1981	1981			1982		1982						Change over 12 months % ²	
						II	III	IV	I	II	Febr.	March	April	May	June	July		Aug.
B	7,3	7,3	10,9	14,2	15,6	15,3	16,0	16,0	14,5	15,8	14,5	14,5	15,0	14,8	15,8	14,8	14,1	-1,9
DK	14,5	15,4	12,5	16,9	14,9	18,1	20,6	11,6	14,8	16,8	10,5	14,8	19,5	20,7	16,8	12,8	11,4	-5,6
D	4,3	3,7	6,9	9,5	12,3	13,0	12,3	10,8	9,6	9,5	10,3	9,6	9,3	9,2	9,5	9,4	8,4	-4,5
GR	:	:	:	11,0	16,8	14,9	15,0	18,0	20,0	22,9	22,0	20,0	23,0	22,9	22,9	21,0	:	0,7
F	9,1	7,8	9,7	12,0	15,3	17,8	18,6	15,1	16,3	15,0	14,1	16,3	16,6	16,1	15,0	14,8	14,1	-3,0
IRL	8,4	9,9	16,0	16,2	16,6	15,8	18,9	18,8	21,1	19,9	19,4	21,1	19,9	20,1	19,9	17,4	16,5	-0,9
I	14,0	11,5	12,0	16,9	19,1	19,7	20,0	20,7	20,3	20,4	20,4	20,3	20,4	20,5	20,4	:	:	0,7
NL	4,8	7,0	9,6	10,6	11,8	11,8	12,9	10,9	8,4	9,1	9,7	8,4	8,8	8,7	9,1	9,1	8,0	-5,8
UK	8,0	9,4	13,9	16,8	14,2	12,7	16,9	15,8	13,6	13,1	14,1	13,6	13,8	13,4	13,1	11,9	11,0	-3,1
EC 8 ⁹	8,1	7,7	10,3	13,3	14,8	15,4	16,4	14,7	14,1	13,9	13,9	14,1	14,3	14,1	(13,9)	(13,6)	(12,6)	(-3,0)
USA	5,3	7,4	10,8	11,6	14,0	13,9	14,7	11,7	13,4	12,6	12,4	13,4	12,5	11,7	12,6	10,5	8,3	-7,3
JAP	6,2	5,1	5,9	10,7	7,4	7,3	7,2	6,9	6,4	:	6,4	6,4	6,6	6,8	:	:	:	:

TABLE 8: Long-term interest rates¹¹

	1977	1978	1979	1980	1981	1981			1982		1982						Change over 12 months % ²	
						II	III	IV	I	II	Jan.	Febr.	March	April	May	June		July
B	8,8	8,5	9,7	12,2	13,8	14,2	14,0	14,0	13,9	13,6	14,3	13,8	13,9	13,7	13,6	13,6	13,1	-0,9
DK	16,2	16,8	16,7	18,7	19,3	19,5	20,4	19,5	20,6	21,2	19,8	20,6	20,6	20,8	21,3	21,2	20,6	0,5
D	6,2	5,7	7,4	8,5	10,4	10,9	11,1	9,7	9,5	9,1	9,9	9,8	9,5	9,0	8,8	9,1	9,3	-1,7
GR	9,5	10,0	11,2	17,1	17,7	18,4	16,6	16,9	16,4	15,8	18,4	16,7	16,4	15,4	15,6	15,8	16,0	-2,6
F	11,0	10,6	10,9	13,7	16,3	17,3	17,1	16,5	16,4	16,0	17,2	16,3	16,4	16,3	16,1	16,0	16,0	-1,1
IRL	12,9	12,8	15,1	15,4	17,2	17,2	18,2	18,2	18,8	18,6	19,1	19,2	18,8	18,3	18,3	18,6	17,3	-0,1
I	14,6	13,7	14,1	16,1	20,6	21,8	22,4	21,4	20,9	21,2	21,1	21,1	20,9	21,0	21,2	21,2	21,2	-0,8
L	7,0	6,6	6,8	7,4	8,6	8,7	9,2	9,3	10,0	10,7	9,3	9,9	10,0	10,2	10,7	10,7	10,7	1,8
NL	8,5	8,1	9,2	10,7	12,2	12,3	13,1	11,8	10,8	10,9	11,7	11,6	10,8	10,6	10,4	10,9	11,2	-0,4
UK	12,5	12,6	13,0	13,9	14,8	14,7	16,1	15,8	13,6	13,6	14,9	14,4	13,6	13,9	13,6	13,6	13,0	-2,0
EC 9 ⁹	10,4	10,1	10,9	12,6	14,8	15,4	15,8	15,0	14,4	14,2	15,0	14,7	14,3	14,2	14,1	14,2	14,2	-1,3
USA	7,1	7,9	8,7	10,8	12,9	12,4	14,1	12,9	13,0	13,2	13,7	13,6	13,0	12,8	12,7	13,2	:	0,8
JAP	7,3	6,1	7,7	9,2	8,7	8,8	9,0	7,9	7,6	8,5	7,9	7,9	7,6	7,6	8,0	8,5	:	0,3

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

	1977	1978	1979	1980	1981	1981			1982		1982						Change over 12 months % ²	
						II	III	IV	I	II	Febr.	March	April	May	June	July		Aug.
BFR/LFR	40,88	40,06	40,17	40,60	41,29	41,42	41,07	41,10	42,97	45,11	42,39	44,91	45,16	45,03	45,14	45,05	45,16	9,7
DKR	6,86	7,02	7,21	7,83	7,92	7,98	7,88	7,88	8,06	8,13	8,05	8,14	8,14	8,09	8,16	8,18	8,22	3,9
DM	2,65	2,56	2,51	2,53	2,51	2,54	2,51	2,44	2,43	2,38	2,44	2,41	2,39	2,39	2,37	2,36	2,36	-6,3
DR	42,04	46,80	50,78	59,24	61,62	61,83	61,47	61,74	62,72	64,82	62,99	62,47	63,38	64,97	65,99	66,58	66,76	8,3
FF	5,61	5,74	5,83	5,87	6,04	6,03	5,99	6,15	6,21	6,30	6,21	6,22	6,23	6,21	6,42	6,57	6,59	9,5
IRL	0,654	0,664	0,669	0,676	0,691	0,694	0,688	0,688	0,691	0,690	0,694	0,687	0,691	0,689	0,688	0,686	0,686	-0,4
LIT	1,007	1,080	1,138	1,189	1,263	1,263	1,254	1,302	1,308	1,323	1,307	1,309	1,318	1,324	1,327	1,324	1,324	5,8
HFL	2,80	2,75	2,75	2,76	2,78	2,81	2,79	2,69	2,67	2,64	2,68	2,65	2,65	2,65	2,62	2,61	2,60	-7,1
UKL	0,654	0,664	0,646	0,598	0,553	0,536	0,562	0,578	0,561	0,563	0,559	0,560	0,564	0,570	0,556	0,552	0,552	-0,2
USD	1,141	1,274	1,371	1,391	1,116	1,116	1,033	1,090	1,038	1,002	1,033	1,013	0,998	1,033	0,978	0,959	0,952	-5,5
YEN	305,8	267,1	300,5	315,0	245,4	245,0	239,1	244,4	242,1	244,4	243,1	243,9	243,4	244,3	245,5	244,2	246,4	4,8
SDR	0,977	1,018	1,061	1,068	0,946	0,943	0,911	0,938	0,912	0,885	0,911	0,901	0,858	0,910	0,887	0,878	0,877	-2,3

TABLE 10: Effective exchange rates: export aspect¹² - Percentage change on preceding period

	1977	1978	1979	1980	1981	1981			1982		1982						Change over 12 months % ²	
						II	III	IV	I	II	Febr.	March	April	May	June	July		Aug.
B/L	6,1	3,5	1,5	-0,4	-0,6	-1,4	-0,9	1,0	-5,1	-5,5	-2,4	-6,3	-0,8	0,9	-0,7	0	-0,3	-9,2
DK	-0,3	0,0	-0,7	-8,0	-7,5	-2,4	-0,1	2,0	-3,5	-1,4	-1,4	-1,6	-0,2	1,5	-2,0	-0,8	-0,6	-3,8
D	8,5	6,5	5,2	0,5	-6,2	-1,1	-1,1	5,1	-0,6	2,1	-0,6	1,3	0,7	1,3	-0,3	0,2	0,1	8,6
F	-4,7	-1,3	0,7	0,4	-8,5	-3,1	-1,1	-1,7	-2,1	-1,6	-0,5	-0,6	-0,4	1,1	-4,4	-2,9	-0,4	-9,8
IRL	-3,1	1,2	0,4	-2,5	-9,9	-2,2	0,5	2,1	-2,4	-0,2	-1,1	0,6	-0,6	1,5	-1,6	-0,3	-0,1	-0,2
I	-7,7	-5,9	-3,2	-3,7	-12,2	-5,1	-1,3	-2,6	-1,6	-1,7	-0,4	-0,7	-1,0	0,4	-1,0	-0,1	0	-6,0
NL	5,8	2,9	1,7	0,1	-4,8	-2,0	-0,5	5,0	-0,2	0,6	-0,5	0,7	-0,3	0,8	0,4	0,3	0,5	7,7
UK	-4,8	0,9	6,5	10,0	-0,9	-3,9	-7,5	-0,9	1,7	-1,0	0,4	-0,8	-1,0	0,1	1,2	0,2	0,2	0,3
ECU	0,9	2,5	5,9	2,3	-15,2	-5,7	-4,4	3,0	-2,5	-0,9	-1,1	-0,9	-0,5	2,0	-2,2	-1,1	0	-0,8
USA	-1,3	-9,8	-2,6	0,0	12,1	7,2	5,8	-3,6	3,9	+3,6	3,3	1,7	1,2	-2,				

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

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % ²
						II	III	IV	I	II		Dec.	Jan.	Febr.	March	April	May	
B	0.4	2.4	4.3	-1.0	-2.9	0.2	-0.9	1.4	1.1	:	-3.5	10.6	-6.8	-4.4	5.9	3.1	:	4.0
DK	0.8	2.3	3.6	0.2	0.3	-0.7	3.2	-3.2	3.4	2.4	-0.3	-0.2	3.5	3.6	-1.1	-3.9	8.2	7.8
D	2.8	2.0	5.5	-0.8	-1.4	-0.9	0.9	-0.9	1.9	-1.8	-0.9	1.9	0.9	0.9	-0.9	-0.9	-2.8	-2.7
GR	1.5	7.5	6.0	0.9	-0.6	-3.1	1.9	0.3	-0.6	:	-3.4	0.6	0.9	-2.6	-1.3	:	0.9	
F	1.6	1.6	4.7	-0.7	-2.3	0.8	0	1.5	-2.8	1.3	1.5	-3.8	-0.8	1.6	0	0.8	0	-0.8
IRL	7.6	8.4	6.2	-1.0	1.9	1.9	1.6	-0.4	-0.2	:	1.1	-6.4	6.0	1.2	-1.7	0.2	:	1.4
I	0	2.1	6.7	5.0	-2.2	-2.4	-4.3	5.5	2.4	-4.1	-6.2	0.4	7.8	-3.1	-0.4	-3.4	-5.6	-4.1
L	0.5	3.2	3.4	-3.3	-6.8	1.6	1.1	1.2	0.5	-4.7	-8.1	6.0	5.8	-8.5	-2.4	3.3	-1.4	-4.4
NL	0	0.9	2.8	-0.9	-1.8	-3.0	-1.5	3.1	-0.9	-4.0	1.8	0	-1.8	-1.8	0	-2.8	-1.0	-2.8
UK	4.8	3.3	3.7	-6.5	-4.0	0.4	0.5	1.1	-0.9	0.3	-0.7	-0.3	0.7	0.3	0.2	0.4	-1.7	-0.4
EC 10	2.3	2.4	4.8	-0.8	-2.2	-0.1	0.1	0.1	0.4	-0.5	-1.1	1.4	-0.1	-0.7	0.5	0.4	(-2.3)	(-2.3)
USA	6.5	5.7	4.4	-3.6	2.7	0.4	0.3	-4.4	-3.1	:	-2.0	-1.9	1.6	-0.9	(-0.8)	(-0.2)	:	(-8.4)
JAP	4.1	6.2	8.3	7.0	3.1	0.5	2.1	2.0	-1.0	-1.6	-0.5	-0.6	-0.8	1.4	-1.9	-1.7	(2.4)	(1.4)

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

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % ²
						II	III	IV	I	II		Jan.	Febr.	March	April	May	June	
B	7.8	8.4	8.7	9.4	11.6	11.3	12.0	12.5	13.2	13.5	13.0	13.2	13.3	13.4	13.5	13.8	13.8	16.3
DK ³	5.8	6.5	5.3	6.2	8.3	8.3	8.3	8.9	8.9	9.0	9.3	8.7	8.8	9.1	9.0	(8.8)	(8.4)	8.3
D	4.0	3.9	3.4	3.4	4.8	4.5	5.1	5.8	6.3	6.9	6.1	6.3	6.5	6.6	6.9	7.0	7.1	41.0
F	4.8	5.2	6.0	6.4	7.8	7.5	8.0	8.5	8.6	8.8	8.6	8.6	8.6	8.7	8.8	8.9	8.9	13.0
IRL	9.2	8.4	7.4	8.3	10.4	10.3	10.7	11.0	11.5	12.1	11.4	11.4	11.7	11.9	12.0	12.3	12.6	24.2
I	6.4	7.1	7.5	8.0	8.8	8.5	8.8	9.4	9.7	10.3	9.6	9.7	9.9	10.1	10.3	10.4	10.6	22.6
L	0.5	0.7	0.7	0.7	1.0	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.3	1.2	1.2	1.2	29.3
NL	4.1	4.1	4.1	4.8	7.2	6.8	7.5	8.3	8.9	9.6	8.7	8.9	9.1	9.3	9.5	9.9	10.2	39.0
UK	5.7	5.7	5.3	6.9	10.6	10.4	11.1	11.8	12.0	12.2	12.0	12.0	12.0	12.1	12.1	12.2	12.2	11.9
EC 9	5.3	5.5	5.5	6.2	8.1	7.8	8.3	9.0	9.3	9.7	9.3	9.3	9.4	9.6	9.7	9.8	9.8	20.0
USA	7.0	6.0	5.8	7.1	7.6	7.4	7.4	8.4	8.8	9.5	8.5	8.8	9.0	9.4	9.5	9.5	:	(32.0)
JAP ⁴	2.0	2.2	2.1	2.0	2.2	2.3	2.2	2.2	2.3	2.4	2.2	2.3	2.3	2.4	2.4	2.5	:	8.7

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

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % ²
						II	III	IV	I	II		Jan.	Febr.	March	April	May	June	
B	7.1	4.5	4.5	6.6	7.6	0.8	2.6	2.1	1.9	2.3	1.0	0.2	0.2	1.2	0.9	0.9	0.7	8.9
DK	11.1	10.1	9.6	12.3	11.7	4.3	2.4	2.2	2.1	2.4	0.7	0.6	0.9	0.6	1.1	0.8	0.8	9.4
D	3.7	2.7	4.1	5.5	5.9	1.8	1.2	1.2	1.5	1.4	0.9	0.2	0.2	0.5	0.6	1.0	0.2	5.6
GR	12.2	12.5	19.0	24.9	24.5	5.4	1.9	7.5	4.2	7.0	1.1	-0.2	3.3	3.0	1.3	2.6	-0.5	22.9
F	9.4	9.1	10.7	13.6	13.4	3.3	3.9	3.2	2.8	3.1	1.0	1.1	1.1	1.2	0.8	0.7	0.3	11.9
IRL ⁵	13.6	7.6	13.2	18.2	20.4	3.9	5.6	5.9	2.3	5.8	(0.8)	(0.8)	(1.9)	(1.9)	(1.9)	:	:	21.0
I	17.0	12.2	14.8	21.2	19.6	4.4	3.0	4.6	4.0	3.0	1.4	1.5	0.8	0.8	1.1	1.0	1.6	16.3
L	6.7	3.1	4.5	6.3	8.1	2.2	2.0	1.6	2.7	2.0	1.4	1.0	0.1	0.3	1.4	1.1	1.0	9.4
NL	6.4	4.2	4.3	7.0	6.9	2.3	1.6	1.9	1.1	1.6	0.5	0.5	0.9	0.7	0.2	0.2	0.5	6.2
UK	15.9	8.3	13.4	18.0	11.9	4.9	1.7	2.5	1.7	3.2	0.6	0	0.9	2.0	0.7	0.3	0	8.7
EC 10	10.5	7.6	10.2	14.1	12.6	3.6	2.5	3.1	2.5	2.9	1.0	0.7	0.8	1.3	0.8	0.8	0.6	11.1
USA	6.5	7.6	11.5	13.5	10.2	2.3	2.9	1.4	0.8	1.5	0.4	0.3	-0.1	0.4	1.0	1.2	0.6	6.5
JAP	8.1	3.8	3.6	8.0	4.9	1.7	0.3	1.2	0	1.1	0	-0.3	0.2	0.8	0.4	0.1	-0.8	1.7

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

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % ²
						II	III	IV	I	II		Dec.	Jan.	Febr.	March	April	May	
B	1.2	2.3	3.9	1.2	-3.3	1.6	-1.2	0.4	-0.7	:	5.1	-3.4	1.3	2.1	1.2	-6.6	:	-3.0
DK	1.1	-2.4	2.2	-1.5	-0.6	0.1	0.6	-1.2	1.9	2.0	3.2	-1.4	3.3	0	2.0	-1.7	0.1	5.3
D	3.1	2.8	2.6	0.3	-2.6	-2.2	1.2	0.2	-2.3	:	2.2	-4.7	3.1	1.4	-1.0	-4.7	:	-5.3
GR	5.9	4.9	-2.1	-3.0	-3.3	3.9	1.2	11.5	-15.2	:	5.7	16.6	-6.0	0.8	0.1	:	:	-7.9
F	0.1	2.1	2.3	-0.4	0.7	0.5	0.6	1.7	0.6	-0.3	1.9	-1.8	2.8	0.2	-0.1	-4.5	5.7	5.3
IRL	4.9	8.7	3.3	-0.7	-0.7	-1.2	1.3	-4.9	0	:	7.3	-7.3	4.8	-0.1	2.1	:	:	-1.4
I	2.9	2.6	7.3	3.1	2.0	-0.3	0.2	2.4	1.0	:	-2.0	3.0	-2.4	4.4	2.9	-3.2	:	11.2
NL	4.7	4.7	-0.3	-4.1	-5.2	-1.3	-1.2	-3.6	-0.7	:	5.3	-0.9	2.2	-3.0	2.3	-2.2	:	-5.8
UK	-1.7	5.5	4.3	0.1	1.1	-1.8	0.7	0	1.1	-0.5	-0.9	2.3	-0.9	0.5	-0.7	-0.1	0.8	-0.1
EC 9 ⁶	1.5	3.2	3.4	0.2	-0.4	-0.9	0.5	0.6	-0.1	:	1.1	-1.0	1.1	1.2	0.3	(-3.3)	:	(-2.4)
USA	6.5	3.3	0.3	-4.6	-0.7	-1.4	0.5	2.7	-1.1	:	-0.5	-2.1	2.4	-0.3	0.3	0.5	:	0.6
JAP	8.2	6.5	-4.1	-8.4	-9.2	-2.9	0.4	4.1	0	:	-0.1	3.0	-3.8	0.2	-1.4	-0.2	:	-6.1

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

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % ²
						II	III	IV	I	II		Jan.	Febr.	March	April	May	June	
B/L	-2 526	-2 890	-3 020	-5 172	-5 420	-1 347	-1 710	-650	-1 457	:	-549	-228	-668	-585	-404	:	:	-32
DK	-2 801	-2 198	-2 904	-1 911	-1 481	-332	-309	-469	-418	-406	-161	-174	-88	-171	-116	-130	-84	+99
D	14 514	15 934	8 933	3 545	11 239	2 359	3 119	5 219	5 251	5 655	1 090	1 688	2 436	1 334	2 199	2 144	1 957	+321
GR	-3 588	-3 347	-4 187	-3 906	:	-1 102	-940	-1 232	-2 021	:	-562	-758	-682	-486	:	:	:	+65
F	-6 117	-4 097	-6 195	-16 952	-17 283	-3 791	-4 194	-5 223	-4 781	-6 232	-1 579	-1 579	-1 625	-2 223	-1 183	-2 766	:	-1 249
IRL	-876	-1 132	-1 955	-1 898	-2 471	-577	-751	-550	-630	-340	-219	-185	-230	-213	-98	-42	:	+149
I	-2 444	-336	-4 103	-15 696	-13 654	-4 678	-3 510	-1 980	-3 758	-2 945	-1 073	-2 024	-617	-851	-937	-1 122	:	-37
NL	-1 687	-2 240	-2 619	-2 184	1 312	-261	343	1 311	:	:	555	630	:	:	:	:	:	+836
UK	-5 246	-5 548	-8 705	-3 590	:	:	:	(357)	(-1638)	(-2267)	(-1230)	(52)	(-459)	(-344)	(-870)	(-1054)	(181)	:
EC 9 ⁷	-7 184	-2 508	-20 804	-43 859	(-30 900)	(-10 250)	(-8 350)	(-3 250)	(-4 870)	(-6 240)	(-21 500)	(-1 750)	(-970)	(-2 880)	(-710)	(-2 650)	:	(-650)
USA	-31 907	-31 014	-27 146	-26 113	-35 538	-9 068	-9 672	-10 326	-8 540	:	-4 811	-1 162	-2 567	:	:	:	:	:
JAP	8 488	14 285	-5 574	-7 700	7 831	1 941	3 559	2 104	1 443	:	-1 169	272	:	:	:	:	:	:

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 — July-August 1982

Community (EC)

1.7 The Commission presented a communication to the Council entitled 'Budget discipline and Economic Convergence' (COM(82)422 final).

12.7 The Council (Economic and Financial Affairs) carried out its second quarterly examination of the economic situation in the Community on the basis of two Commission communications. It accepted the Commission's recommendation that the main features of the economic guidelines defined in March 1982 should be maintained.

28.7 The Council adopted the Fifth Medium-Term Economic Policy Programme.

Belgium (B)

27.7/19.8 The Banque Nationale lowered the basic discount rate from 14% to 13% in two stages and reduced the rate for advances on current account from 15% to 14%.

2.8 The Government adopted its draft budget for 1983. Total revenue is put at BFR 1 277 000 million and expenditure at BFR 1 702 000 million, an increase of 9.5% and 7.5% respectively compared with the figures in the initial budget for 1982. The net borrowing requirement is expected to be BFR 445 000 million or 10.5% of gross national product (against 11.4% in 1982 and 12.7% in 1981). The main tax decisions are as follows:

- the standard deduction of BFR 10 000 from earned income to be abolished;
- the tax reductions for dependent children to be increased to compensate, among other things, for the continued withholding of a standard amount from family allowances;
- the amount up to which the notional splitting of earned income between the spouses is permissible to be raised from BFR 750 000 to BFR 1 500 000 in the case of couples with only such income;
- the basic deduction from rateable income in the case of owner-occupied dwellings to be raised from BFR 80 000 to BFR 120 000;
- VAT receipts to go up by BFR 15 000 million and receipts from excise duty on cigarettes by BFR 1 000 million.

On the expenditure side, the Governments' plans include:

- new measures concerning early retirement;
- specific measures to create new jobs;
- alignment of pay increases in the public sector on those in the private sector;
- a 1.5% reduction in 1983 in the number of full-time public sector employees compared with the situation on 31 March 1982;
- a 1.25 percentage point reduction in short-term interest rates, which should lead to a saving of BFR 30 000 million;
- other economy measures, as yet unspecified, leading to a total saving of BFR 31 000 million;
- education and training for all young people below the age of 18.

The Government will in addition implement multiannual plans to reorganize the finances of universities in deficit, State scientific institutions and various public undertakings.

Denmark (DK)

16.8 The government submitted its draft budget for 1983 to parliament. The deficit on the current, investment and lending budget is estimated at DKR 73 700 million (14% of GDP) or DKR 17 600 million more than envisaged for 1982, when the deficit could attain DKR 56 100 million (12% of GDP). Total net expenditure (incl. interest payments and capital losses on bond issues below par) could grow by 17.9% to DKR 230 500 million in 1983 and total receipts by 12.4% to DKR 156 800 million.

Federal Republic of Germany

7.7 The Federal Government decided the main budgetary aggregates for 1983 on the expenditure side and has provided for a 2% increase in Federal expenditure over the 1982 level.

14.7 The Federal Government granted a DM 600 million loan guarantee to AEG-Telefunken to assist with the financing of export contracts.

26.8 The Central Council of the Bundesbank (Zentralbankrat) reduced the Lombard rate by one full per cent to 8% and the discount rate by 0.5% to 7%.

Greece (GR)

9.8 The major mining company LARCO was 'socialized' as part of the Government's policy on undertakings in difficulties.

France (F)

11.7 The Prime Minister announced that the price and incomes freeze would be limited to four months but that the arrangements would be consolidated by an '18 months approach'. This approach concerns the way to sign restraint agreements. It also relates to wages and salaries, which will no longer be systematically indexed to the cost of living.

17.7 The National Assembly passed the draft law on workers' rights in their firms. The new provisions relate mainly to internal rules of procedure, disciplinary law and workers' right of expression.

21.7 The Government agreed on a number of savings (involving some FF 10 000 million for 1982) under the social security system.

1.8 Gas and electricity charges will remain frozen until 1 October but subsequent adjustment will take account of the delay.

5.8 Fourteen decrees relaxing the price control arrangements were published in

the official bulletin of the Service des Prix; among other things they authorize the distributive trades to pass on increases in producer costs in relative terms, which means smaller profit margins.

25.8 The Government adopted a number of measures on the follow-up to the price and incomes freeze, the objective being to limit price increases in 1983 to 8%:

- the increase in public service charges not to exceed 8% in 1983;
- firms to be invited not to raise their prices by more than 8%;
- in the public sector, anticipatory wage and salary increases to be kept in line with the price objective, and a similar system to be used in respect of the growth of welfare payments;
- in the private sector, the trade unions to be encouraged to adopt the same system, but the principle of free wage bargaining to be maintained.

In the industrial field, a special large projects fund (Fonds spécial des grands travaux) has been set up. It draws part of its finance from a tax on petroleum products and will be able to borrow on the national and international markets. It is to launch programmes in three sectors: energy saving, public transport and urban roads.

On saving, the Government adopted the reform to channel funds into long-term investment:

- short-term saving to be penalized through the increase, to 50%, of the withholding tax levied in full discharge of tax liability on interest from medium-term certificates, Treasury bills and term accounts, whether or not these placements are in the name of the saver (compared with 38% and 42% respectively);
- capital gains on securities to be taxed at the uniform rate of 15%;
- the unit trust arrangements ('Sicav Monory') to be replaced by the creation of share savings accounts into which the old subscriptions under the Monory law may be paid. Holders are eligible for a tax credit of 20% but not more than FF 10 000 per person;
- the 25% withholding tax levied in full discharge of income tax on bonds to be maintained but the amount deductible from bond income to be raised from FF 3 000 to FF 5 000;
- the tax rebate (avoir fiscal) system has been abolished; the system to take over has not yet been specified in detail but will probably involve a tax credit for the shareholder and the company;
- two new savings instruments have been created which are akin to non-voting shares with a priority right to dividends;
- participation certificates issued by public undertakings;
- investment certificates for undertakings in which the government has a majority holding.

Ireland (IRL)

None.

Italy (I)

31.7 The Government adopted a package of measures to check the tendency for the public deficits to widen. The principal measures, to take effect immediately, are intended to increase public revenue. They involve mainly:

- increases in excise duties on certain petroleum products (especially premium-grade petrol, which goes up by LIT 100 to LIT 1 120), and beer and bananas;
- increases in VAT rates;
- an increase in the rate of tax on company profits (IRPEG);
- flat-rate settlement of disputes involving direct taxes.

24.8 For the first time in four years, the discount rate was lowered, from 19% to 18%.

Luxembourg (L)

1.7 With effect from 1 July, the Caisse d'Epargne raised the rate of interest on sight savings deposits by 0.5% and on time deposits by 1%. Some debtor rates were selectively increased.

30.7 The Government adopted its draft budget for 1983. Expenditure is put at LFR 59 700 million, an increase of 6.4%, and revenue at LFR 59 300 million (including LFR 2 000 million in borrowed funds) an increase of 8.2%. The gross borrowing requirement amounts to LFR 400 million.

Netherlands (NL)

1.7 With effect from 1 July government employees receive 1.45% compensation for price inflation (the minimum to be HFK 29,60 and the maximum HFL 61,09 per month), which is 1% less than the compensation received by private sector employees. Part of the proceeds of this 1% deduction will be allocated to the creation of new jobs in the public sector.

16.7 The Government decided that in the autumn those on the minimum wage are to receive a once-for-all payment of HFL 300 to 450, depending on the composition of the household.

27.8 The Nederlandsche Bank reduced the discount rate from 8% to 7%.

United Kingdom (UK)

26.7 Controls on the minimum deposit and maximum pay back period for installment credit were abolished.

27.7 UKL 185 million is to be spent on a community programme for the long term unemployed and a new job splitting subsidy is to be introduced to encourage the employment of two part time workers rather than one on full time.

27.7 Eleven new Enterprise Zones are to be created.

