

EUROPEAN ECONOMY

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

Supplement A — No 6 — June 1983

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Economic trends

*This month:
Economic forecasts for 1984*

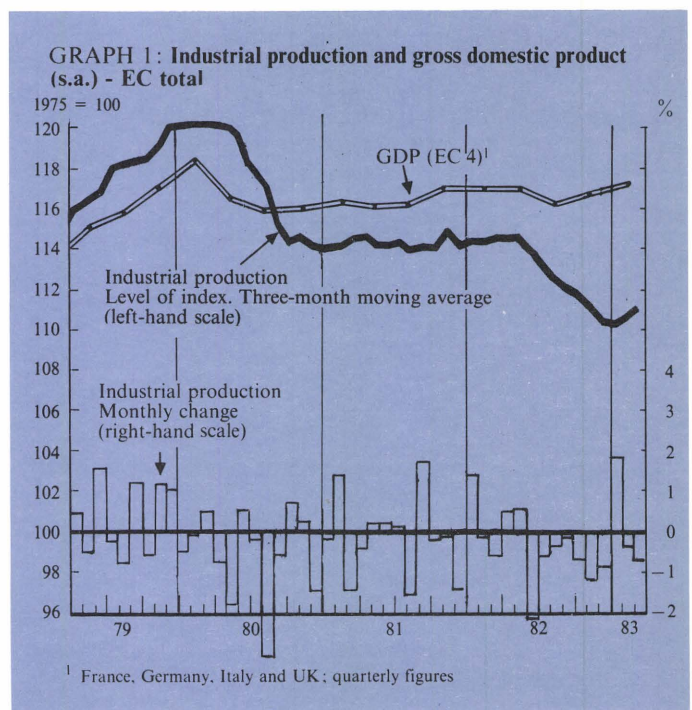
Slight increase in the trend of industrial output. — The seasonally adjusted index of industrial output in the Community declined by 0,7 % from February to March (see Table A.1). However, it is still higher than in December 1982. This would seem to suggest that, while the increase recorded in January did not continue, there are no signs of a further major cyclical decline. The three-month moving average, which reflects the underlying trend, is slightly better than that for the preceding month. The Community figure results from a decline in the index for most countries (figures for Belgium, Greece and Ireland are not yet available), and increases of 1,9% in Germany and 1,3% in Denmark. Present Community industrial output is still 2,8% below that of March 1982. Preliminary estimates show that the Community's GDP in the first quarter of 1983 rose at an annual rate of 2% over the previous quarter (the same rate of increase as in the fourth quarter of 1982).

Slight increase in unemployment. — Registered unemployment in the Community increased only slightly from March to April 1983; the seasonally-adjusted figure of 12 046 000 represented 10,8% of the civilian labour force, the same rate as last month (Table A.2). The increase was almost entirely confined to female unemployment, which rose slightly to 11,45%, while the rate of male unemployment was stationary at 10,3%. Community unemployment was 16% higher this April than in the corresponding month of 1982. The overall rate of unemployment rose from March to April 1983 in all Member States except Germany and France, where the index fell by one tenth of a percentage point to 8,6% and 8,7% respectively, and Belgium, where it remained stationary at 14,2%.

Inflation slowdown continues. — The index of consumer prices in the Community rose 1% in April 1983 after more modest increases in earlier months. This acceleration in the month-to-month figure was primarily seasonal (impact of the UK budget on 15 March and quarterly adjustment in rents in France) and it did not stop the continued downward movement in the trend rate, estimated as the seasonally adjusted change over six months at an annual rate, which slowed down further to 7,6%. In all countries except France, where there was a concentration in April of increases in public charges and an excise duty increase which explained 0,5 percentage points of the charge in the index, the trend rate of inflation decelerated significantly. In both the Federal Republic of Germany and the Netherlands the trend rate (the seasonally adjusted change over six months at annual rate) has now fallen below 1%. For the Community as a

whole, the year-to-year increase in the consumer price index in April was 8,7%, with individual country figures ranging from 2,5% in the Netherlands to 21,5% in Greece.

Decline in retail sales at the beginning of the year. — The expansion in retail sales (seasonally-adjusted) observed during the fourth quarter of 1982 did not continue. In January 1983, the volume of sales in the Community as a whole contracted by 3,3% in relation to December 1982. A decline was recorded in all the countries for which figures are available (i.e. all but Belgium, Greece and the Netherlands), varying from 0,4% in Denmark to 6% in Italy. The data published so far for February and March, which cover Denmark, Germany, France and the United Kingdom, seem to point to a recovery, but they are not sufficient to allow conclusions to be drawn concerning the general tendency.



Improvement in trend of visible trade. — The three-month moving average of the Community's visible trade deficit, after showing little movement since early in 1982, improved substantially from 2 076 million ECU in February to 1 418 million ECU in March. The monthly figure for March showed a small surplus (106 million ECU), the first surplus in the Community's visible trade since mid-1978. The sharp March improvement in the Community average was contributed to by substantial reductions in the deficits of France, the United Kingdom and Italy. There was also a recovery in the surplus recorded by the Netherlands, although this country remains the only Member State whose visible trade balance deteriorated significantly over the twelve months to May.

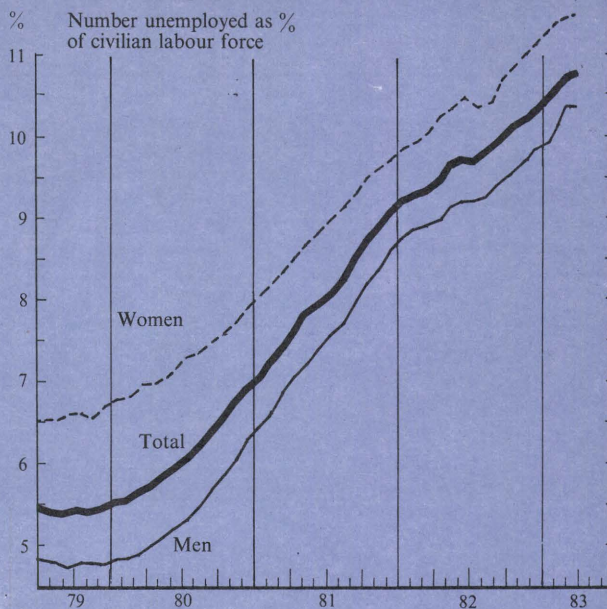
Slower monetary expansion in February. — Monetary expansion (seasonally-adjusted) slowed down markedly in the Community in February, to 0,5% compared with 1,5% for January. The slowdown affected all the Member States except Ireland. The money supply remained unchanged in France and contracted in the Netherlands, but the rate of monetary creation remained sustained in Denmark, confirming the 2,2% expansion of M2 in March. Monetary expansion figures returned to more normal levels in the Federal Republic of Germany in February and March, and slowed down a little more in April. In the United Kingdom the target rate for M1, sterling M3 and PSL2, in the period February 1982 - April 1983, which were set at between +8% and +12%, were respected with each aggregate growing by 11,9%, 11,4% and 11,1% at annual rates over the period in question.

Community medium-term and short-term interest rates stable in May. — The average short-term Community interest rate remained stable in May at 10,8%. Only in three Member States was there a decline: Belgium, where the discount rate was reduced once again early in the month, Denmark and Ireland. For the first time since June 1982, rates on the money market in the Federal Republic of Germany became somewhat firmer. The trend of money market rates in France in May confirmed the rise that began in April, while short-term rates once more increased substantially in the Netherlands. Some pressure was also observed in the United Kingdom. The rate on 3-month Treasury bills in the USA rose in May to its March level. Long-term rates continued to ease in general in April (except in Greece and the Netherlands), and the Community average was one-tenth of a point down at 12%.

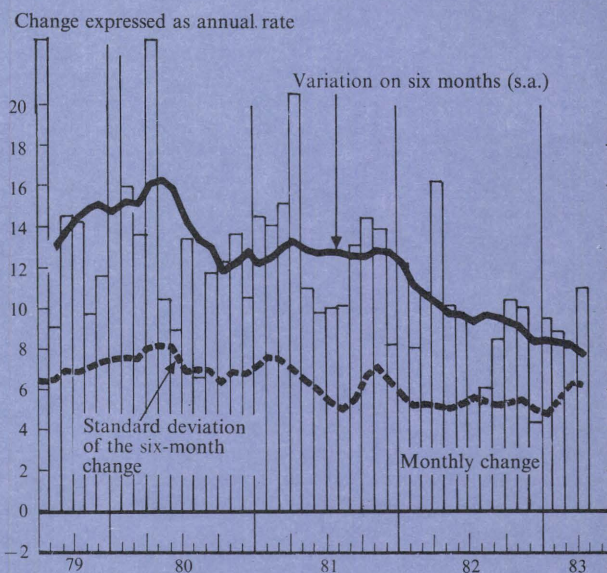
Renewed strength of dollar. — The US dollar strengthened substantially against the ECU in the second half of May, taking its average value for the month 0,7% higher than the April average. The yen also strengthened against the ECU (by 1,8% on average between April and May). Sterling's recovery, begun after Easter, continued in May, and by the end of May most of its previous fall (between November and March) against the ECU had been reversed. Exchange-market conditions within the EMS remained calm in May, with little movement in the respective positions of the currencies in the fluctuation band. The Irish pound and the DM remained at the top and bottom, respectively, of the narrow fluctuation band throughout the month.

17 June 1983

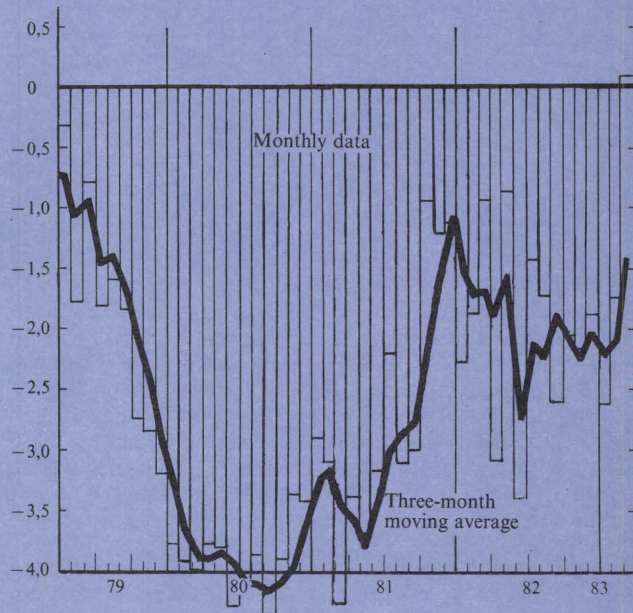
GRAPH 2: Unemployment (s.a.), EC 9



GRAPH 3: Consumer prices EC 10



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



Economic forecasts for 1983 and 1984¹⁾

The forecasts presented here confirm the cyclical recovery of the world economy, but cast considerable doubt on its underlying strength. Faster growth in the United States and Japan is contrasted to the rather weak recovery in the European Community. The forecast is based on the assumption that the volume of world trade starts growing again in 1983, at modest but progressively rising rates and continues next year.

The main results of the forecast for the Community as a whole are as follows:

- GDP is expected to rise in volume terms by 0,5% in 1983 and by 1,6% in 1984.
- Inflation, as expressed by the rise of the private consumption deflator, will fall to 6,4% in 1983 and 5,7% in 1984.
- Nominal GDP will rise by 7,3% in 1983 and by 7,5% in 1984.
- Private consumption growth will increase in real terms only marginally in 1983 and by less than 1½% in 1984 (1983: 0,5%; 1984: 1,3%).
- Fixed investment will be stagnant in 1983, but will be the most dynamic factor in 1984 (2,2%).
- Unemployment will continue to rise, the unemployment rate reaching almost 11% for the average of 1983 and 11½% in 1984; this is equivalent to 12,0 and 12,7 million unemployed people.
- The current account deficit falls to 0,2% of GDP in 1983 and 0,1% in 1984.
- The general government deficit will practically remain unchanged compared to 1982 (1983 and 1984: 5,4% of GDP).

GDP output volumes. — Real GDP in the Community is forecast to rise by 0,5% in 1983 and by 1,6% in 1984 (Table 1). The half-yearly profile of growth points to a modest and hesitant recovery: after the fall in real GDP in the second half of last year it may have grown by about 1% on an annual basis in the first half of this year, and is not expected to accelerate until the first half of 1984 (2%), after which the rate of growth will stabilize until the end of the forecast period (Table 5).

The pattern across individual countries is not uniform. Looking at both forecasting years, the UK presents the most satisfactory picture with respect to growth, whilst in other countries like Benelux and France the adoption of necessary adjustment policies will lead to low growth or some losses of output.

Inflation. — The rate of inflation is likely to decline further. The increase in the price deflator of private consumption for the Community as a whole is expected to decelerate particularly strongly between 1982 and 1983, namely by 2½% percentage points to 6,4% and to decline further in 1984 to 5,7% (Table 3). This would be the lowest average inflation rate in the Community since 1970. Whilst inflation is seen to slow down in all EC countries except Greece from 1982 to 1983, the forecast suggests that in some important cases the declining trend is levelling out in 1984, with even a slightly higher rate than this year (Germany, UK, Netherlands).

Parallel to the general deceleration of prices, considerable progress is being made as far as convergence of inflation rates is concerned. According to the forecast the rate of consumer price inflation will range between 3% and 8,3% for eight of the ten Member States in 1984; only Greece and Italy would still experience two-digit inflation rates.

Much of the deceleration of consumer price inflation up to 1983 is due to import prices. Their rate of increase for the EC fell from 15% in 1980 to 6,5% in 1982 and is forecast to be 3,3% in 1983 (Table 4). Over the same period, domestically determined prices as reflected in the GDP deflator declined less, namely from 10,8% to 6,8%.

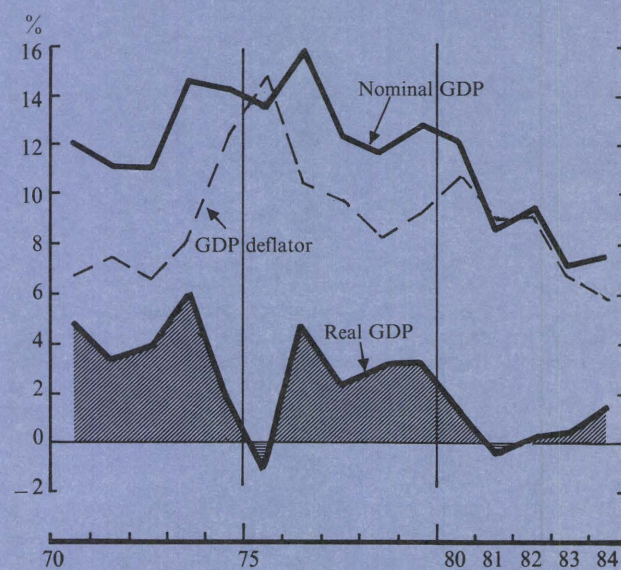
Whilst the slowdown of the GDP deflator is expected to continue into 1984 (5,8%), import prices are seen to pick up slightly (4,8%), which is largely the reflection of stronger dollar prices for raw materials and manufactures on the world markets.

TABLE 1: Gross domestic product, volume (percentage change at constant prices on preceding year, EC countries, EC, USA, Japan, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	3,2	2,4	3,0	-1,8	-0,2	-0,7	0,9
DK	2,3	3,7	-1,1	0,1	3,4	1,4	1,1
D	2,8	4,1	1,9	0,2	-1,0	0,6	2,3
GR	4,7	3,7	1,6	-0,7	0,0	0,9	2,0
F	3,6	3,2	1,3	0,2	1,8	-0,8	0,1
IRL	4,1	2,5	2,8	1,1	1,5	0,5	1,3
I	3,1	4,9	3,9	-0,2	-0,3	0,1	2,2
L	3,1	4,0	1,7	-1,8	-1,6	-1,4	-1,6
NL	3,4	2,1	0,9	-1,2	-1,6	-0,4	0,5
UK	1,9	1,6	-2,0	-2,0	1,4	2,4	2,1
EC	2,9	3,3	1,3	-0,4	0,3	0,5	1,6
USA	2,9	2,4	-0,3	2,3	-2,2	2,4	3,6
JAP	4,8	5,1	4,4	3,2	2,9	3,3	3,2

¹ Forecast.
Source: Commission services.

GRAPH 5: Nominal GDP, deflator of GDP, real GDP (percentage change on preceding year, EC, 1970-1984)¹



¹ 1983: estimate; 1984: forecast.
Source: Commission services.

Nominal GDP. — Overall nominal GDP remains at an approximately stable growth rate for the EC as a whole of 7,3% in 1983 and 7,5% in 1984, after decelerating notably from 9,6% in 1982 (Table 2, Graph 5).

TABLE 2: Gross domestic product, nominal (percentage change at current prices on preceding year, EC countries, EC, USA, Japan, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	7,0	6,6	7,3	3,3	7,7	5,8	6,0
DK	9,7	11,4	7,6	10,9	13,6	8,9	7,2
D	5,2	8,4	6,4	4,2	3,8	4,2	5,8
GR	13,8	23,1	19,8	18,9	25,4	19,1	20,3
F	9,5	13,9	13,1	12,1	14,8	9,2	7,9
IRL	13,6	15,7	17,1	19,0	18,8	11,7	9,8
I	14,7	21,6	25,4	17,4	17,1	16,3	15,8
L	6,3	10,0	9,6	6,0	4,7	7,8	6,5
NL	7,6	6,4	6,2	4,3	4,4	1,9	2,6
UK	13,9	16,9	16,8	9,9	9,2	7,5	7,9
EC	9,8	13,0	12,2	8,7	9,6	7,3	7,5
USA	9,7	11,3	9,1	11,8	3,6	7,1	8,5
JAP	13,1	7,8	7,5	6,1	5,1	4,6	5,0

¹ Forecast.
Source: Commission services.

¹ The following summarizes the Commission's spring forecasting round for 1983 and 1984. The cut-off date for information used in the forecasts was 9 June.

TABLE 3: Deflator of private consumption (percentage change on preceding year, EC countries, EC, USA, Japan, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	7,1	3,8	7,0	8,9	8,8	6,7	5,0
DK	10,2	10,2	11,2	11,8	9,8	6,4	5,9
D	5,2	4,2	5,4	5,6	5,3	3,0	3,2
GR	13,4	17,5	22,2	24,4	21,1	21,5	18,5
F	9,4	10,6	13,3	12,9	10,9	8,6	7,0
IRL	13,9	14,2	17,6	19,5	17,1	10,5	7,8
I	14,6	15,0	20,3	19,0	16,8	14,9	12,5
L	6,7	5,8	7,7	7,7	10,0	8,8	8,3
NL	7,7	4,0	6,7	6,2	5,7	2,7	3,0
UK	13,3	13,2	16,4	11,0	8,1	6,2	6,5
EC	9,7	8,9	11,2	10,1	8,8	6,4	5,7
USA	6,9	9,0	10,5	8,9	5,7	4,3	5,0
JAP	8,6	3,5	7,0	4,5	2,9	1,7	1,6

¹ Forecast.

Source: Commission services.

TABLE 4: Deflator of GDP, of imports and unit labour costs (percentage change on preceding year, EC, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
Deflator of GDP	9,9	9,4	10,8	9,1	9,2	6,8	5,8
Deflator of imports (goods and services)	10,8	10,6	15,3	14,0	6,5	3,3	4,8
Unit labour costs (whole economy)	10,3	8,7	11,5	10,2	7,9	5,2	4,6

¹ Forecast.

Source: Commission services.

Components of demand. — *Private consumption* at the EC level is bound to be sluggish in both years, due to a modest rise in household income. Given lower increases in wages per head and further declining employment, nominal labour income would rise by only 6% in both years. Due to restrictive budgetary measures, the growth rate of net transfers received by households is decreasing sharply (7% and 6% respectively in 1983 and 1984), whilst the rise of direct taxes paid by households, although slowing down, remains relatively high. On balance, disposable household income in real terms is expected to be stagnant this year (-0,2%) and to rise only modestly (0,9% in 1984). However, as the savings ratio is likely to decline somewhat—a phenomenon which is partly linked to falling inflation—real private consumption is expected to grow slightly more strongly than real income (0,5% and 1,3% in 1983 and 1984 respectively). The picture varies however for the individual countries. Private consumption is bound to be particularly weak in those countries where restrictive measures have recently been introduced or announced (the Benelux countries, France, Ireland, see Table 11).

TABLE 5: Rates of change of demand components and contributions to GDP growth (EC, 1971-1984)

	Percentage change on preceding period ¹ at constant prices				
	1971-1980	1981	1982	1983 ²	1984 ²
Private consumption	3,3	0,2	0,3	0,5	1,3
Government consumption	2,9	1,5	1,2	0,8	0,7
Fixed capital formation	1,5	-4,7	-2,5	0,0	2,2
GDP	2,9	-0,4	0,3	0,5	1,6
Private consumption	8202	8301	8302	8401	8402
Government consumption	-0,1	0,7	0,7	1,6	1,4
Fixed capital formation	0,7	1,0	0,6	0,8	0,5
GDP	-1,2	-0,1	1,6	2,3	2,5
	-0,8	1,0	0,7	2,0	1,5

Contributions to changes in GDP ³					
	1971-1980	1981	1982	1983 ²	1984 ²

Final domestic demand	2,7	-2,1	-0,1	0,4	1,3
Stockbuilding	0,0	-1,7	0,8	0,1	0,1
Foreign balance	0,1	1,7	-0,4	-0,1	0,1
	8202	8301	8312	8401	8402
Final domestic demand	-0,2	0,6	0,8	1,6	1,4
Stockbuilding	-0,8	0,8	-0,3	0,4	-0,1
Foreign balance	0,1	-0,4	0,2	0,0	0,1

¹ Half-yearly figures at annual rates, seasonally adjusted (8202 = second half of 1982 etc).² Forecast.³ Change as percentage of GDP of preceding period.

Source: Commission services.

Little stimulus to GDP growth can be expected in either year from real *government consumption*, the growth rate of which for the EC as a whole will have fallen by 1984 each year since 1978 (0,7% in 1984).

Fixed investment, which fell in real terms by 5½% in 1981 and another 2½% last year, is expected to stabilize in the course of 1983 and to pick up afterwards. Investment in equipment is likely to start rising again somewhat earlier than construction. However, the annual growth rate for total fixed investment in 1983 will probably be zero, and only slightly over 2% in 1984, with no significant acceleration during that year. Factors encouraging private investment like improved profitability, replacement needs after several years of weak capital formation, are counterbalanced by others like still high real interest rates, low degrees of capital utilization and the lack of dynamism in private consumption and exports.

Stockbuilding is not expected to play its traditional part in the cyclical recovery. The high level of interest rates induces businessmen to economize on inventories. At the EC level the contribution of stockbuilding to GDP growth is likely to be practically nil in both forecasting years.

Neither will the *foreign balance* provide a significant stimulus to the recovery according to the forecast. The Community's export markets for goods are expected to stagnate this year and to expand by slightly over 2% in 1984. With some gains in market shares being expected, exports of goods and services at constant prices might rise by about ½% this year and 3% next. Given the modest role played by private consumption and stockbuilding in the recovery, import growth is expected to remain weak (0,8% and 2,7% in 1983 and 1984 respectively). Hence the contribution of the net foreign balance to the rate of GDP growth will be marginal in both years (Table 5).

Labour markets. — The outlook for the labour market remains poor. The forecast suggests that employment in the Community will decline for the fourth and fifth consecutive years in 1983 and 1984, although at a decelerating rate (-1,1% and -0,2%). This is equivalent to a loss of 3½ million jobs during the recession. Labour productivity per head in the whole economy would increase by 1,8% and 1,9% respectively in the two years (manufacturing industry alone: 2,3% and 2,6%).

The (civilian) labour force will continue to increase, but at a lower rate than in the last few years (0,2% and 0,3% in 1983 and 1984). This slowdown reflects, among other things, policy measures in some Member States to discourage entry into the labour market. However, the fall in employment outweighs this effect, and the unemployment rate in the Community (annual average) will rise further, from 9,6% (excluding Greece) last year to 10,7% in 1983 and according to the forecast, to 11,3% in 1984 (Table 6). The corresponding numbers of unemployed people are 10,6 million, 12,0 million and 12,7 million. The forecast shows unemployment rising right through to the end of next year.

The upsurge of unemployment between 1982 and 1984, although different in size, is common to all countries.

TABLE 6: Number of unemployed as percentage of working population (EC countries, EC, USA, Japan, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	5,7	8,7	9,4	11,6	12,7	14,4	15,3
DK	3,6	5,3	6,1	8,3	9,7	10,5	10,8
D	2,6	3,4	3,4	4,8	6,8	8,7	9,1
GR	:	(2,2)	(2,8)	(3,1)	(6,1)	(7,3)	(7,5)
F	3,6	6,0	6,4	7,8	8,7	9,1	10,1
IRL	7,2	7,4	8,3	10,5	12,4	15,3	16,7
I	5,9	7,5	8,0	8,8	12,0	12,6	13,0
L	0,3	0,7	0,7	1,0	1,2	1,8	2,4
NL	3,3	4,1	4,7	7,2	13,1	16,0	17,9
UK	4,1	5,0	6,4	9,8	11,2	12,2	12,7
EC	4,0	5,4	6,0	7,9	9,6	10,7	11,3
USA	6,2	6,0	5,8	7,6	9,7	10,5	10,2
JAP	1,8	2,2	2,1	2,2	2,4	2,7	2,8

¹ Forecast.

Source: Commission services.

Wages. — The forecast suggests that the slowdown of wage increases will continue this year and next (Table 7). Wages per head in the Community as a whole are expected to rise by 7,2% in 1983 and by 6,4% in 1984. Thus the rate of increase will have been more than halved within four years (1980: 13,5%). At the EC level, real wages per head could rise by ¾% in both forecasting years, the same rate as in 1982. However, the Benelux-countries and Greece would experience declining or at best stagnant real wages in both years, as would Denmark next year.

Comparing unit labour costs with the GDP deflator (whose main determinants apart from wages are non-labour income and indirect taxes) confirms that labour income is developing less than proportionally in total domestic income and costs: 1982, unit

labour costs have risen by less than the GDP deflator, and they are expected to do so in 1983 and 1984 (5,2% and 4,6% respectively, Table 4).

TABLE 7: **Compensation of employees per head** (percentage change on preceding year, EC countries, EC, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	12,0	5,4	8,8	7,3	6,7	5,6	5,0
DK	11,5	9,4	9,9	10,2	11,1	6,9	5,0
D	8,5	5,9	6,8	5,3	4,2	3,5	4,0
GR	18,3	21,9	14,8	23,9	26,2	18,3	17,0
F	13,8	13,1	14,8	14,5	14,5	9,7	7,9
IRL	18,1	18,1	19,5	18,5	14,9	12,3	10,0
I	18,5	17,9	22,2	22,0	17,1	15,5	13,3
L	10,5	6,0	7,8	7,7	6,9	7,2	5,7
NL	11,0	6,0	5,5	3,3	5,9	2,7	2,6
UK	16,1	16,4	20,2	14,7	9,2	7,9	7,8
EC	12,7	10,9	13,5	12,1	9,7	7,2	6,4

¹ Forecast.

Source: Commission services.

Foreign balance. — The Community's external balance is expected to move further towards equilibrium, although some of the Member States will continue to face difficulties. The trade balance (fob/fob) of the Community is likely to be in small surplus this year and more substantially so next year. The improvement in 1983 is based on better terms of trade for goods (+1,8%), the effect of which more than offsets a negative contribution from the volume changes of exports (+0,5%) and imports of goods (+0,9%); in 1984, the terms of trade for goods are forecast to be unchanged, but the volume of exports is seen to rise by more (+3,3%) than that of imports (2,4%).

With a positive balance on services and a strongly negative balance on transfers—both at stable levels in the 1982-1984 period—, the deficit in the current account is expected to fall from 0,6% of Community GDP in 1982 to 0,2% this year and 0,1% in 1984, which is equivalent to USD 2 mrd (Table 8). Most of the countries which had particularly high external deficits during the second oil crisis are seen to improve their position significantly (Belgium, Denmark, Ireland and Italy).

TABLE 8: **Balance on current account** (per cent of GDP, EC countries, EC, US, Japan, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	0,0	-2,7	-4,7	-5,4	-3,8	-2,9	-2,0
DK	-3,0	-4,7	-3,7	-3,1	-4,2	-2,7	-1,5
D	0,7	-0,8	-1,9	-1,1	0,4	1,0	0,9
GR	-2,8	-2,9	-0,9	-0,2	-3,8	-3,3	-3,2
F	-0,4	0,0	-1,4	-1,4	-2,9	-2,0	-1,4
IRL	-4,9	-11,2	-10,0	-13,7	-8,2	-3,4	-1,5
I	-0,3	1,7	-2,4	-2,3	-1,6	-0,6	-0,7
L	22,5	28,3	22,6	31,1	39,5	38,6	38,1
NL	1,1	-1,1	-1,5	2,4	2,7	3,2	4,2
UK	-0,8	0,0	1,6	2,4	1,5	0,2	-0,2
EC	-0,2	-0,4	-1,3	-0,6	-0,6	-0,2	-0,1
USA	0,1	-0,1	0,3	0,1	-0,3	-0,8	-1,0
JAP	0,7	-0,8	-1,0	0,5	0,3	0,4	0,5

¹ Forecast.

Source: Commission services.

Government finance. — The rise of public expenditure in the EC as a whole is expected to decelerate markedly, from 12% last year to 9,5% in 1983 and to 7,8% in 1984. Thus the rate of increase would be roughly in line next year with that of GDP at current prices (7,5%). The slowdown reflects apart from the general deceleration of prices and incomes, deliberate policy steps in most Member States to curtail public expenditure. However, government receipts are also likely to grow more slowly than in the past, their rate of increase being expected to be almost the same as that for expenditure in 1983 and 1984 (as in 1982). Hence net borrowing of general government as a percentage of GDP will not drop between 1982 and 1984 (5,3 or 5,4% in the three years, Table 9). The forecasts for individual countries reflect the difficulties experienced by those Member States with extraordinarily high deficits in reducing them in the present economic situation.

TABLE 9: **General government lending or borrowing (-) as percentage of GDP** (EC countries, EC, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	-4,9	-6,9	-9,4	-13,3	-12,7	-11,7	-12,1
DK	-1,0	-3,1	-5,9	-7,1	-8,9	-9,5	-8,9
D	-1,7	-3,0	-3,5	-4,0	-3,9	-3,8	-3,1
GR	-4,6	-4,8	-5,4	-10,1	-6,4	-6,5	-6,5
F	-0,5	-0,8	0,5	-1,5	-2,7	-3,1	-3,5
IRL	-9,1	-11,9	-12,8	-15,4	-15,8	-13,2	-11,2
I	-8,7	-9,5	-8,4	-11,9	-11,9	-11,3	-12,3
L	2,0	0,1	-1,8	-0,7	-1,0	-3,0	-1,9
NL	-1,6	-2,0	-3,4	-4,6	-6,4	-6,8	-6,7
UK	-3,3	-3,3	-3,5	-2,1	-1,7	-2,2	-1,9
EC	-3,2	-3,6	-3,5	-5,2	-5,3	-5,4	-5,4

¹ Forecast.

Source: Commission services.

Money supply. — Given the financial balances of the various sectors and assuming a plausible behaviour for the demand for money, the average expansion of the money supply in the broad definition (M2 or M3) in the EC is expected to decelerate from around 11% last year to 10% in 1983 and 9½% in 1984 (Table 10). Thus the money supply is seen to rise in each of the two forecasting years by about 2½ percentage points more than nominal GDP.

TABLE 10: **Money supply M2/M3** (percentage change at end of year on twelve months earlier, EC countries, EC, USA, Japan, 1971-1984)

	1971-1980	1979	1980	1981	1982	1983 ¹	1984 ¹
B	10,3	6,0	2,7	6,6	5,7	5,5	5,8
DK	11,7	9,9	10,9	9,6	11,1	7,5	8,0
D	10,0	6,0	6,2	5,0	7,1	7,0	7,0
GR	23,8	18,4	24,7	34,3	29,1	26,7	22,1
F	14,8	14,4	9,7	11,4	11,5	8,5	7,0
IRL	18,4	19,0	16,9	17,4	12,9	16,6	15,6
I	19,5	20,3	12,0	16,0	17,3	16,2	18,3
L	—	—	—	—	—	—	—
NL	10,8	7,6	3,6	5,2	8,7	5,5	6,0
UK	14,5	12,7	18,6	14,6	9,3	10,0	8,6
EC	13,8	11,9	10,5	10,8	10,9	9,9	9,6
USA	9,5	8,2	9,0	10,0	9,2	—	—
JAP	16,9	9,1	7,2	8,7	7,0	—	—

¹ Forecast.

Source: Commission services.

TABLE 11: **Rates of change of demand components and contributions to GDP growth** (EC countries, 1971-1984)

Percentage change on preceding period at constant prices							Contributions to changes in GDP ¹					
							1971-80	1981	1982	1983 ⁶	1984 ⁶	
B³	Private consumption	3,7	-1,4	-2,1	-2,0	-0,5	Final domestic demand	3,2	-4,1	-2,4	-1,7	-0,3
	Govt. consumption	4,2	0,6	-1,0	-1,3	-0,5	Stockbuilding	-0,1	0,1	0,1	0,1	0,2
	Fixed capital formation	2,1	-16,2	-5,1	-1,8	0,6	Foreign balance	0,0	2,3	2,1	0,9	1,0
	GDP	3,2	-1,8	-0,2	-0,7	0,9						
DK³	Private consumption	1,5	-0,5	2,6	1,4	0,3	Final domestic demand	1,5	-2,1	2,8	1,0	-0,1
	Govt. consumption	4,4	3,0	3,3	1,0	-1,2	Stockbuilding	-0,2	0,3	0,5	-0,2	0,1
	Fixed capital formation	-0,9	-15,7	3,7	0,3	0,7	Foreign balance	0,7	2,1	0,1	0,5	1,0
	GDP	2,3	0,1	3,4	1,4	1,1						
D⁴	Private consumption	3,3	-0,4	-2,3	0,2	1,7	Final domestic demand	2,6	-1,9	-2,4	0,6	2,0
	Govt. consumption	2,4	1,7	-0,1	-0,1	0,0	Stockbuilding	0,0	-1,1	0,4	0,2	0,4
	Fixed capital formation	1,6	-3,9	-5,6	2,4	5,5	Foreign balance	0,2	2,1	1,1	-0,2	-0,1
	GDP	2,8	0,2	-1,0	0,6	2,3						
GR²	Private consumption	4,7	0,7	0,6	0,0	1,0	Final domestic demand	4,5	0,3	0,4	1,1	1,9
	Govt. consumption	6,1	6,5	1,0	3,5	2,5	Stockbuilding	0,1	1,9	1,6	-1,1	0,2
	Fixed capital formation	2,4	-10,1	-1,0	3,4	4,5	Foreign balance	0,1	-1,5	-2,0	0,9	-0,1
	GDP	4,7	-0,7	0,0	0,9	2,0						
F²	Private consumption	4,2	1,9	3,5	0,0	0,4	Final domestic demand	3,4	-1,1	2,4	-0,4	0,0
	Govt. consumption	3,0	2,4	1,6	-0,5	0,0	Stockbuilding	0,0	-2,2	1,4	-0,7	-0,4
	Fixed capital formation	2,4	-2,3	-0,4	-1,7	-1,5	Foreign balance	0,0	1,4	-2,0	0,4	0,5
	GDP	3,6	0,2	1,8	-0,8	0,1						

(turn to p. 8)

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

	Change over 12 months % ²																		
	1978	1979	1980	1981	1982	1982				1983	1982				1983			Change over 12 months % ²	
						I	II	III	IV		I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.		March
B	2.4	4.3	-1.0	-2.9	0.1	0.1	1.4	-1.7	0.5	:	4.9	3.8	-3.7	-4.6	6.0	-0.3	:	:	1.2
DK	2.3	3.6	0.2	0.3	2.4	3.4	2.4	-3.1	1.2	0.7	5.6	-8.0	9.8	-1.0	-2.2	0.1	1.3	:	-0.7
D	2.0	5.5	-0.8	-1.4	-2.8	0.9	-0.9	-3.7	-1.9	2.0	-1.0	-1.0	0	-1.0	2.0	0	1.9	:	-0.3
GR	7.5	6.0	0.9	-0.6	-4.2	-1.1	-3.8	-4.4	2.4	:	7.8	-2.3	2.7	-2.7	5.1	:	:	:	-1.5
F	1.6	4.7	-0.7	-2.3	-1.5	-1.5	0.5	-2.3	0.8	0.5	0	0.8	0.8	-1.6	1.6	0	-0.8	:	-1.4
IRL	7.7	6.9	-1.8	1.4	0.4	0	1.5	-1.1	0.8	:	0.9	2.9	-1.8	-1.1	7.5	-2.1	:	:	4.2
I	2.1	6.7	5.0	-2.2	-2.6	2.2	-3.1	4.7	-0.7	0.3	5.1	-2.7	3.8	-2.3	0.2	2.2	-2.8	:	-8.3
L	3.2	3.4	-3.3	-6.8	-3.7	0.5	-4.7	-0.1	-4.2	:	-2.0	6.5	-9.8	-8.9	9.6	1.5	-4.2	:	-7.9
NL	0.9	2.8	0	-1.8	-2.8	-0.6	-3.0	-3.1	0.3	2.9	1.0	1.0	-1.0	2.9	0.9	0.9	-0.9	:	-0.9
UK	3.4	3.8	-6.5	-4.0	0.6	-0.7	0.4	0.1	-0.4	1.4	0.5	-0.4	-1.6	2.3	0	1.3	-1.2	:	0.4
EC 10	2.5	4.9	-0.9	-2.2	-1.6	0.1	0	-1.8	-1.7	0.5	-0.1	-0.5	-1.1	-0.8	(1.9)	(-0.3)	(-0.7)	:	(-2.8)
USA	5.7	4.4	-3.6	2.7	-8.2	-3.1	-1.7	-0.8	-2.1	2.0	-0.8	-1.2	-0.6	0.3	(1.5)	(0.3)	(1.1)	:	(-4.7)
JAP	6.3	8.4	7.1	3.2	1.1	-0.9	-1.8	-1.0	-0.9	-0.1	1.4	-3.2	2.9	-1.0	-0.3	(-0.7)	1.1	:	(-2.0)

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

	1978	1979	1980	1981	1982	1982				1983	1982			1983				Change over 12 months % 2
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	(8,1)	(8,4)	(9,1)	(11,2)	(13,1)	12,7	13,0	13,4	13,8	14,1	13,6	13,8	13,9	14,1	14,2	14,2	14,2	12,1
DK 3	6,5	5,3	6,1	8,3	8,8	8,9	9,0	8,5	8,9	(9,4)	9,0	8,9	8,7	9,1	(9,3)	(9,8)	(9,9)	(12,0)
D	3,9	3,4	3,4	4,8	6,9	6,3	6,9	7,3	7,8	8,6	7,7	7,9	7,9	8,3	8,7	8,7	8,6	31,8
F	5,2	6,0	6,4	7,8	8,8	8,7	8,9	9,0	9,0	8,9	9,0	9,0	9,0	8,9	8,9	8,8	8,7	1,1
IRL	8,4	7,4	8,3	10,2	12,5	11,4	12,0	12,8	13,6	14,4	13,3	13,5	13,9	14,2	14,4	14,7	14,9	26,6
I	7,1	7,5	8,0	8,8	10,4	9,8	10,3	10,5	11,1	11,5	10,9	11,1	11,2	11,3	11,5	11,7	11,9	18,6
L	0,7	0,7	0,7	1,0	1,3	1,2	1,2	1,2	1,4	1,4	1,4	1,4	1,5	1,5	1,5	1,4	1,5	17,4
NL	(5,4)	(5,5)	(6,2)	(8,8)	(11,7)	10,9	11,7	12,5	13,4	13,9	13,1	13,4	13,7	13,8	14,0	14,1	14,3	27,8
UK	5,3	5,0	6,4	9,8	11,4	11,2	11,3	11,3	11,9	12,3	11,8	11,9	12,1	12,2	12,2	12,4	12,5	12,5
EC 9	(5,4)	(5,5)	(6,1)	(8,0)	(9,6)	9,3	9,7	9,8	10,2	(10,6)	10,1	10,2	10,3	10,4	10,5	10,8	(10,8)	(16,0)
USA	6,0	5,8	7,1	7,6	9,7	8,8	9,4	10,0	10,7	10,4	10,5	10,7	10,8	10,4	10,4	10,3	:	15,4
JAP 4	2,2	2,1	2,0	2,2	2,4	2,3	2,4	2,4	2,7	2,4	2,4	2,4	2,7	2,7	2,7	2,6	2,7	18,9

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

	1978	1979	1980	1981	1982	1982				1983	1982			1983				Change over 12 months % 2
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	4.5	4.5	6.6	7.6	8.7	1.9	2.3	2.5	1.9	1.7	0.8	0.1	-0.1	1.2	0.6	0.4	0.3	8.0
DK	10.0	9.6	12.3	11.7	10.1	2.1	2.4	2.6	2.5	0.8	1.2	0.8	-0.5	0.8	0.2	-0.2	0.6	7.6
D	2.7	4.1	5.5	5.9	5.3	1.5	1.4	1.1	0.7	0.5	0.3	0.2	0.2	0.2	0.1	-0.1	0.2	3.3
GR	12.5	19.0	24.9	24.5	21.0	4.2	7.0	1.6	5.6	5.4	2.4	2.1	1.5	0.8	1.9	4.8	1.7	21.5
F	9.1	10.7	13.6	13.4	12.0	2.8	3.1	1.4	1.9	2.6	0.5	1.0	0.8	0.9	0.7	0.9	1.4	9.2
IRL ⁵	7.6	13.2	18.2	20.4	17.2	2.3	5.8	2.1	1.6	2.5	(0.5)	(0.5)	(0.8)	(0.8)	(0.8)	:	:	12.5
I	12.2	14.8	21.2	19.5	16.4	4.0	3.0	4.1	4.5	3.6	1.7	1.4	0.6	1.5	1.3	0.9	1.0	16.3
L	3.1	4.5	6.3	8.1	9.4	2.7	2.0	2.9	2.5	2.0	1.1	0.9	0.3	1.2	0.3	0.2	0.3	9.5
NL	4.2	4.3	7.0	6.9	5.9	1.1	1.6	0.8	0.9	0	0.5	-0.1	-0.2	0	0.2	0.2	0.4	2.5
UK	8.3	13.4	18.0	11.9	8.6	1.7	3.2	0.5	0.7	0.5	0.5	0.5	-0.2	0.1	0.5	0.2	1.4	4.0
EC 10 ⁷	7.8	10.4	14.3	12.8	10.9	2.5	2.9	1.8	2.1	2.0	0.8	0.8	0.4	0.8	0.7	0.6	1.0	8.7
USA	7.6	11.3	13.5	10.3	6.2	0.8	1.5	1.9	0.2	-0.1	0.3	-0.2	-0.4	0.2	0	0.1	0.7	3.9
JAP	3.8	3.6	8.0	5.0	2.6	0	1.0	0.4	0.9	-0.4	0.3	-1.1	-0.2	0.2	-0.4	0.5	0.2	1.7

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

	1978	1979	1980	1981	1982	1982				1983				1982				1983			Change over 12 months %
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March				
B	2.3	3.9	1.2	-3.3	-1.3	-0.7	-1.4	0.3	0.9	:	-2.0	-0.7	1.6	6.0	:	:	:	:	2.7		
DK	-2.4	2.2	-1.5	-0.6	1.6	1.9	2.0	-2.1	-0.2	2.7	2.5	-2.3	2.2	-0.9	-0.4	0.5	7.8	7.7	7.7		
D	2.8	2.6	0.2	2.5	-4.4	-2.3	-2.4	-0.9	5.0	5.0	-1.0	-1.6	3.6	-1.4	-1.9	11.3	-2.0	2.5	2.5		
GR	4.9	-2.1	-3.5	-3.3	-3.6	15.2	-1.2	3.7	8.6	:	6.1	3.6	2.9	-4.1	:	:	:	-4.5	-4.5		
F	2.0	2.3	-0.4	0.7	1.8	0.6	-0.2	-1.7	2.7	-0.1	-2.7	4.2	-1.0	2.5	-3.7	0.9	5.5	3.8	3.8		
IRL	8.7	3.3	-0.7	-0.7	-5.4	0	-2.6	-2.1	3.1	:	3.2	-0.7	-0.4	2.8	-3.7	:	:	-0.7	-0.7		
I	2.6	7.3	3.2	2.0	4.5	1.5	3.0	-2.5	1.9	:	-3.8	3.9	2.2	2.5	-6.0	:	:	-2.4	-2.4		
NL	4.7	-0.3	-4.0	-5.2	-2.8	-0.1	0.7	0.7	0.3	:	3.5	-1.5	-0.3	4.6	:	:	:	4.2	4.2		
UK	5.5	4.3	0	1.1	2.6	1.1	0.2	2.0	1.4	0.5	-0.2	0	0.7	1.9	-1.8	0.9	0.7	5.8	5.8		
EC 9 ⁶	3.2	3.4	0.2	-0.4	0.2	-0.1	-0.1	-0.7	(1.3)	:	1.4	1.0	1.4	1.5	(-3.3)	:	:	(-0.4)	(-0.4)		
USA	3.1	-0.1	-6.2	1.1	-3.0	-0.7	1.4	-1.8	2.4	:	0.8	0.8	2.7	-0.7	-0.8	-0.4	:	0.6	0.6		
JAP	4.4	5.5	-0.2	-2.8	-4.0	-1.1	-1.7	-1.2	0.8	-1.2	-1.2	0.6	0.3	0.4	0.1	-2.1	-0.2	-4.2	-4.2		

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

	1978	1979	1980	1981	1982	1982				1983	1982			1983			Change over 12 months % ²	
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March		April
B/L	-2890	-2064	-4993	-5418	-3082	-1446	-1388	-343	-133	:	323	-373	-83	553	-231	:	:	-2
DK	-2198	-3022	-2116	-1475	-1866	-420	-413	-445	-571	-174	-151	-151	-269	6	0	-179	-51	120
D	15967	8939	3615	11239	21599	5168	5542	5872	5718	5945	1258	1978	2481	1971	1905	2069	1197	-65
GR	-3340	-4162	-3853	-3951	-5826	-2000	-1295	-1163	-1457	-1271	-338	-532	-587	-463	-386	-422	:	259
F	-4081	-6194	-16948	-17283	-24457	-4771	-6043	-6243	-6850	-5497	-1771	-2155	-2924	-2019	-2005	-1474	-1167	1056
IRL	-1137	-1947	-1893	-2467	-1574	-627	-353	332	-300	-293	-65	-120	-115	-97	-82	-114	:	114
I	-319	-3893	-15307	-13554	-12513	-3724	-2909	-2968	-2502	-2657	-1024	-702	-775	-1697	-675	-285	:	336
NL	-2198	-2622	-2981	1320	3500	1823	1039	523	548	:	265	-28	312	119	301	:	:	-329
UK	-5588	-7998	-3353	-446	-3295	-1290	-1943	-810	118	-2182	-318	100	336	-1187	-692	-303	:	164
EC10 ⁷	-5782	-22962	-47829	-32034	-27515	-7656	-8531	-6015	-6077	(-4254)	-2059	-2149	-1869	(-2632)	(-1727)	(106)	:	(1927)
USA	-31014	-27146	-26113	-35538	-43518	-8825	-7076	-14131	-13727	-11374	-5654	-4243	-3829	-3711	-3793	-3870	:	-1473
JAP	14285	-5574	-7707	7832	7034	1968	2519	2061	1097	4385	475	233	387	1213	1674	1498	:	1263

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

	1978	1979	1980	1981	1982	1982				1983	1982			1983				Change over 12 months % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Febr.	March	April	
B (M2)	9.6	6.2	2.7	5.9	5.9	0.8	2.0	3.1	-0.1	6.0	0.2	0.3	2.2	1.9	1.8	2.2	...	5.9
DK (M2)	8.6	10.6	7.8	9.0	11.5	3.1	2.7	2.5	2.7	...	...	...	...	...	...	...	...	14.7
D (M3)	11.0	6.0	6.2	4.8	7.1	3.0	2.3	1.3	0.4	3.3	0	-0.4	0.6	2.1	0.6	0.7	0.5	7.0
GR (M3)	26.0	18.4	24.7	34.7	29.0	5.6	9.7	5.0	6.4	(2.0)	1.4	2.1	2.8	(1.0)	(0.2)	(0.8)	(1.4)	(23.8)
F (M2)	12.4	14.7	10.0	11.5	11.7	3.7	3.7	2.4	1.4	(2.6)	2.0	-0.5	-0.1	2.1	0	(0.4)	...	(10.4)
IRL (M3)	28.7	19.0	17.9	17.6	12.9	3.1	2.1	4.7	2.4	...	0.6	3.2	-1.3	-0.3	0.6	...	...	10.7
I (M2)	22.1	20.3	12.7	10.0	17.0	1.5	3.2	4.3	6.5	2.2	1.0	2.1	3.3	0.8	0.8	0.6	...	16.7
NL (M2)	4.2	7.0	3.8	5.3	8.8	4.8	1.7	1.6	0.8	...	1.2	-0.3	-0.1	1.6	-0.3	...	...	8.8
UK (EM3)	13.3	11.7	19.6	13.9	10.3	2.7	2.5	2.4	2.1	2.4	1.4	0.3	0.5	0.9	0.7	1.0	1.9	11.4
EC 10 ⁹	13.5	11.9	10.9	9.7	10.9	2.9	2.9	2.5	2.1	...	1.0	0.2	0.9	(1.5)	(0.5)	...	...	10.8
USA (M2)	8.3	8.8	9.6	10.0	9.1	1.9	2.0	2.8	2.2	...	0.7	0.8	0.7	2.5	2.0	...	...	12.8
JAP (M2)	13.1	9.1	7.2	11.0	8.0	2.0	1.7	2.6	1.4	...	0.9	-0.4	1.0	0.2	0.7	...	...	6.1

TABLE A.7: Short-term interest rates¹⁰

	1978	1979	1980	1981	1982	1982				1983	1982			1983					Change over 12 months % ²
						I	II	III	IV	I	Nov.	Dec.	Jan.	Febr.	March	April	May		
B	7,3	10,9	14,2	15,6	14,1	14,5	15,8	13,0	12,4	12,3	12,5	12,4	12,3	12,3	12,3	10,5	10,0	-4,8	
DK	15,4	12,5	16,9	14,9	16,4	14,8	16,8	20,2	17,5	18,2	17,5	17,5	18,4	16,3	18,2	15,1	8,4	-12,3	
D	3,7	6,9	9,5	12,3	8,8	9,6	9,5	8,0	6,4	5,3	7,4	6,4	6,0	5,7	5,3	5,3	5,4	-3,8	
GR	:	:	11,0	16,8	20,2	20,0	22,9	23,0	15,8	19,6	13,8	15,8	15,3	19,3	19,6	22,4	22,3	-0,6	
F	7,8	9,8	12,3	15,6	14,6	16,0	15,1	13,9	12,7	12,3	13,1	12,7	12,7	12,9	12,3	12,4	12,6	-3,6	
IRL	9,9	16,0	16,2	16,6	17,5	21,1	19,9	15,4	15,5	17,3	13,6	15,5	16,4	14,2	17,3	15,1	14,6	-5,5	
I	11,5	12,0	17,6	20,0	20,1	20,8	20,5	18,6	19,1	19,4	19,4	19,1	19,0	19,3	19,4	17,9	17,9	-2,9	
NL	7,0	9,6	10,6	11,8	8,3	8,4	9,1	7,9	5,3	4,3	6,8	5,3	5,1	4,6	4,3	6,0	6,4	-2,3	
UK	9,4	13,9	16,8	14,2	12,2	13,6	13,1	10,6	10,6	10,9	10,5	10,6	11,6	11,4	10,9	10,2	10,6	-2,8	
EC 10 ⁹	7,7	10,3	13,4	15,0	13,2	14,2	14,0	12,4	11,4	11,1	11,8	11,4	11,5	11,4	11,1	10,8	10,8	-3,5	
USA	7,4	10,1	11,6	14,0	10,6	13,4	13,3	7,8	8,1	8,6	8,2	8,1	8,1	7,9	8,6	8,1	8,6	-2,9	
JAP	4,4	5,9	10,9	7,4	6,9	6,7	7,2	7,0	6,9	6,7	6,7	6,9	6,6	6,6	6,7	6,3	:	-0,3	

TABLE A.8: Long-term interest rates¹¹

	1978	1979	1980	1981	1982	1982				1983	1982			1983				Change over 12 months % ²
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Febr.	March	April	
B	8,5	9,7	12,2	13,8	13,5	13,9	13,6	13,2	12,7	12,5	13,2	12,9	12,7	12,5	12,6	12,5	11,6	-2,1
DK	16,8	16,7	18,7	19,3	20,5	20,6	21,2	21,2	19,4	14,7	20,1	19,6	19,4	18,0	15,6	14,7	13,5	-7,3
D	5,7	7,4	8,5	10,4	9,0	9,5	9,1	8,7	7,9	7,4	8,3	8,1	7,9	7,6	7,6	7,4	7,4	-1,6
GR	10,0	11,2	17,1	17,7	15,4	16,4	15,8	14,9	13,8	17,9	13,8	12,4	13,8	14,8	17,8	17,9	18,2	-2,8
F	10,6	10,9	13,7	16,3	16,0	16,4	16,0	15,8	15,5	14,7	15,8	15,8	15,4	15,0	14,9	14,7	14,6	-1,7
IRL	12,8	15,1	15,4	17,2	17,0	18,8	18,6	15,2	14,5	14,0	14,0	15,5	14,5	14,9	14,3	14,0	13,6	-4,7
I	13,7	14,1	16,1	20,6	20,9	20,9	21,2	20,4	20,5	18,2	20,4	20,7	20,5	19,9	19,2	18,2	17,9	-3,1
L	6,6	6,8	7,4	8,6	10,4	10,0	10,7	10,5	10,9	10,4	10,7	10,8	10,9	10,7	10,4	10,4	10,4	0,2
NL	8,1	9,2	10,7	12,2	10,5	10,8	10,9	10,4	8,4	8,0	9,9	8,9	8,4	7,8	8,1	8,0	8,7	-1,9
UK	12,6	13,0	13,9	14,8	12,7	13,6	13,6	11,1	11,0	10,8	10,3	11,4	11,0	12,0	11,2	10,8	10,6	-3,3
EC 10 ⁹	10,1	10,9	12,7	14,9	14,0	14,4	14,3	13,4	12,9	12,1	13,1	13,2	12,9	12,8	12,5	12,1	12,0	-2,4
USA	7,9	8,7	10,8	12,9	12,2	13,0	13,2	11,5	10,3	10,3	10,5	10,2	10,3	10,4	10,6	10,3	10,4	-2,4
JAP	6,1	7,7	9,2	8,7	8,1	7,6	8,5	8,4	7,5	7,6	8,5	8,1	7,5	7,8	7,5	7,6	7,5	-0,1

TABLE A.9: Value of ECU — ... 1 ECU = units of national currency or SDR

						1982				1983	1982			1983				Change over 12 months % ²	
	1978	1979	1980	1981	1982					I							May		
						I	II	III	IV		Nov.	Dec.	Jan.	Febr.	March	April			
BFR/LFR	40.06	40.17	40.60	41.29	44.68	42.97	45.11	45.19	45.45	44.87	45.45	45.31	45.05	45.03	44.52	44.96	45.27	-0.5	
DKR	7.02	7.21	7.83	7.92	8.15	8.06	8.13	8.22	8.21	8.09	8.20	8.14	8.09	8.10	8.09	8.02	8.09	0	
DM	2.56	2.51	2.53	2.51	2.38	2.43	2.38	2.36	2.33	2.28	2.34	2.31	2.30	2.29	2.26	2.26	2.27	-5.0	
DR	46.80	50.78	59.24	61.62	65.30	62.72	64.82	66.70	67.01	78.32	66.66	67.56	77.56	78.84	78.57	77.61	77.10	18.7	
FF	5.74	5.83	5.87	6.04	6.43	6.21	6.30	6.60	6.60	6.53	6.61	6.54	6.51	6.50	6.58	6.77	6.82	9.7	
IRL	0.664	0.669	0.676	0.691	0.690	0.691	0.690	0.687	0.691	0.692	0.689	0.693	0.691	0.690	0.695	0.715	0.718	4.1	
LIT	1 080	1 138	1 189	1 263	1 324	1 308	1 323	1 325	1 339	1 326	1 345	1 334	1 321	1 320	1 339	1 344	1 349	1.9	
HFL	2.75	2.75	2.76	2.78	2.62	2.67	2.64	2.59	2.55	2.52	2.55	2.55	2.53	2.53	2.52	2.54	2.55	-3.8	
UKL	0.664	0.646	0.598	0.553	0.561	0.561	1.563	0.551	0.556	0.619	0.561	0.590	0.610	0.616	0.630	0.600	0.583	2.3	
USD	1.274	1.371	1.391	1.116	0.981	1.038	1.002	0.951	0.934	0.948	0.916	0.955	0.962	0.944	0.938	0.925	0.919	-11.1	
YEN	267.1	300.5	315.0	245.4	243.5	242.1	244.4	245.9	241.7	223.2	242.3	230.9	223.9	222.9	223.1	219.8	216.0	-11.6	
SDR	1.018	1.061	1.068	0.946	0.888	0.912	0.885	0.875	0.866	0.868	0.858	0.873	0.874	0.866	0.864	0.855	0.848	-6.8	

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

	1982					1983				1982			1983					Change over 12 months % ²	
	1978	1979	1980	1981	1982					I			Jan.	Febr.	March	April	May		
						I	II	III	IV		Nov.	Dec.							
B/L	2.9	1.2	-0.5	-5.3	-9.2	-5.1	-5.3	-0.4	-0.3	1.2	0.1	0.5	0.5	-0.2	1.4	-1.1	-0.9	-1.1	
DK	-0.1	-0.8	-7.9	-6.8	-4.2	-3.4	-1.4	-1.9	2.0	2.2	1.1	1.7	0.8	-0.4	0.3	0.0	-1.4	-0.1	
D	6.0	4.8	0.4	-5.2	5.1	-0.4	2.3	0.7	1.8	2.6	0.3	2.2	0.5	-0.1	2.0	-0.2	-0.8	5.0	
GR	-8.7	-5.4	-13.5	-9.4	-7.2	-2.7	-3.4	-3.4	-0.3	-15.3	-0.3	-0.7	-15.0	0.1	0.6	1.0	0.4	-17.2	
F	-1.0	0.9	0.4	-8.6	-8.1	-2.1	-1.4	-5.8	0.5	1.5	0.4	1.8	0.5	-0.1	-1.0	-3.6	-1.2	-10.8	
IRL	0.7	0.2	-2.0	-8.3	-1.3	-2.0	0	-0.7	0.3	2.2	0.5	1.0	1.4	0	-0.1	-4.1	-1.3	-4.5	
I	-6.1	-3.2	-3.7	-12.2	-6.8	-1.5	-1.3	-0.8	-0.9	1.2	-1.1	1.7	1.0	-0.2	-1.2	-0.9	-0.8	-3.5	
NL	2.8	1.8	0.1	-5.0	5.5	0	1.1	1.5	2.2	1.4	0.3	0.8	0.8	-0.2	0.6	-1.4	-0.5	3.4	
UK	0.4	6.2	10.1	1.1	-5.0	1.9	-0.6	1.5	-2.4	-9.2	-3.0	-4.4	-4.0	-1.4	-2.0	4.7	2.8	-4.5	
ECU	2.9	5.9	2.2	-14.9	-5.5	-2.5	-0.9	-2.0	0.9	-0.7	-1.2	-1.3	-0.7	-0.9	0.4	-1.2	-0.8	-5.1	
USA	-8.7	-3.3	-0.3	14.0	12.0	4.0	3.8	4.9	1.9	-1.9	0.7	-3.5	-1.2	1.5	1.2	0.8	0	9.7	
JAP	21.7	-7.1	-4.1	14.0	-4.3	-1.4	-2.4	-2.9	1.6	9.7	3.3	7.4	3.8	-0.4	0.2	0.8	1.2	8.5	

TABLE 11 (continued): Rates of change of demand components and contributions to GDP growth (EC countries, 1971-1984)

		Percentage change on preceding period at constant prices					Contributions to changes in GDP ¹					
		1971-80	1981	1982	1983 ⁶	1984 ⁶		1971-80	1981	1982	1983 ⁶	1984 ⁶
IRL ³	Private consumption	2,7	-0,4	-5,6	-2,5	-0,5	Final domestic demand	4,0	1,3	-4,9	-3,8	-0,7
	Govt. consumption	6,3	-0,1	3,2	0,0	0,0	Stockbuilding	-0,2	-0,4	1,4	0,3	-0,5
	Fixed capital formation	5,1	7,5	-7,2	-9,0	-1,7	Foreign balance	0,0	-0,2	5,1	4,3	2,7
	GDP	4,1	1,1	1,5	0,5	1,3						
I ²	Private consumption	3,2	0,2	0,3	0,5	2,5	Final domestic demand	3,0	-2,8	-0,5	0,1	2,2
	Govt. consumption	3,0	1,7	1,8	1,9	1,9	Stockbuilding	0,4	-4,2	0,2	0,2	0,2
	Fixed capital formation	1,1	-0,2	-5,3	-3,0	1,8	Foreign balance	-0,1	3,0	-0,1	-0,2	-0,1
	GDP	3,1	-0,2	-0,3	0,1	2,2						
L ³	Private consumption	4,1	1,7	-1,6	-1,7	-3,0	Final domestic demand	3,6	-1,3	-1,8	-2,1	-2,6
	Govt. consumption	3,8	2,1	0,3	-0,3	-0,7	Stockbuilding	0,0	1,0	-0,8	0,1	-0,1
	Fixed capital formation	2,8	-13,3	-3,4	-4,1	-3,1	Foreign balance	-0,5	-0,5	1,0	0,5	1,1
	GDP	3,1	-1,8	-1,6	-1,4	-1,6						
NL ⁵	Private consumption	3,9	-2,1	-1,5	-1,5	-1,6	Final domestic demand	2,8	-5,0	-1,4	-0,5	-1,0
	Govt. consumption	2,7	1,3	0,3	1,5	0,6	Stockbuilding	-0,1	-1,9	0,7	0,3	0,5
	Fixed capital formation	0,8	-10,8	-3,0	0,7	-0,9	Foreign balance	0,6	4,0	-1,0	-0,2	1,0
	GDP	3,4	-1,2	-1,6	-0,4	0,5						
UK ³	Private consumption	2,1	-0,1	1,1	2,5	2,1	Final domestic demand	1,7	-1,7	1,7	2,4	2,2
	Govt. consumption	2,5	0,4	1,9	2,0	1,2	Stockbuilding	-0,2	-0,3	1,0	0,9	0,3
	Fixed capital formation	0,5	-8,2	3,6	2,4	3,5	Foreign balance	0,1	-0,3	-1,3	-0,9	-0,4
	GDP	1,9	-2,0	1,4	2,4	2,1						

¹ Change as percentage of GDP of preceding period.

⁶ Forecast.

Source: Commission services.

² 1970 Prices.

³ 1975 Prices.

⁴ 1976 Prices.

⁵ 1977 Prices.

Major economic policy measures — May 1983

Community (EC)

16.5 The Council (ECO/FIN) agreed to grant a Community loan to the French Republic (see Supplement A No 5, May 1983 for details) and approved the seventh Directive on the consolidated accounts of groups of undertakings.

24.5 The Commission presented the Council with a communication on 'The promotion of the international role of the ECU' (COM(83)274 final).

Belgium (B)

10.5 The *Banque Nationale* reduced the discount rate from 10% to 9,50% and the rate on advances from 11% to 10,5%, the rate on very short-term Treasury certificates was reduced in three stages from 10,45% to 10%.

26.5 The *Institut Belgo-Luxembourgeois de Change* (IBLC) authorized banks to sell on the official market, foreign currency purchased on the free market.

Denmark (DK)

None.

Federal Republic of Germany (D)

18.5 The Federal government adopted, on 18 May 1983, a set of budget proposals with regard to the Federal Budget 1984 and the medium term finance planning up to 1987. The main measures are as follows:

- Expenditure growth to be limited to 2% in 1984 and to 3% in the following years to 1987;
- Net borrowing to be kept to DM 39 000 million in 1984 and to gradually fall to DM 25 000 million in 1987;
- Cuts in expenditure to fall mainly on government consumption and social transfers; the cuts for 1984 amount to DM 6 500 million;
- Increase in expenditure (amounting to DM 1-1½ billion) to stimulate growth;
- Tax reliefs for the company sector (amounting to DM 3 500 million), with a view to reducing the non-profit related tax burden of firms, to boost equity financing, stimulate investment and improve competitiveness. These include, in particular, reductions in property and trade taxes, greater depreciation allowances, more generous carry-back schemes for losses, reliefs for energy investment;
- Measures to support employees' asset creation (DM 500 million).

Greece (GR)

None.

France (F)

18.5 The Government extended until April 1984 the application of reduced social security contributions for the textiles and knitwear sectors that were introduced under the November 1981 plan for textiles. However, the advantages have been made more degressive, and the conditions concerning investment have been substantially reinforced.

25.5 A fund for the development of industrial savings (CODEVI) was set up to increase resources available for the financing of industry through the issuing of bonds.

25.5 New industrial undertakings will be exempt from direct taxation for the first three years of their existence.

Italy (I)

2.5 The banking association reduced the base interest rate by 0,75%; it now stands at 18,75% for current account overdrafts.

Ireland (IRL)

None.

Luxembourg (L)

26.4 The Government granted the steel sector financial support totalling LFR 11 500 million for 1983 (LFR 7 500 million not counting interest on loans) and 1984 (LFR 4 000 million). The support will be financed by:

- an increase in VAT rates (from 10% to 12% for luxuries, from 5% to 6% for necessities and from 2% to 3% for basic foods);
- an increase in excise duties on tobacco and spirits;
- an increase in the solidarity levy (from 6,5% to 10% for private persons and from 2% to 4% for companies).

These measures, to come into force on 1 July, should raise LFR 4 500 million a year, the government will also be borrowing LFR 4 000 million.

Netherlands (NL)

2.5 The *Nederlandsche Bank* raised the discount rate from 3,5% to 4,5%, the rate on advances from 4% to 5% and the rate on promissory notes from 4½% to 5½%.

United Kingdom (UK)

None.

Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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CB-AS-83-006-EN-C