

EUROPEAN ECONOMY

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

Supplement A — No 11 — November 1983

Economic trends

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*This month:
Quarterly national accounts,
— second quarter 1983;
The trend of working hours 1972-82*

Stagnation of the Community's GDP in the second quarter. — Quarterly national accounts data for the four largest Member States point to an estimated 0,2 % decline in the Community's GDP (in annual volume terms) between the first and second quarters of 1983, compared with an increase of 2,1 % in the first quarter. The stagnation of the Community's GDP in the second quarter was due mainly to weak domestic demand: growth rates declined for both private and especially public consumption, while fixed investment contracted once again, although less than in the first quarter. Stockbuilding slowed down, so that aggregate final demand contracted by 1,1 % compared to an increase of 5,2% in the first quarter. The real external balance improved by the equivalent of 0,9 % of GDP in annual terms (see Table 1 and Graph 2).

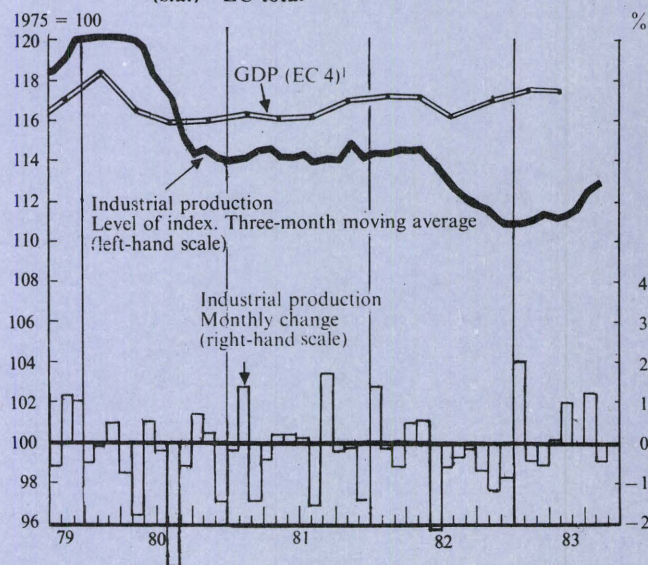
The Community figure results from fairly varied performances in the four largest Member States. In two of them, the Federal Republic of Germany and France, GDP actually increased; in the other two it declined fairly sharply. In particular, growth in the Federal Republic was 4,3 % in relation to the previous quarter. The rise was due to an upturn in gross asset formation, while private consumption contracted slightly.

GDP growth was more moderate in France at 2,0 %. It was almost entirely due to the 11 % rise in exports. Private consumption expanded by 1,9 % after contracting during the previous quarter, and fixed investment declined at a rate equivalent to 12 % in annual terms.

The second quarter was characterized in Italy by a 6,5 % contraction in GDP. Domestic demand contracted by 7,7 %, but the external balance improved slightly owing, in particular, to the dynamism of exports, although they expanded by only 3,9 %, much less than the previous quarter's rate of 19,7 %. In the United Kingdom, GDP contracted by 6,0 %¹ owing to a decline in all the components of demand except private

consumption, which increased by 6,2 % in the second quarter after contracting slightly in the first. Gross fixed asset formation was 21,2 % down. Contractions were less pronounced for exports (down 5,9 %), stockbuilding (down 2,7 %) and public consumption (down 2,5 %).

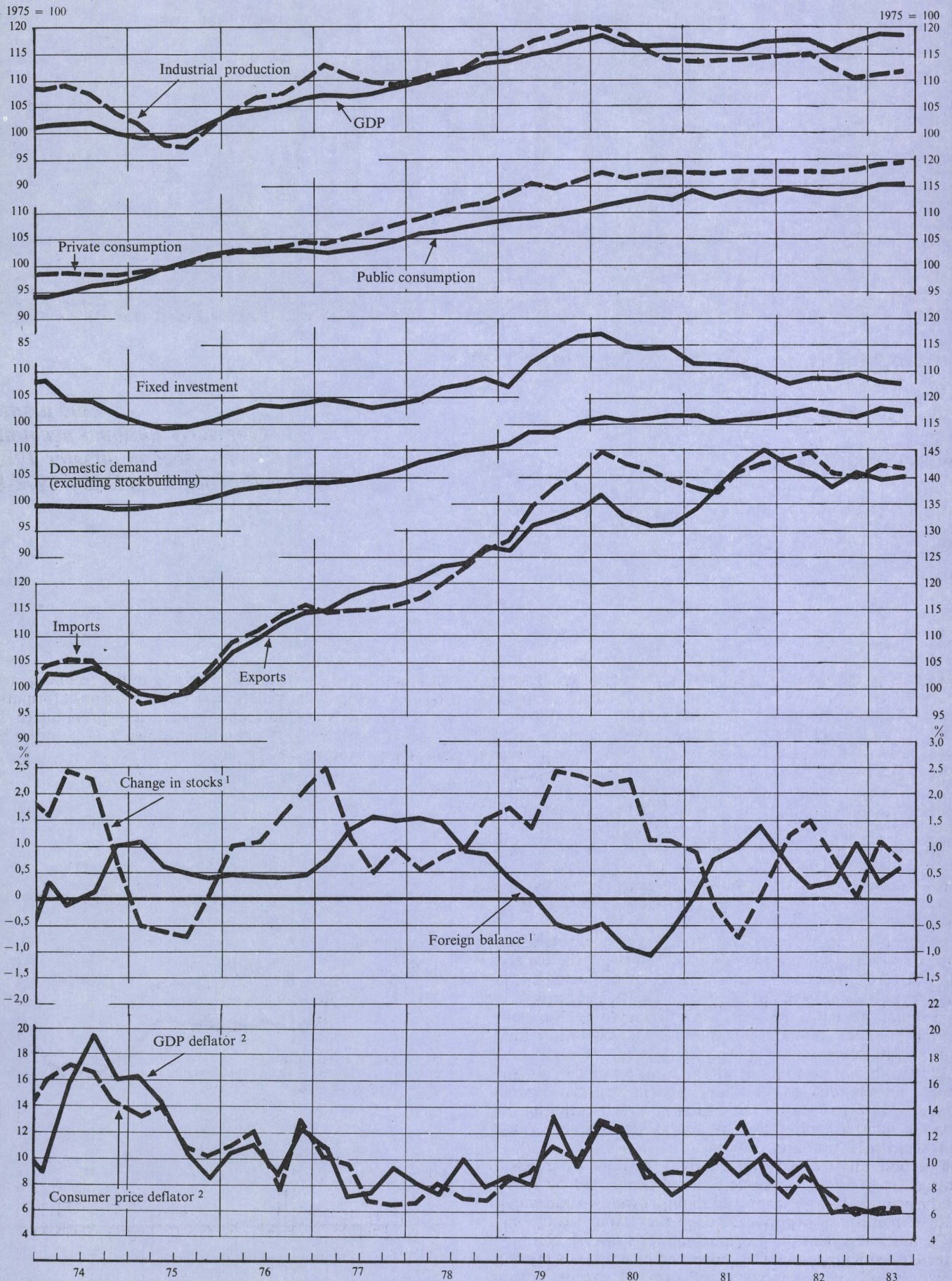
GRAPH 1: Industrial production and gross domestic product (s.a.) - EC total



¹ France, Germany, Italy and UK: quarterly figures

¹ According to the expenditure measure; according to the output measure GDP was unchanged between the first and the second quarter (see note to Table 1).

Graph 2 : Major supply and demand components (1975 prices) and price developments, EC total



¹ Percent of GDP

² Annual rates, seasonally adjusted.

Source: Estimates by the Commission services based on national accounts data for the four major EC Member States.

TABLE 1: Major supply and demand components at constant prices
(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	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
EC 4										
1980 Q1	3,5	11,8	11,2	-0,2	3,6	-0,4	4,1	3,9	2,7	4,5
Q2	-5,0	-9,1	-10,8	-0,4	-4,5	-0,4	-4,2	-8,4	1,7	-4,4
Q3	-1,4	-7,0	-6,9	0,1	-1,5	-3,0	1,5	-1,8	2,3	2,5
Q4	0,1	-0,8	1,5	0,6	-0,5	-0,8	0,4	-0,2	0,7	0,5
1981 Q1	0,6	-0,7	8,4	2,3	-1,7	-1,1	-0,6	-6,7	5,6	-0,3
Q2	-1,7	-1,8	12,3	3,7	-5,3	-4,1	-1,2	-3,0	-4,7	0,5
Q3	1,9	11,0	13,1	0,7	1,2	-0,8	2,1	0,5	5,3	1,7
Q4	2,8	5,6	10,0	1,2	1,5	2,6	-1,1	-4,1	-1,4	0,0
1982 Q1	0,3	5,3	-7,0	-3,5	3,9	3,7	0,2	-4,8	3,0	1,0
Q2	0,1	2,2	-3,4	-1,6	1,5	1,3	0,2	1,7	-1,7	0,3
Q3	-2,8	-9,4	-7,5	0,6	-3,4	-3,1	-0,3	-0,2	-0,9	-0,1
Q4	2,2	-2,9	8,3	3,1	-0,8	-2,7	1,9	1,8	1,8	2,0
1983 Q1	2,1	6,8	-4,2	-3,0	5,2	5,2	0,0	-6,0	3,2	1,0
Q2	-0,2	-1,3	2,0	0,9	-1,1	-1,4	0,3	-1,0	0,2	0,7
Federal Republic of Germany										
1982 Q1	-3,6	16,5	-4,0	-5,7	2,3	6,1	-3,9	-17,6	4,6	-1,6
Q2	-0,5	-7,1	-1,5	1,7	-2,2	0,1	-2,4	7,5	-6,2	-4,3
Q3	-3,0	-8,4	-8,1	-0,3	-2,9	-0,6	-2,3	4,0	-3,8	-3,9
Q4	-0,6	-7,4	4,7	3,8	-4,5	-5,3	1,1	5,3	0,7	0,2
1983 Q1	2,5	6,0	-5,2	-3,4	6,4	5,1	1,0	-15,5	1,3	7,5
Q2	4,3	10,2	0,4	-2,7	7,5	2,5	4,8	24,5	1,3	-0,2
France										
1982 Q1	1,0	-5,6	-19,7	-3,8	4,7	0,3	4,5	2,0	1,1	6,0
Q2	2,8	16,0	-10,5	-6,1	9,4	5,0	4,3	6,8	2,2	3,9
Q3	-2,1	-7,6	9,7	4,1	-5,9	-5,5	-0,6	-3,2	0,0	0,2
Q4	3,3	0,6	14,8	3,1	0,1	-1,3	1,4	-5,2	2,1	3,4
1983 Q1	-0,6	7,6	-18,1	-6,3	6,1	6,6	-0,4	2,0	2,1	-1,7
Q2	2,0	-19,7	11,0	7,9	-5,5	-4,3	-1,4	-12,0	0,0	1,9
United Kingdom⁴										
1982 Q1	2,1	-0,7	-5,7	-1,4	3,7	1,1	2,5	18,8	4,0	-2,0
Q2	1,4	7,5	5,5	-0,4	1,8	1,5	0,3	-8,6	1,0	2,6
Q3	2,1	-16,2	-14,0	0,4	1,7	-5,9	8,2	20,0	2,2	7,3
Q4	9,1	-0,4	17,5	4,6	4,5	-0,4	4,9	-1,3	4,3	6,9
1983 Q1	5,9	21,8	-0,8	-5,0	11,7	8,7	2,6	10,7	7,5	-1,2
Q2	-6,0	4,6	-5,9	-2,7	-3,4	-2,7	-0,7	-21,2	-2,5	6,2
Italy										
1982 Q1	5,9	7,2	4,0	-0,5	6,7	7,1	-0,7	-6,7	0,8	0,7
Q2	-5,6	-2,6	-7,8	-1,5	-4,4	-2,7	-1,6	-9,1	0,9	-0,1
Q3	-8,7	-5,9	-20,1	-4,1	-4,9	-0,5	-4,5	-18,8	0,8	-1,6
Q4	-0,7	-1,5	-1,7	-0,1	-0,7	-1,6	0,9	12,1	0,8	-1,7
1983 Q1	1,7	-8,7	19,7	6,5	-4,7	n.a.	n.a.	-13,8	n.a.	n.a.
Q2	-6,5	0,0	3,9	1,0	-7,7			-6,8		

¹ FR of Germany: GNP.

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

³ Change on previous period as a percentage of previous period's GDP.

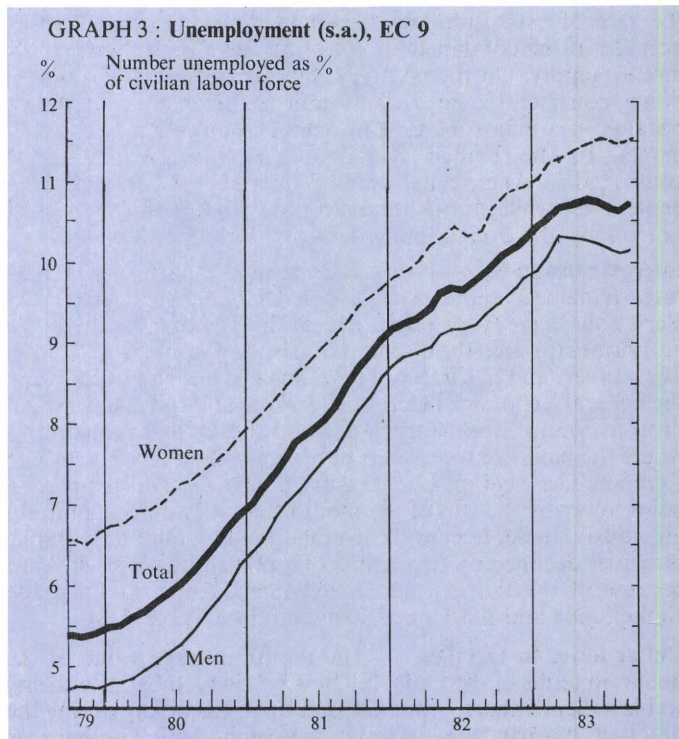
⁴ The GDP series for the United Kingdom present the estimates from the expenditure side. The estimates from the output side give, for the period considered, substantially different results:

	1982				1983	
GDP change estimated from the side of	Q1	Q2	Q3	Q4	Q1	Q2
Expenditure	2,1	1,4	2,1	9,1	5,9	-6,0
Output	0,0	2,0	2,9	0,4	3,2	0,0

Source: Estimates by the Commission services based on national accounts data for the Federal Republic of Germany (Bundesbank), France (INSEE), Italy (ISCO) and the United Kingdom (CSO). Figures for Germany do not include the adjustment for calendar irregularities.

Slight contraction in industrial output. — The Community's industrial output declined in August by 0,3 % relative to July (see Table A.1). However, as the three-month moving average increased slightly, the underlying trend of the index was still rising. In relation to August 1982, industrial output has expanded by 0,7 %. Most Member States record expansion over the past twelve months, in some cases fairly substantial (8,1 % in Denmark, 5,9 % in Belgium, and 6,6 % in Ireland), more modest in others (4,0 % in France, 2,3 % in the Netherlands and 3,5 % in the United Kingdom). There was no change on a year previously in the Federal Republic of Germany, while output declined by 5,1 % in Luxembourg and by 0,9 % in Italy.

Unemployment levels off. — The seasonally adjusted rate of unemployment rose by only one-tenth of a point in the Community as a whole in September, to 10,7 % compared with 10,6 % in August (see Table A.2 and Graph 3). While unemployment as a percentage of the labour force has hardly changed since March, it is still 8,2 % up on September of last year, in sharp contrast to the decline of 11,4 % recorded for the same period in the United States. The rate has been practically stable in most member countries: Belgium, Denmark and the Federal Republic recorded increases of one-tenth of a point. Slightly higher rises were recorded in Ireland, where the rate rose to 15,3 %, and especially the United Kingdom, where the rate of unemployment rose to 12,0 % in September after a temporary fall in July and August. There was no change in unemployment in France, Italy or the Netherlands.



Decline in retail sales. — After two months of growth in May and June, the volume of retail sales (seasonally adjusted) contracted by 4,0 % in July. For the first time in several months it also contracted in the United States, although US retail sales have expanded by 6,9 % over twelve months while the Community recorded a contraction of 3,0 % over the same period. The volume of retail sales contracted in almost all the member countries from June to July, although to varying extents (see Table A.4).

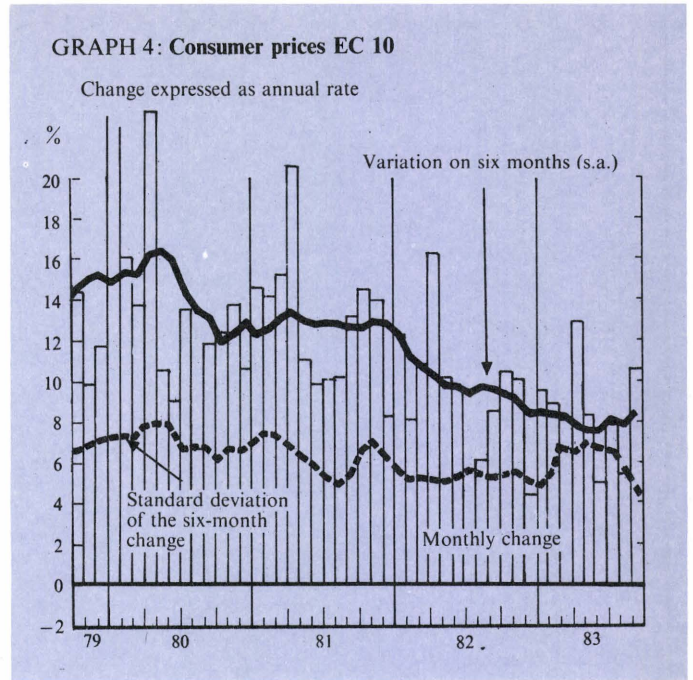
Continued narrowing of inflation divergence within the Community. — The index of consumer prices in the Community rose by 0,8 % in September following a rise of 0,4 % in August; on a year-to-year basis, the rise was 8,4 % (Table A.3). The trend of inflation, measured as the seasonally adjusted increase over six months, picked up again slightly with moderately-rising trends in the lower inflation countries (Germany, Netherlands and the United Kingdom). On the other hand, in Italy, where almost half the month-to-month increase in September was due, mainly, to the annual indexation of rents, Greece and France, a continued fall in the trend rate was recorded. These developments resulted in a marked fall in the divergence of inflation rates within the Community, as measured by the standard deviation of the trend rates, to the lowest level since January 1979.

Trend in trade balance improves. — Although the Community's deficit on visible trade, seasonally adjusted, is estimated to have risen somewhat in July (to 1 485 million ECU), compared with the downward-revised estimate for June (1 186 million ECU), the trend as measured by a three-month moving average of the seasonally-adjusted figures, showed a renewed improvement. The improvement evident during the course of 1983 represents the resumption of a trend which had petered out during 1982. In July, the major movements in the balances of the Member States were a sharp fall in Germany's surplus and an increase in the United Kingdom's deficit (although the figures for August indicate an improvement in that month for these two countries), outweighing substantial reductions in the deficits of Italy and Greece. Also noteworthy in July was the estimate of a small trade surplus in Ireland following a rapid correction of what had been an extremely large deficit.

Slight increase in monetary expansion in July. — The seasonally adjusted money supply in the Community rose by 1,1 % in July compared with 1 % in June. Monetary expansion speeded up in the Federal Republic of Germany and in France, because of a major increase in bank credit to the economy in both countries, and in Ireland, but the rate was unchanged in Italy and slowed down in Denmark, Greece, the Netherlands and the United Kingdom. The July slowdown in Denmark was short-lived, and the rate of expansion rose again in August and September because of the combined effects of all the counterparts of the money supply. On the contrary, the expansion of M3 slowed down considerably in August and September in Germany because of a major increase in banks' non-monetary commitments. In the United Kingdom the July slowdown was confirmed in August and actually preceded a contraction in September, which brought sterling M3 back within the target range after the overshooting of earlier months.

Interest rates stable. — Average Community short-term interest rates remained stable at 10,5 % in October (see Table A.7). Variations were very slight except in Denmark, where the authorities lowered the discount rate by half a point to 7 % from 27 October, and in Greece. There was a slight rise in Belgium, the Federal Republic of Germany, Ireland and Italy, and a slight drop in France, the Netherlands and the United Kingdom—where the banks reduced their base rate by half a point early in October. The yield on US Treasury bonds was two-tenths of a point lower by the end of the month than it had been a month previously. In September the average yield on long-term public securities declined by two-tenths of a point to its level of April because of the fall in rates in Belgium, Denmark, Italy, the Netherlands and the United Kingdom (see Table A.8).

Dollar lower in October. — The month-average value of the dollar, in terms of the ECU, fell by 1,6 % in October after being stable in September. Within the month, it was falling during the first half, but partly recovered in the second half. The yen rose



further against the ECU in October (by 2,4 % in month-average terms) to stand 25 % higher than in October 1982. In effective (trade-weighted) terms the yen in October 1983 showed a rise of 21,5 % over October 1982 and the USD an appreciation of 2,8 %, as against an effective depreciation of the ECU of 9,1 %. Within the EMS, the Belgian franc remained near the floor of the narrow fluctuation band throughout October. The other currencies in the narrow fluctuation band were closely grouped near the ceiling for much of the month, but the Deutschmark fell back somewhat the end of the month. Although there was some intervention during the month by the Belgian National Bank, pressure on the Belgian franc was not heavy and the spread between the convertible and financial Belgian francs was slightly less at the end of the month than at the beginning. The position of the lira remained little changed during the month. Sterling was falling slightly against the ECU at the beginning of October but, later in the month, recovered somewhat.

22 November 1983

The trend of weekly working hours 1972-82

The average working week was shortened by 7,4%, from 43,2 hours to 40 hours, in the Community as a whole between 1972 and 1982; this represents an annual average rate of contraction of 0,8% (see Table 2).¹ This trend is fairly close to the generally accepted long-term trend rate of a reduction of about 1% a year. However, the movement seems to have gathered momentum since 1979: from 1972 to 1979, the annual average rate of reduction was 0,7%; it rose to 0,9% from 1979 to 1982.

During the ten-year period 1972-82, working hours were reduced substantially (and by much more than the Community average) in Belgium, France and Luxembourg, in that order. Developments in Belgium were a case apart: the working week was quite drastically cut (by 6,0%) from April 1980 to April 1981, and then lengthened again from April 1981 to April 1982. This is an example of the combination of cyclical effects and collective agreements. Industrial output fell by 2,3% in 1981, while collective agreements on shorter working hours (based on government proposals made in October 1980) came into force; their effects were mainly apparent early in the year. A relative improvement in the cyclical situation in late 1981 and early 1982 explains the subsequent increase in working hours.

In France there was no reversal in the declining trend of the number of hours worked per week. On the contrary, there was a remarkable 2,7% reduction in the working week from April 1981 to April 1982, directly associated with a series of sectoral agreements (following a preliminary agreement between the two sides of industry in July 1981) and with the order of January 1982 that reduced the statutory working week to 39 hours.

¹ The table shows hours offered by employers to manual workers, except those who were absent for personal reasons (sickness or strikes) during the reference period. The figures include normal working hours and overtime, but exclude hours not worked for technical or economic reasons. The data in the table thus reflect changes in working hours due to changes in the economic situation of firms, and to changes in working hours determined by collective agreement.

In Luxembourg, on the other hand, the main cause of the reduction in the working week, which was particularly rapid from 1981 to 1982, seems to have been the very adverse cyclical trend reflected in a 6,8% drop in industrial output in 1981. The trend was no doubt reinforced by the ban on overtime and inspections to ensure respect for the provisions on the 40-hour week.

In other countries the annual rate of reductions in working hours from 1972 to 1982 was much closer to the Community average (as in Italy and the Netherlands) or even well below it (as in the Federal Republic of Germany). In Italy and the Netherlands, the possibility of reducing working time through industrial negotiations was not considered until late 1982 or early 1983. In some Member States, however, the consequences of the recession caused by the second oil shock are fairly clear, and show, for example, in the reduction in hours worked from April 1980 to April 1981: 3,3% in Italy, 1,7% in the Federal Republic of Germany and 1,9% in Ireland.

Among the countries where the average reduction in weekly hours worked has been particularly weak, developments in the United Kingdom seem to merit special attention. A significant 3,1% decline occurred from 1979 to 1980, probably associated with the collective agreements finalized in several sectors in the second half of 1979 and the first half of 1980. The number of hours offered to workers increased, however, to 41,3 for 1981 as a whole (data for 1982 are not yet available). The United Kingdom and Ireland are thus the only countries where the working week exceeds 41 hours. In two other Member States, the Federal Republic of Germany and the Netherlands, it exceeds 40 hours, while in the remaining countries the working week is even shorter. The working week is, thus, 39,5 hours in France, 38,9 hours in Luxembourg and 38,1 hours in Italy, while the shortest working week in the Community is Belgium's 35,6-hour week.

TABLE 2: Average number of hours offered to workers per week ¹

	1972	1979	1980	1981	1982	Rate of change					
						1979 1972	1980 1979	1981 1980	1982 1981	1982 1972 (³)	1982 1972 ^{3,4}
B	41,7	37,1	36,9	34,7	35,6	-11,0	-0,5	-6,0	2,6	-14,6	-1,6
D	43,2	41,9	41,8	41,1	40,8	-3,0	-0,2	-1,7	-0,7	-5,6	-0,6
F	45,0	41,1	40,9	40,6	39,5	-8,7	-0,5	-0,7	-2,7	-12,2	-1,3
IRL	·	43,0	42,2	41,4	41,4	·	-1,9	-1,9	0,0	·	·
I	41,9	39,0	39,2	37,9	38,1	-6,9	0,5	-3,3	0,5	-9,1	-0,9
L	43,9	40,3	40,7	40,5	38,9	-8,2	1,0	-0,5	-4,0	-11,4	-1,2
NL	43,9	41,0	41,0	40,6	40,6	-6,6	0,0	-1,0	0,0	-7,5	-0,8
UK	43,0	42,0 ²	40,7 ²	41,3 ²	·	-2,3	-3,1	1,5	·	-4,0	-0,4
EC8	43,2	41,1	40,7	40,3	40,0	-4,9	-1,0	-1,0	-0,7	-7,4	-0,8

¹ The data are for April of the relevant year, except those for 1972, which refer to October.

² October.

³ United Kingdom: 1981/1982.

⁴ Annual average rate of change.

Source: Eurostat and Commission services.

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

	1978	1979	1980	1981	1982	1982			1983		1983							Change over 12 months % ²
						II	III	IV	I	II	Feb.	March	April	May	June	July	Aug.	
B	2.4	4.3	-1.0	-2.9	-0.1	0.9	-1.3	-0.3	1.2	0.5	-1.2	0.9	-0.6	-1.3	5.5	:	:	5.9
DK	2.3	3.6	0.2	0.3	2.4	2.4	-3.1	1.2	1.4	2.1	0.8	2.0	-3.6	5.3	1.8	-8.3	8.7	8.1
D	2.0	5.5	-0.8	-1.4	-2.8	-0.9	-3.7	-1.0	1.0	1.9	0	1.0	0	1.0	1.9	-1.9	0	0
GR	7.5	6.0	0.9	-0.6	-4.2	-3.8	-4.4	2.4	2.4	-1.8	-1.9	-0.1	0.5	-4.7	5.0	-2.8	:	2.2
F	1.6	4.7	-0.7	-2.3	-1.5	0.5	-2.3	0.8	0.8	1.0	0	0	0	2.3	-1.5	1.6	0	5.1
IRL	7.7	6.9	-1.8	1.4	0.4	1.5	-1.1	0.8	4.4	-2.2	-2.1	-0.4	-2.1	-0.1	3.0	2.5	:	6.6
I	2.1	6.7	5.0	-2.2	-2.6	-3.1	-4.7	-0.7	0.6	-4.7	2.2	-1.8	-4.8	2.6	-3.0	3.7	-3.0	-0.9
L	3.2	3.4	-3.3	-6.8	-3.7	-4.7	-0.1	-4.2	-1.2	2.6	1.5	-4.2	9.1	-3.3	-4.6	8.8	-4.6	-5.1
NL	0.9	2.8	0	0.9	-3.6	-3.0	-2.8	0.6	2.9	-0.9	2.8	-2.7	0	1.9	-3.7	3.8	-4.6	2.3
UK	3.6	3.9	-6.5	-3.9	2.1	0.9	0.8	-0.5	1.2	0.1	0.5	-1.1	0.7	0.9	-1.7	2.7	-0.3	3.5
EC 10	2.4	4.9	-0.9	-2.2	-1.4	0	-1.7	-1.7	0.7	(0.3)	-0.4	-0.5	0.1	(1.0)	(0)	(1.2)	(-0.3)	(0.7)
USA	6.1	4.7	-4.5	2.5	-8.5	-1.2	-0.3	-2.4	2.9	(4.9)	1.1	1.6	1.9	(1.5)	(1.5)	(2.0)	(0.8)	(9.1)
JAP	6.3	7.4	4.7	1.0	0.4	-1.2	0.5	-1.2	0.9	(1.6)	-0.6	1.1	-0.2	0.2	1.0	(0.2)	(2.8)	(5.1)

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

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	March	April	May	June	July	Aug.	Sept.	
B	(8.1)	(8.4)	(9.1)	(11.2)	(13.1)	13.3	13.8	14.2	14.3	14.6	14.2	14.2	14.2	14.5	14.4	14.7	14.8	10.2
DK ³	6.5	5.3	6.1	8.2	8.8	9.0	9.0	9.4	9.7	9.6	9.7	9.8	9.7	(9.7)	(9.6)	(9.6)	(9.7)	10.1
D	3.8	3.3	3.3	4.7	6.8	7.2	7.7	8.4	8.5	8.6	8.6	8.5	8.5	8.6	8.6	8.5	8.6	17.3
F	5.2	6.0	6.4	7.8	8.8	9.0	9.1	9.0	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	-0.6
IRL	8.4	7.4	8.3	10.2	12.3	12.6	13.4	14.2	14.8	15.1	14.5	14.6	14.8	15.0	15.0	15.1	15.3	20.6
I	7.1	7.5	8.0	8.8	10.5	10.6	11.2	11.7	11.9	11.9	11.8	12.0	12.0	11.8	11.9	12.0	12.0	10.6
L	0.7	0.7	0.7	1.0	1.3	1.2	1.4	1.5	1.5	1.6	1.4	1.5	1.5	1.5	1.6	1.6	1.5	16.7
NL	(5.4)	(5.5)	(6.2)	(8.8)	(11.7)	12.1	13.0	13.5	14.0	14.4	13.7	13.8	13.9	14.3	14.3	14.5	14.5	18.7
UK	5.3	4.9	6.3	9.6	11.2	11.2	11.8	12.1	12.2	11.8	12.2	12.3	12.1	12.1	11.9	11.6	12.0	3.3
EC 9	(5.4)	(5.5)	(6.1)	(7.9)	(9.6)	9.7	10.1	10.5	10.7	10.6	10.7	10.7	10.7	(10.7)	(10.6)	(10.6)	(10.7)	(8.2)
USA	6.0	5.8	7.1	7.6	9.7	10.0	10.7	10.4	10.1	9.4	10.3	10.2	10.1	10.0	9.5	9.5	9.3	(-11.4)
JAP ⁴	2.2	2.1	2.0	2.2	2.4	2.4	2.7	2.4	2.8	:	2.6	2.7	2.7	2.6	2.5	2.8	:	21.5

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

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	March	April	May	June	July	Aug.	Sept.	
B	4.5	4.5	6.6	7.6	8.7	2.5	1.9	1.7	1.3	2.5	0.4	0.3	0.5	0.6	1.0	1.0	0.7	7.3
DK	10.0	9.6	12.3	11.7	10.1	2.6	2.5	0.8	1.5	1.2	-0.2	0.7	1.1	0.3	0	0.5	1.0	5.9
D	2.7	4.1	5.5	5.9	5.3	1.1	0.7	0.5	0.6	1.0	-0.1	0.2	0.4	0.4	0.4	0.3	0.2	2.9
GR	12.5	19.0	24.9	24.5	21.0	1.6	5.6	5.4	6.9	0.8	4.8	1.7	1.8	0.1	-0.4	-0.3	3.8	21.3
F	9.1	10.7	13.6	13.4	12.0	1.4	1.9	2.6	2.8	2.1	0.9	1.3	0.7	0.5	0.9	0.6	(0.7)	(10.0)
IRL ⁵	7.6	13.2	18.2	20.4	17.2	2.1	1.6	2.5	2.8	2.9	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	:	10.0
I	12.1	14.8	21.2	19.5	16.4	4.1	4.5	3.6	2.9	2.3	0.9	1.0	0.9	0.6	0.8	0.5	(1.3)	(13.3)
L	3.1	4.5	6.3	8.1	9.4	2.9	2.5	2.0	0.9	2.7	0.2	0.3	0.5	0.3	1.5	0.7	1.0	8.6
NL	4.2	4.3	7.0	6.8	6.0	0.8	0.9	0.1	0.7	0.9	0.2	0.5	0.1	0.1	0.5	0.3	(0.4)	(2.5)
UK	8.3	13.4	18.0	11.9	8.6	0.5	0.7	0.5	2.0	1.3	0.2	1.4	0.4	0.2	0.5	0.4	0.5	5.1
EC 10 ⁷	7.7	10.4	14.3	12.9	11.0	1.8	2.1	2.0	2.3	1.7	0.7	1.0	0.7	0.4	0.6	0.4	0.8	8.4
USA	7.6	11.3	13.5	10.3	6.2	1.9	0.2	0	1.3	1.2	0.1	0.7	0.5	0.3	0.4	0.3	0.5	2.9
JAP	3.8	3.6	8.0	5.0	2.6	0.4	0.9	-0.4	1.1	-0.4	0.6	0.4	1.1	-0.7	-0.5	-0.3	1.3	0.7

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

	1978	1979	1980	1981	1982	1982			1983		1983							Change over 12 months % ²
						II	III	IV	I	II	Feb.	March	April	May	June	July	Aug.	
B	2.3	3.9	1.2	-3.3	-1.3	-1.4	0.3	0.9	-4.2	-5.3	-0.5	-0.3	-4.7	-0.7	0.3	2.1	:	-6.9
DK	-2.4	2.2	-1.5	-0.6	1.5	2.0	-2.1	-0.2	2.6	-2.6	0.5	7.4	-11.1	4.8	3.5	0.1	0.8	6.7
D	2.8	2.6	0.3	-2.6	-2.7	-1.6	-1.2	-0.6	2.3	0.4	1.5	8.2	-8.1	1.8	5.9	-9.3	4.7	1.6
GR	4.9	-2.1	-3.5	-3.3	-3.7	-3.7	-0.3	1.9	-0.7	-1.6	-7.5	-2.3	-6.0	17.0	-5.5	:	:	0.9
F	2.1	2.3	-0.4	0.7	1.8	-0.6	-0.8	1.9	0.1	-4.6	1.3	4.7	-9.0	3.3	-2.7	-1.1	3.9	-1.4
IRL	8.7	3.3	-0.7	-0.7	-5.4	-2.6	-2.1	3.1	-1.5	-5.2	11.1	-19.1	1.8	5.9	0	-4.9	:	-3.3
I	2.6	7.3	2.7	2.2	4.6	3.0	-2.5	1.9	-1.3	0.5	0.4	6.6	-6.2	1.3	5.2	-5.6	:	-5.3
NL	4.7	-0.3	-4.1	-4.8	-3.1	0.6	0.7	-0.2	-0.3	0.3	2.1	4.1	-1.8	-4.2	5.0	-1.7	:	-2.6
UK	5.5	4.3	0	1.2	2.6	0.2	2.0	1.4	0.5	2.3	0.9	0.7	0.9	0.7	0.3	-0.1	-0.9	3.3
EC 9 ⁶	3.2	3.4	0.2	-0.5	0.7	0	-0.6	1.0	0.3	-0.7	1.1	4.8	-5.7	1.5	2.3	(-4.0)	:	(-3.0)
USA	4.6	2.1	-4.9	1.4	-1.3	1.6	-0.9	2.4	0.3	4.9	-1.0	2.0	1.8	2.9	0.6	-0.6	(-1.9)	(6.9)
JAP	4.6	3.6	-0.8	1.8	0.9	-0.9	0.4	-1.9	1.8	-0.2	-0.3	-1.0	2.2	-1.1	-2.6	(5.0)	(0.9)	(1.8)

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

	1978	1979	1980	1981	1982	1982			1983		1983							Change over 12 months % ²
						II	III	IV	I	II	Feb.	March	April	May	June	July	Aug.	
B/L	-2890	-2064	-4993	-5418	-3082	-1388	-343	-133	170	-176	-231	-152	19	-132	-63	-106	:	9
DK	-2198	-3022	-2116	-1475	-1866	-413	-445	-571	-174	-240	0	-179	-40	-137	-63	54	:	164
D	15967	8939	3615	11239	21599	5542	5872	5718	5945	4614	1905	2069	1197	1669	1748	1161	1664	-270
GR	-3340	-4162	-3853	-3951	-5826	-1295	-1163	-1457	-1270	-1664	-386	-422	-582	-395	-688	-426	-337	-2
F	-4081	-6194	-16948	-17283	-24457	-6043	-6243	-6850	-6095	-4301	-2005	-2072	-1198	-1860	-1243	-1131	-1284	565
IRL	-1137	-1947	-1893	-2467	-1574	-353	-332	-300	-298	-92	-82	-119	-6	-70	-16	35	-77	103
I	-319	-3893	-15307	-13554	-12513	-2909	-2968	-2502	-2651	-1887	-675	-280	-1136	-29	-743	-384	:	265
NL	-2198	-2622	-2981	1320	3500	1039	523	548	944	1270	301	524	413	425	432	404	69	-177
UK	-5588	-7998	-3353	-446	-3295	-1943	-810	118	-2182	-2781	-692	-303	-971	-1210	-600	-1193	-695	-486
EC 10 ⁷	-5782	-22962	-47829	-32034	-27515	-8531	-6015	-6077	-5396	-5354	-1727	-1036	-2302	-1866	-1186	(-1485)	:	(-40)
USA	-31014	-27146	-26113	-35538	-43518	-7076	-14131	-13727	-11374	-18045	-3793	-3870	-4974	-7515	-5556	-7235	-8436	-1578
JAP	14285	-5574	-7707	7832	7034	2519	2061	1097	4385	6005	1674	1498	2422	2374	1210	2620	2784	2175

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

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	March	April	May	June	July	Aug.	Sept.	
B (M2)	9.6	6.2	2.7	5.9	5.9	3.1	0.0	-0.2	1.6	:	:	:	:	:	:	:	:	4.8
DK (M2)	8.6	10.6	7.8	9.0	11.5	3.1	2.5	6.1	7.6	5.1	:	1.7	2.6	3.2	0.5	1.9	2.6	23.2
D (M3)	11.0	6.0	6.2	4.8	7.1	1.3	0.4	3.3	1.1	(1,6)	0.7	0.5	-0.1	0.7	0.9	(0,4)	(0,2)	6.3
GR (M3)	26.0	18.4	24.7	34.7	29.0	5.0	6.4	1.8	4.9	:	0.6	1.6	2.2	1.1	(0,9)	(1,2)	:	(18,5)
F (M2)	12.4	14.7	10.0	11.5	11.7	2.4	1.4	2.3	2.7	:	0.1	1.0	1.5	0.1	0.6	:	:	8.4
IRL (M3)	28.7	19.0	17.9	17.6	12.9	4.7	2.4	-0.9	1.7	:	-1.2	0	2.1	-0.4	0.6	-0.3	:	(18,2)
I (M2)	22.1	20.3	12.7	10.0	17.0	4.3	6.5	2.0	3.6	:	0.6	1.0	0.8	1.7	1.7	(1,5)	:	(18,2)
NL (M2)	4.2	7.0	3.8	5.3	8.8	1.6	-0.1	5.5	2.5	:	3.9	0.5	0.7	1.2	0.2	0	:	9.2
UK (EM3)	13.3	11.7	19.6	13.9	10.3	2.4	2.1	2.4	3.9	0,5	1.0	1.7	0.5	1.7	0.8	0.1	-0,4	9.2
EC 10 ⁹	13.5	11.9	10.9	9.7	10.9	2.5	2.1	2.8	2.7	:	0.8	1.0	0.8	1.0	(1,1)	:	:	(10,6)
USA (M2)	7.9	7.9	8.9	10.1	9.2	2.8	2.2	5.6	2.1	:	0.9	0.2	1.0	0.9	0.6	0.5	:	12.3
JAP (M2)	13.1	9.1	7.2	11.0	7.9	2.6	1.4	1.5	1.4	:	0.6	-0.2	1.2	0.7	1.7	-0,4	:	7.1

TABLE A.7: Short-term interest rates¹⁰

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	April	May	June	July	August	Sept.	Oct.	
B	7.3	10.9	14.2	15.6	14.1	13.0	12.4	12.3	9.5	9.3	10.5	10.0	9.5	9.3	9.3	9.3	9.5	-3.3
DK	15.4	12.5	16.9	14.9	16.4	20.2	17.5	18.2	5.4	13.7	15.1	8.4	5.4	7.9	7.1	13.7	11.7	-5.8
D	3.7	6.9	9.5	12.3	8.8	8.0	6.4	5.3	5.6	5.8	5.3	5.5	5.6	5.6	5.8	5.8	6.2	-1.2
GR	:	:	11.0	16.8	20.2	23.0	15.8	19.6	14.0	11.8	22.4	22.3	14.0	16.8	16.5	11.8	15.0	-0.5
F	7.8	9.8	12.3	15.6	14.6	13.9	12.7	12.3	12.6	12.6	12.4	12.6	12.6	12.2	12.4	12.6	12.3	-0.8
IRL	9.9	16.0	16.2	16.6	17.5	15.4	15.5	17.3	13.7	12.6	15.1	14.7	13.7	13.8	13.4	12.6	12.8	-0.8
I	11.5	12.0	17.6	20.0	20.1	18.6	19.1	19.4	17.8	17.5	17.9	17.9	17.8	17.6	17.6	17.5	17.6	-1.3
NL	7.0	9.6	10.6	11.8	8.3	7.9	5.3	4.3	5.4	6.2	6.0	6.2	5.4	5.6	6.3	6.2	6.1	-0.4
UK	9.4	13.9	16.8	14.2	12.2	10.6	10.6	10.9	9.7	9.7	10.2	10.3	9.7	10.0	9.8	9.7	9.3	-0.3
EC 10 ⁹	7.7	10.3	13.4	15.0	13.2	12.4	11.4	11.1	10.3	10.5	10.3	10.8	10.3	10.4	10.5	10.5	10.5	-1.2
USA	7.4	10.1	11.6	14.0	10.6	7.8	8.1	8.6	8.7	8.8	8.1	8.6	8.7	9.3	9.3	8.8	8.6	0.8
JAP	4.4	5.9	10.9	7.4	6.9	7.0	6.9	6.7	6.2	6.5	6.3	6.1	6.2	6.4	6.5	6.5	6.1	-0.8

TABLE A.8: Long-term interest rates¹¹

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	March	April	May	June	July	Aug.	Sept.	
B	8.5	9.7	12.2	13.8	13.5	13.2	12.7	12.5	11.6	11.4	12.5	11.6	11.6	11.6	11.4	11.5	11.4	-1.8
DK	16.8	16.7	18.7	19.3	20.5	21.2	19.4	14.7	14.3	13.7	14.7	13.5	13.7	14.3	14.5	14.3	13.7	-7.5
D	5.7	7.4	8.5	10.4	9.0	8.7	7.9	7.4	8.0	8.3	7.4	7.4	7.6	8.0	8.1	8.3	8.3	-0.4
GR	10.0	11.2	17.1	17.7	15.4	14.9	13.8	17.9	18.0	18.8	17.9	18.2	18.2	18.0	18.2	18.7	18.8	3.9
F	10.6	10.9	13.7	16.3	16.0	15.8	15.5	14.7	14.5	14.0	14.7	14.6	14.6	14.5	14.0	14.0	14.0	-1.8
IRL	12.8	15.1	15.4	17.2	17.0	15.2	14.5	14.0	13.6	13.7	14.0	13.6	13.5	13.6	13.8	13.6	13.7	-1.5
I	13.7	14.1	16.1	20.6	20.9	20.4	20.5	18.2	17.9	17.6	18.2	17.9	17.8	17.9	17.9	17.8	17.6	-2.8
L	6.6	6.8	7.4	8.6	10.4	10.5	10.9	10.4	9.8	9.3	10.4	10.4	10.2	9.8	9.3	9.3	9.3	-1.2
NL	8.1	9.2	10.7	12.2	10.5	10.4	8.4	8.0	9.7	9.1	8.0	8.7	9.2	9.7	9.3	9.4	9.1	-1.3
UK	12.6	13.0	13.9	14.8	12.7	11.1	11.0	10.8	10.5	10.5	10.8	10.6	10.4	10.5	11.2	11.1	10.5	-0.6
EC 10 ⁹	10.1	10.9	12.7	14.9	14.0	13.4	12.9	12.1	12.2	12.0	12.1	12.0	12.1	12.2	12.2	12.2	12.0	-1.4
USA	7.9	8.7	10.8	12.9	12.2	11.5	10.3	10.3	10.6	11.3	10.3	10.2	10.2	10.6	11.1	11.4	11.3	-0.2
JAP	6.1	7.7	9.2	8.7	8.1	8.4	7.5	7.6	7.5	7.7	7.6	7.5	7.6	7.5	7.6	8.1	7.7	-0.7

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

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	April	May	June	July	August	Sept.	Oct.	
BFR/LFR	40.06	40.17	40.60	41.29	44.68	45.19	45.45	44.87	45.22	45.69	44.96	45.27	45.43	45.54	45.68	45.85	45.91	0.7
DKR	7.02	7.21	7.83	7.92	8.15	8.22	8.21	8.09	8.08	8.18	8.02	8.09	8.14	8.17	8.20	8.17	8.15	-1.6
DM	2.56	2.51	2.53	2.51	2.38	2.36	2.33	2.28	2.27	2.28	2.26	2.27	2.27	2.27	2.28	2.27	2.25	-4.2
DR	46.80	50.78	59.24	61.62	65.30	66.70	67.01	78.32	76.67	76.50	77.61	77.10	75.30	74.44	76.01	78.98	80.43	20.4
FF	5.74	5.83	5.87	6.04	6.43	6.60	6.60	6.53	6.81	6.85	6.77	6.82	6.84	6.84	6.86	6.86	6.89	3.6
IRL	0.664	0.669	0.676	0.691	0.690	0.687	0.691	0.692	0.718	0.723	0.715	0.718	0.720	0.721	0.722	0.725	0.727	5.1
LIT	1.080	1.138	1.189	1.263	1.324	1.325	1.339	1.326	1.347	1.355	1.344	1.349	1.348	1.346	1.354	1.364	1.370	2.4
HFL	2.75	2.75	2.76	2.78	2.62	2.59	2.55	2.52	2.55	2.55	2.54	2.55	2.55	2.54	2.55	2.54	2.53	-1.4
UKL	0.664	0.646	0.598	0.553	0.561	0.551	0.566	0.619	0.586	0.570	0.600	0.583	0.576	0.575	0.568	0.568	0.578	5.5
USD	1.274	1.371	1.391	1.116	0.981	0.951	0.934	0.948	0.912	0.861	0.925	0.919	0.892	0.879	0.852	0.852	0.866	-6.9
YEN	267.1	300.5	315.0	245.4	243.5	245.9	241.7	223.2	216.6	208.7	219.8	216.0	214.1	211.4	208.3	206.5	201.7	-20.0
SDR	1.018	1.061	1.068	0.946	0.888	0.875	0.866	0.868	0.846	0.817	0.855	0.848	0.835	0.827	0.812	0.811	0.815	-6.1

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

	1978	1979	1980	1981	1982	1982		1983			1983							Change over 12 months % ²
						III	IV	I	II	III	April	May	June	July	August	Sept.	Oct.	
B/L	2.9	1.2	-0.5	-5.3	-9.2	-0.4	-0.3	1.2	-1.0	-1.9	-1.1	-0.9	-0.7	-0.5	-0.8	-0.4	0	-2.0
DK	-0.1	-0.8	-7.9	-6.8	-4.2	-1.9	2.0	2.2	-1.2	-2.7	0.0	-1.4	-1.3	-0.8	-1.1	0.4	0.4	-0.2
D	6.0	4.8	0.4	-5.2	5.1	0.7	1.8	2.6	0.2	-1.8	-0.2	-0.8	-1.0	-0.4	-0.9	0.3	1.2	3.0
GR	-8.7	-5.4	-13.5	-9.4	-7.2	-3.4	-0.3	-15.3	2.3	-1.0	1.0	0.4	1.8	0.8	-2.8	-3.8	-1.7	-19.0
F	-1.0	0.9	0.4	-8.6	-8.1	-5.8	0.5	1.5	-5.3	-2.0	-3.6	-1.2	-0.9	-0.3	-1.0	-0.1	-0.1	-5.5
IRL	0.7	0.2	-2.0	-8.3	-1.3	-0.7	0.3	2.2	-5.4	-2.4	-4.1	-1.3	-1.2	-0.3	-1.1	-0.4	0.4	-5.2
I	-6.1	-3.2	-3.7	-12.2	-6.8	-0.8	-0.9	1.2	-2.5	-2.0	-0.9	-0.8	-0.6	-0.2	-1.4	-0.8	-0.3	-4.7
NL	2.8	1.8	0.1	-5.0	5.5	1.5	2.2	1.4	-1.6	-0.9	-1.4	-0.5	-0.4	-0.1	-0.7	0.3	0.7	0
UK	0.4	6.2	10.1	1.1	-5.0	1.5	-2.4	-9.2	4.9	1.2	4.7	2.8	0.5	-0.3	0.4	-0.2	-1.7	-8.5
ECU	2.9	5.9	2.2	-14.9	-5.5	-2.0	0.9	-0.7	-2.3	-3.7	-1.2	-0.8	-1.6	-1.0	-1.9	-0.3	-1.5	-9.1
USA	-8.7	-3.3	-0.3	14.0	12.0	4.9	1.9	-1.9	2.8	3.9	0.8	0	2.2	1.0	2.1	-0.1	-1.7	2.8
JAP	21.7	-7.1	-4.1	14.0	-4.3	-2.9	1.6	9.7	1.3	0.6	0.8	1.2	-0.7	0.5	-0.2	0.8	3.2	21.5

Principal economic policy measures — October 1983

Community (EC)

19.10 The Commission adopted its Annual Economic Report 1983-84 which discusses, notably, the questions raised at the last meeting of the European Council held in Stuttgart in June 1983.

This report is proposed to the Council for adoption, after consultation with the European Parliament and the Economic and Social Committee. It is accompanied by an Economic Review aimed at presenting a detailed analysis of economic trends and prospects. The Report and the Review are published in 'European Economy' No 18.

Belgium (B)

30.9 The Government adopted the measures announced on 1 August when the main lines of the 1984 budget were presented.

1. On the tax side:

- the withholding tax on income from securities was raised from 20% to 25%; it will be accepted in full settlement of liability, but recipients whose investment income exceeds BFR 1 110 000 will be required either to reinvest the surplus in new industrial shares or bonds, or to pay a compensatory contribution at progressive rates;
- the tax on property will constitute full settlement of liability for new accommodation purchased prior to first occupation;
- the maximum flat-rate allowance for occupational expenses will be raised from BFR 75 000 to BFR 125 000 from 1985 (for income earned in 1984);
- entitlement to the deduction from tax of BFR 1.200 will be extended to all taxpayers whose taxable incomes does not exceed BFR 400 000;
- the tax advantages granted to investors in shares or units of unit trusts will be retained, but the amount deductible for each taxpayer will be reduced from BFR 40 000 to BFR 35 000;
- the amount of interest from savings accounts exempt from tax was raised from BFR 35 000 to BFR 50 000 per year per household;
- tax exemption ('*sécurité fiscale*') will be granted on capital invested in 1984 and 1985 in tangible fixed assets (industrial machinery) or in new shares, on condition the taxpayer also invests an amount equivalent to one eleventh of the capital in the non-interest-bearing five-year Treasury certificates specially issued for this purpose.

2. On the social security side:

- the sickness insurance contribution of employees, civil servants, pensioners and the self-employed is raised by 0,75%;
- the flat-rate contribution of BFR 900 payable by one person and childless households, and the flat-rate deduction of BFR 500 for family allowances will be reduced by 25%;
- twice-yearly holiday bonuses will be treated as wages; both employers and workers will pay the same contributions on these bonuses as on wages (24,14% and 12,07%, respectively);
- indexation of pensions will apply only up to a limit of BFR 33 000; public sector pensions will be index-linked up to BFR 34 064 a month, with any excess being subject to a flat-rate increase.

3.10 The Government presented its draft budget for 1984. Altogether, allowing for cash transactions, the net cash borrowing requirement amounts to BFR 507 400 million (11,3% of GDP) compared with BFR 530 900 million (12,7% of GDP) in 1983.

21.10 The Government adopted certain price measures, in particular:

- the selective price freeze was extended until 31 December 1984;
- percentage limits were set on the profit margin of distributors, which had been frozen in absolute terms since 22 February 1982, except for small and medium-sized firms; the profit margins of importers and producers are still subject to limits expressed in absolute terms.

Denmark (DK)

17.10 The arrangements for fixing limits on private banks' borrowing from the Nationalbanken (at present 10% of their net capital) are to be changed.

24.10 A majority in Parliament agreed to various amendments to the government's draft budget for 1984. The compromise will result in budgetary improvements of DKR 5 500 million.

Total savings in 1984 should amount to DKR 8 000 million (compared with target of DKR 10 000 million, which is still valid). Details of the parliament's decision:

1. the personal tax allowance for taxes paid to the central government is raised from DKR 20 000 to DKR 22 200 in 1984. The upper limit on the lowest tax bracket is raised from DKR 103 200 to DKR 108 200, the tax rate being 14,4%; that on the second bracket is raised from DKR 172 000 to DKR 179 000 and the rate applied 28,8%; for taxable income above DKR 179 000, the tax rate will be 39,6%. The personal tax allowance for taxes paid to local government was raised from DKR 18 700 to DKR 19 900, under the agreement of 7 September. On average, local government tax rates in 1984 should increase to 27,5%. Compared to the draft budget, a higher personal tax allowance will be given for each child under 10. The loss in revenue compared to the draft budget will be DKR 400 million;
2. a change in taxation of married couples results in a shift of payments from 1984 to 1985; arrangements will be introduced to reduce its negative impact on the budget for 1984 by about DKR 800 million;
3. the contribution to the sickness insurance scheme will be raised from 1% of taxable income to 1,85%, which increases government revenue by DKR 2 100 million and should make the scheme balance;
4. payments by employees and employers to a vocational training fund should raise revenue in 1984 by DKR 1 400 million;

5. amounts left on the budget for the social pension fund of the order of DKR 200 million and DKR 500 million in 1983 and 1984 respectively, will not be spent;
 6. payments for registration service (apart from the registration fee) could yield DKR 500 million in 1984;
 7. government financing of social building and of rent subsidies to retired people will be modified and should reduce expenditure in 1984 by DKR 200 million;
 8. postal revenue will increase by DKR 300 million;
 9. payment for child care will be reduced for lower income categories, implying a smaller need for free care granted by the administration;
 10. subsidies for dairy products are reduced by DKR 300 million;
 11. the excise duty on mineral water, etc. is raised, yielding some DKR 200 million;
 12. a minor change in social cash benefits for housing will take place;
 13. other administrative expenditure cuts should save DKR 400 million;
- 26.10 Nationalbanken reduced its official discount rate by 0,5 points to 7%.

Federal Republic of Germany (D)

26.10 The Federal Government announced its intention of selling part of its shares in the VEBA concern to the public thus reducing its share in the equity capital from the present 43³/₄% to an eventual 25%.

Greece (GR)

None.

France (F)

22.10 The taxation side of the budget for 1984 was adopted by the national assembly. The deficit was reduced from FF 125 800 million to FF 125 500 million by an increase in revenue of FF 300 million. The main measure was the introduction of a surtax for taxpayers whose income tax in 1983 exceeded FF 20 000; the surtax is at progressive rates up to 5% for tax between FF 20 000 and FF 25 000, 5% from FF 25 000 to FF 30 000 and 8% thereafter.

Ireland (IRL)

None.

Italy (I)

30.9 The Government approved the statement of estimates setting out the main lines of economic policy for 1984. The target for growth is 2%, that for consumer price inflation 10,5% as an annual average. To meet these targets, budgetary policy will reduce the Treasury deficit to 15% of GDP, and incomes policy will limit the increase in hourly labour costs to 10%.

30.9 The Government approved the 1984 Finance Act, which sets the Treasury deficit at LIT 92 865 000 million and includes some of the legal changes required to achieve this result, in particular:

- the renewal of arrangements for the exceptional supplement to local income tax (ILOR), for the tax on motor vehicle ownership, and for the increases in payment in advance of personal income tax (now 92% of tax), corporation tax (IREPEG) and local income tax (ILOR);
- an increase from 30% to 36% in the corporate income tax rate;
- amendments to certain arrangements for determining the income of undertakings;
- a freeze on government service staffing;
- an introduction of degressive family allowances for 'family allowances' in excess of LIT 28 million, and the discontinuation of these allowances when family income exceeds LIT 34 million;
- the introduction of indexation of 75% for pensions of over LIT 600 000 (full indexation will still apply to pensions below this amount), and the dissociation of pensions from wages until the end of 1986;
- the introduction of a ceiling of LIT 21 700 000 million on central government contributions to the budget of the national social insurance institute;
- adoption of targets and financing arrangements for health expenditure in 1984, 1985 and 1986, of provisions concerning the financial competence of local health authorities, review of the list of medicinal products eligible for reimbursement so as to reduce expenditure on these products to LIT 4 000 000 million in 1984;
- an increase in employees' sickness insurance contributions;
- a decision setting central government contributions to the railways and the postal services at LIT 1 798 000 million and LIT 1 383 000 million respectively.

30.9 The Government adopted a Decree-Law increasing the withholding tax on bank interest and income from 'atypical securities' (equity certificates) to 25%, and reducing that on bond interest to 10%.

30.9 The Government issued a communication announcing the budgetary incidence of the above and subsequent measures, and of the Decree-Law on social insurance adopted in September; the total amount involved is LIT 47 700 000 million.

5.10 The Government adopted the Decree-Law on the amnesty for illegal building, which defines the penalties applicable to guilty parties who come forward spontaneously.

Luxembourg (L)

The Committee of Benelux Ministers meeting in Luxembourg decided, among other measures, to introduce a single Benelux document on the observation of trade within Benelux, and to raise Belgian excise duties on wine.

Netherlands (NL)

None.

United Kingdom (UK)

None.

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