ISSN 0379-2056

EUROPEAN ECONOMY

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

Supplement A — No 3 — March 1984

Economic trends

This month : Monetary policy and convergence in the Community.

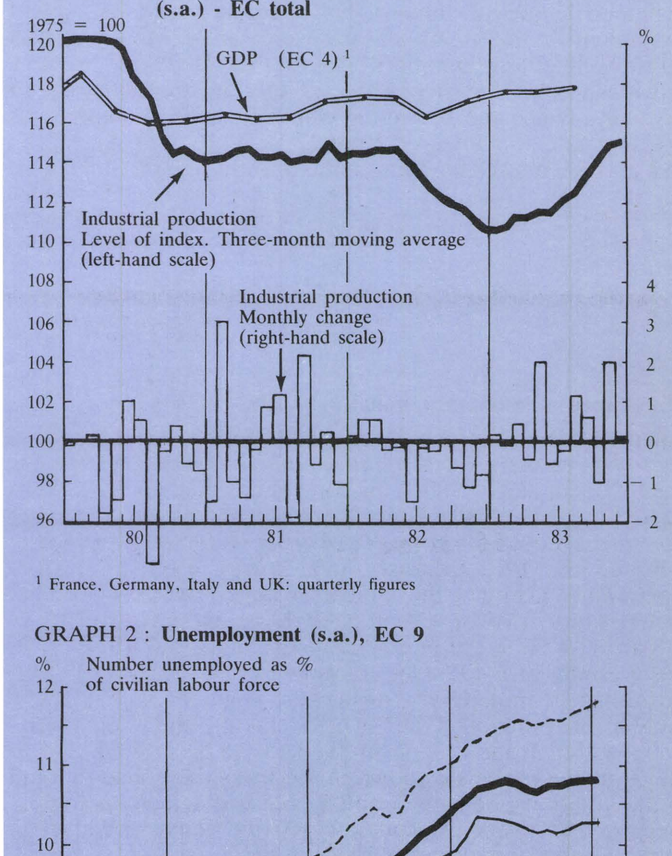
The trend of industrial output remains firm. — The seasonally-adjusted index of Community industrial output rose slightly (by 0,1 %) in December 1983 after a 2 % rise (revised figure) in November. The trend as measured by the three-month moving average was still firm, however, showing an increase of about 5 % in annual terms. Community industrial output in December was 4,2 % up on a year earlier, with the largest increase shown in Luxembourg (32,3 %), followed by Belgium (7,1 %), Germany (6,9 %), Ireland (6,1 %) and the Netherlands (5,9 %). Industrial output declined over the twelve months to December in only two Member States : Greece (by 0,5 %) and Italy (by 3,0 %). The trend has nevertheless been positive in Italy since September, but in France it has been downwards since October.

No change in Community unemployment. — The rate of unemployment in the Community in January 1984 remained at 10,8 %, the same figure as in December 1983. The stability of the global figure covers a certain diversity in the evolution in the individual Member States — with the rate of unemployment showing, notably, an increase from 11,8 % in November to 12 % in January in the United Kingdom and from 8,9 % in October to 9,3 % in January in France. Compared to the level of January 1983 the number of unemployed in the Community shows an increase of 4,9 %, with particular fast increase in Ireland (15,3 %), Luxembourg (19,2 %) and in the Netherlands (11,2 %). The smallest increase over 12 months was found in Germany (2,1 %).

Trend rates of inflation in the Community edge downward. — The index of consumer prices in the Community in January 1984 rose by 0,7 % as against 0,3 % in December 1983. The latter figure was, however, strongly influenced by seasonal cuts in prices. Adjusted for seasonal variations the index shows a rise of 0,5 % in January — corresponding to an anual rate of 6,2 %. The trend rate of inflation, measured as the seasonally-adjusted increase over six months at an annual rate, fell in the Community from 8,3 % in December, to 8 % in January, and showed corresponding declines in most Member States. Only in Greece and Denmark has any acceleration in trend rates been recorded recently. Of particular note has been the continued decrease in the trend rate in Italy, down from 17 % at the beginning of 1983 to 11 % in January 1984. Despite this development, divergence of inflation rates, measured by the standard deviation of the trend rates, edged up somewhat in January due to the increase in the Greek trend rate mentioned previously.

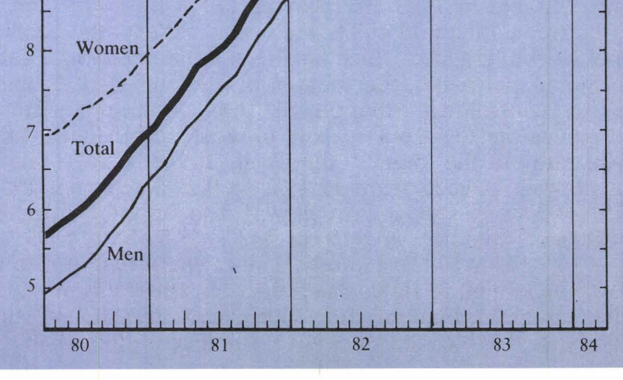
Steady trend of Community's visible trade balance. — A first provisional estimate puts the Community's visible trade deficit in November 1983 at only 438 million ECU, seasonally adjusted reflecting in particular the strong month-to-month fluctuations in the Italian trade figure. The deficit for the fourth quarter as a whole may be slightly higher than that in

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



[1] France, Germany, Italy and UK: quarterly figures

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



the third quarter, but very similar to those recorded in the first two quarters. Among the Member States, the clearest trends are in the Federal Republic of Germany, where a large surplus has been declining somewhat through 1983, and in France, where the trend continues to be a substantially improving one. In Belgium, the strong improvement through most of 1982 and into the first quarter of 1983 seems to have been halted.

Slowdown of the growth of money supply in the Community. — Despite erratic monthly fluctuations, money supply in the Commuinty, measured as a weighted average (GDP weights) of the most significant aggregates, rose on average for the period September to November 1983 at a seasonally adjusted annual rate of 7,5 %, confirming thus the slowdown seen in the third quarter. The rate of increase over 12 months amounted for the Community as a whole to 9,4 %. Among the Member States the fastest rise over 12 months was recorded in Denmark (24,0 %) presumably related to a change in money demand following a pronounced reduction of the expected rate of inflation. Ranked according to the rate of expansion of money supply followed Greece (20,2 %), Italy (13,2 %), France (11,1 %), the Netherlands (10,9 %), the United Kingdom (10,5 %) and Ireland (7,6 %). The lowest rate of expansion of money supply were recorded in Belgium (5,7 %) and Germany (4,4 %). In the latter country money supply was in fact unchanged between October 1984 and January 1984.

Varied development of short-term interest rates in the Community. — The average Community short-term interest rate remained stable in January and February at 10,6 %, but movements in the Member States were varied. Money market rates declined in Denmark (to the level of four months previously after the strong rise at the end of last year), in Germany (since the beginning of 1984), in Italy (where the discount rate was lowered from 17 % to 16 % in February) and in the United Kingdom. Some upward pressure appeared in France and Ireland in February, and existing pressure gained strength in Belgium where the discount rate was raised by one point to 12 %; short-term interest rates increased rapidly in Greece. The average Community long-term interest rate declined by one tenth of a point in January to 11,8 % as a result of easing in France, Ireland and, especially, Italy. The yield on long-term securities issued remained stable in Germany and the Netherlands, while it increased slightly in Belgium, Denmark, Greece and the United Kingdom.

Retreat of dollar and tensions in EMS in February. — The dollar fell back by 3,4 % against the ECU between January and February, its first fall since October 1983. The yen, whose exchange rate against the dollar has been very steady in recent months, fell by 3,2 % against the ECU between January and February. Within the narrow fluctuation band of the EMS, the upward movement of the DM during February led to the dispersal of the group of currencies which had been clustered near the top of the narrow fluctuation band for several months. In particular, the Danish Krone and, to a lesser extent, the Irish pound, lost ground against the DM, which at the end of the month stood alone at the top of the narrow band. The Belgian franc remained close to its bilateral limit with the DM and was, on occasion, fixed at the limit. There was a substantial intervention in favour of the Belgian franc during the course of the month, but pressure was subsiding somewhat at the end of the month, the differential between the financial and convertible francs coming down from as high as 4 ½ % to less than 3 %. The Italian lira continued its fall in the wide band — it lost about 2 % against the ECU between the beginning of January and the end of February. Sterling was influenced by oil-market uncertainties, and fluctuated somewhat in consequence, but on average for the month fell by 1 % against the ECU in February.

12 March 1984

Monetary policy and convergence in the Community

The stance of monetary policies in 1983

For the Community as a whole, 1983 confirmed the *increased control over the growth of the nominal variables* which has been evident since 1980. This control has made it possible to restrict the inflationary effects of the second oil shock and the rise in the dollar. It contrasts sharply with the pattern that followed the 1973 increase in oil prices. 1983, taking the Community average, the annual average growth rate of the money supply (M2/3) will probably have amounted to 10,5 % a year (11,6 % in the period 1980-1982 and 13,4 % a year in the period 1976-79) (see Graph 3 and Table 3). This slowdown in monetary growth went together with a lower growth of nominal GDP which, taking the Community average, fell from 12.2 % in 1980 to 9,5 % in 1982 and to 7,2 % in 1983. The slowdown in 1983 was due solely to a fall in the inflation rate (see Graph 5) and was actually accompanied by a recovery in economic activity which seems set to continue and accelerate in 1984.

Some progress is also evident in the *convergence* of nominal performances. The weighted dispersion[1] of the growth rates of the money supply in the various Community countries remained stable in 1983 after having fallen by more than 1 point between 1980 and 1982. This trend reflects the economic policy convergence which has been apparent in 1982 and 1983 and in particular the greater priority which has been given to controlling inflation in those countries whose performance in the area is still unsatisfactory. Thus, the growth rate of the money supply in France (M2 annual average) was reduced from 11,4 % to 9,2 % between 1982 and 1983. Money supply growth was also brought down in Italy (annual average growth of M3 : 15,5 % in 1983 as against 16,7 % in 1982). However, since the inflation rate is still extremely high in Italy, this reduction still seems modest. In the United Kingdom and Germany, the aim of the monetary authorities has been to stabilize rather than to reduce money supply growth. In these two countries, whose inflation rates have fallen appreciably, the constraints which were being imposed on the real economy have thus been eased.

In Denmark and the Netherlands, there was a very sharp acceleration in monetary growth in 1983. This was due to cyclical factors (greater liquidity requirements of firms in a period of increased investment) and, in Denmark, to the reduction in the differential between long and short-term interest rates which, in turn, was linked to more moderate inflationary expectations. Any continuation in such a trend

TABLE 1 : **Interest rates in the Community**[1]

	Nominal long-term interest rate[2]	Nominal short-term interest rate[3]	Difference between long-term and short-term rates	Real long-term interest rate[4]
	(1)	(2)	(3)	(4)
Ø 1961-70	6,0	5,1	0,9	2,2
Ø 1971-73	8,5	7,2	1,3	1,4
1974	11,5	12,3	−0,8	−1,7
1976	11,1	9,4	1,7	0,1
1977	10,6	8,2	2,4	−0,1
1978	10,2	7,8	2,4	2,6
1979	11,0	10,4	0,6	1,2
1980	12,8	13,4	−0,6	−0,4
1981	15,0	14,8	0,2	2,8
1982	14,0	13,3	0,7	3,6
1983	12,2	10,9	1,3	4,5

[1] Average weighted by 1975 GDP at 1975 prices and purchasing power parities.
[2] Government long-term bonds.
[3] Average money market rate.
[4] Calculated on the basis of the current inflation rate (consumer price index).

[1] Weighted average of absolute differences from the Community average.

would, however, be worrying as a new inflationary potential would build up.

Taking the Community as a whole, less responsibility devolved upon monetary policy in the adjustment and stabilization process in 1983. Greater wage moderation and stricter budgetary policies in several Community countries took over some of the strain. As a result there was some easing of the monetary policy constraints imposed on the real economy. In Community average terms, the liquidity ratio thus increased by nearly 3 percentage points in 1983, while the real money supply grew by 4 percentage points (see Graph 6). The adjustment which has taken place in the economic policy mix is helping to initiate an economic recovery which will also be underpinned in 1984 by productive investment.

There was a return to a more normal structure as *between long-term and short-term interest rates* (see Table 1). Nevertheless, real *long-term* interest rates calculated on the basis of the current inflation rate, reached a high level in 1983, and the Community average rose from −0,4 % in 1980 to 4,5 % last year. The current level of real interest rates may of course be supported by the divergence between the current inflation rate and the anticipated inflation rate. The present level of nominal and real interest rates in the United States is a further important factor in this respect, and, last but not least, the combination in Europe of stability-orientated monetary policies and the persistence of considerable public finance disequilibria in a number of countries must also be taken into account. In 1983, the general government deficit in the Community countries will probably have amounted to 5,7 % of GDP, equivalent to more than half of the saving of households (Commission staff forecast — January 1984). Thus, it would appear that real interest rates will have to remain at a substantial level in order to mobilize the savings necessary for non-inflationary financing of budget deficits. A sufficient increase in the return on capital to bring about the desired recovery in investment is all the more important.

The real exchange rate also determines the stringency of the monetary policy imposed on the real economy. Although the comparatively low level of domestically induced inflationary pressures has allowed the European monetary authorities to react with moderation, in terms of the level of interest rates, to the rise in the dollar, a price in terms of exchange rate had to be paid for this. Indeed, in these conditions the tendency for the effective exchange rate of the Community as a whole to fall was bound to continue (− 5,4 % between 1982 and 1983 and − 18 % since 1980, see Graphs 7 (a) and 7 (b)). It is interesting to see that on the basis of unit labour costs for the whole economy, the inflation differential between the Community and its trading partners amounted to only 1,5 % in 1983 (9,2 % since 1980). Thus, the Community's cost competitiveness has improved by an estimated 3,7 % in 1983 (10,4 % since 1980). This trend has contributed to re-establishing external equilibrium for the Community.

Stance of monetary policies in 1984

— According to the Commission forecasts drawn up in January 1984 (see Supplement A for February 1984), the trends which emerged in 1983 should strenghten during the months ahead. The average inflation rate in the Community is estimated at 5,2 % in terms of the private consumption deflator. Only two countries, Italy and Greece, are still expected to have an inflation rate in excess of 10 % (10,5 % and 19,2 % respectively in terms of the private consumption deflator as against 14,5 % and 19,8 % in 1983). This slowdown in inflation in the Community as a whole is expected to be accompanied by a reduction of some 1,5 percentage points in the weighted dispersion, essentially as a result of a decline in the inflation rate in France (7,2 % for the private consumption deflator as against 9,5 % in 1983), in Denmark (5,3 % in 1984 as against 6,7 % in 1983) and in Ireland (9,0 % as against 10,8 %). This could mean an important step along the road towards greater convergence. It is also expected that there will be an appreciable deceleration in the rise in unit labour costs (up by a Community average of 3,4 % in 1984 as against 7,4 % in 1982). This would underpin the process of disinflation and help to re-establish the return on capital.

Monetary policies will have an important role to play in 1984 in underpinning the developments foreseen in these forecasts. The setting of quantitative targets for the monetary or credit aggregates remains a key element in this respect. The targets

TABLE 2 : **Monetary and credit targets**

	1979		1980		1981		1982		1983*		1984
	Target	Outturn	Target	Outturn	Target	Outturn	Target	Outturn	Target	Outturn	Target
D MZ[1]	6-9	6,4	5-8	4,8	4-7	3,5	4-7	6,0	4-7	7,0	4-6
F M2[2]	11,0	14,4	11,0	9,8	10,0	11,4	12,5 13,5	11,5	9,0	8,8	5,5-6,5
I TDCE[3]	18,5	18,6	17,5	18,4	16,0	18,2	15,5	21,1	18,2	21,0	17,0
UK M3	7-11	12,7	7-11	18,6	6-10	13,8	8-12	9,2	7-11	11,5	6-10[4]

[1] Central bank money.
[2] For 1984, M2R (M2 held by residents).
[3] TDCE : total domestic credit expansion.
[4] Targets set as part of the medium-term strategy (up-dated in March 1984).
Targets are also set for M1 and PSL2 (liquidity broadly defined). In 1984 a target will also be set for M0.
* Outturn estimated by the Commission departments.

TABLE 3 : **Growth of the money supply in the Community** (Yearly averages, annual % change)

Country	Definition	1970/1960	1973/1970	1976/1973	1977	1978	1979	1980	1981	1982	1983[1]	1984[1]
B	M2	8,2	14,2	14,0	11,1	10,4	8,2	3,6	4,7	8,9	6,1	5,5
DK	M2	10,4	10,1	15,5	10,4	9,3	9,8	9,4	5,2	10,3	23,2	9,8
D	M3	10,1	12,6	8,7	9,1	10,6	9,5	5,3	6,3	6,5	6,7	5,5
GR	M3	17,7	20,9	22,7	24,6	24,4	22,0	17,0	30,4	31,5	20,0	21,3
F	M2	12,7	17,1	16,6	12,3	13,4	13,5	11,8	11,9	11,4	9,2	7,0
IRL	M3	10,0	14,5	19,0	15,9	19,7	29,0	14,5	20,6	13,5	11,6	9,5
I	M3	13,2	17,8	20,8	24,4	23,1	22,9	19,8	17,1	16,7	15,5	14,5
NL	M2	9,1	12,2	15,9	12,9	4,6	4,8	8,0	4,3	7,8	10,0	9,9
UK	LM3	5,3	18,8	11,6	8,0	14,6	12,8	14,9	17,0	11,1	11,3	9,9
EC, average[3]	M2/3	10,0	15,9	14,2	12,8	14,1	13,4	11,6	11,8	11,1	10,5	8,9
EC, dispersion[4]		2,9	3,3	4,5	4,5	3,8	3,9	4,3	4,6	3,0	3,0	3,0
EMS, average[3]	M2/3	11,3	15,0	14,7	13,8	13,7	13,4	10,7	10,2	10,6	10,1	8,4
EMS, dispersion[4]		2,0	2,7	4,5	4,8	4,3	4,6	4,6	4,1	3,3	3,2	3,1

[1] Forecasts by Commission services, January 1984.
[2] B: up to 1964, monetary claims on mainly-monetary institutions; new definition from 1982. DK: new definition from 1975. F: from 1982, residents' holdings of M2. IRL: revised series as from 1971. I: up to 1975, M2. Linkage on the basis of growth rates. NL. 1976, 1977, 1978 and 1982: break in series.
[3] Rate of growth of the geometric average, weighted by GDP at current prices and purchasing power parities, of the money stock indices of the countries concerned (1975 = 100). The weight of Luxemburg has been added to the weight of Belgium.
[4] Weighted dispersion = weighted average of the absolute deviations of the rates of the various countries compared with their weighted average; weighting as indicated in footnote 3.

set in France and in Germany clearly reflect much greater convergence. In France, a target range of 5,5 % to 6,5 % (12,5 % to 13,5 % in 1982) has been set for the growth of the money supply M2R (M2 held by residents). In Germany, the target range for 1983 has been only slightly narrowed (4 % — 6 % in 1984 as against 4 % — 7 % in 1983; see Table 2). These targets, which are quite close one to another, are consistent with the forecast growth of nominal GDP (7,8 % in France and 5,9 % in Germany). However, in interpreting them account must be taken of the relative positions of the two countries in terms of inflation and adjustment. In France, with inflation still too high and external equilibrium still not fully attained, monetary policy should aim at restricting the expansion of domestic credit, thus allowing a continued consolidation of the current restoration of external equilibrium. By contrast, given the low level of inflationary pressures in Germany, a significant upturn in growth of GDP at constant prices (3 % in 1984) could be financed with a growth rate of money supply approximately equal to or indeed lower than that in France.

In Italy, the aim for domestic credit expansion (the appropriate target in the case of an external disequilibrium) has been provisionally set at 17 %. The authorities have also indicated that M2 growth of the order of 12 % to 14 % would be consistent with the disinflation envisaged (10 % for 1984 and beyond then, 7 % in 1985 and 5 % in 1986). Given the scale of the budget deficit on a cash basis in Italy (some 15 % of GDP), the pursuit of these targets highlights the reliance placed on monetary policy in the disinflation process. The stabilization efforts would be enhanced if they had greater budgetary and incomes policy backing.

In the United Kingdom, the quantitative targets set as part of the medium-term strategy are traditionally confirmed only when Parliament adopts the budget in March. The target range set for M3 for the period from February 1984 to April 1985 is 6 % — 10 % (as against 7 % — 11 % in 1983-84). The rate of inflation forecast for 1984 is 5,3 % while the real growth rate would be 2,5 %. The target range was confirmed when the budget was presented on 13 March 1984.

In the smaller European countries, quantitative targets, where they exist, are not normative. The main instrument of stabilization is the parity of their currencies within the EMS and monetary policy is more or less derived from the aim to maintain the ECU-parity. Domestically, the room for manœuvre available in the monetary policy area will become greater as and when budgetary and incomes stabilization measures undertaken in differing degrees in recent months in Belgium, Denmark and Ireland bear fruit. This would give greater support to the recovery, which would primarily be investment induced.

The European Monetary System — recent developments

Since March 1983, the European Monetary System has been going through a relatively calm period. Fundamentally, this greater degree of stability is due to increased economic policy convergence and to an increasing trend towards restoration of external equilibria. The strength of the dollar on the exchange market no doubt also contributed to this state of affairs.

In the medium term, the stability of the European Monetary System depends on the relative trend of basic variables in the various countries, particularly relative prices, relative costs and external positions.

The relative price and cost pressures that made themselves felt in 1981 and 1982 have diminished. On the basis of unit labour costs, France's real exchange rate against its EMS partners is back close to where it was in 1978. With their costs moving broadly in the line with the average of their EMS partners, Belgium and Denmark have been able to confirm the gains in competitiveness obtained through the depreciation of their currencies up to 1982. Stabilization programmes that contribute to ensuring greater convergence in European economies have been implemented in each of these three countries.

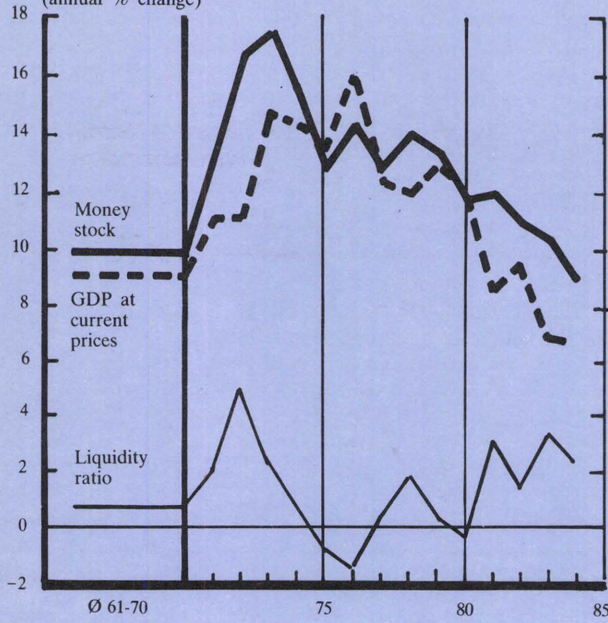
In Italy, the real exchange rate against its EMS partners calculated on the basis of unit labour costs has appreciated. Given the continuing problems in the budget and incomes areas, the aim of exchange-rate policy should be to exercise stabilizing pressure.

Despite the appreciation of its effective exchange rate against its EMS partners, Germany has been able to maintain its competitive position thanks to its success in ensuring domestic stabilization.

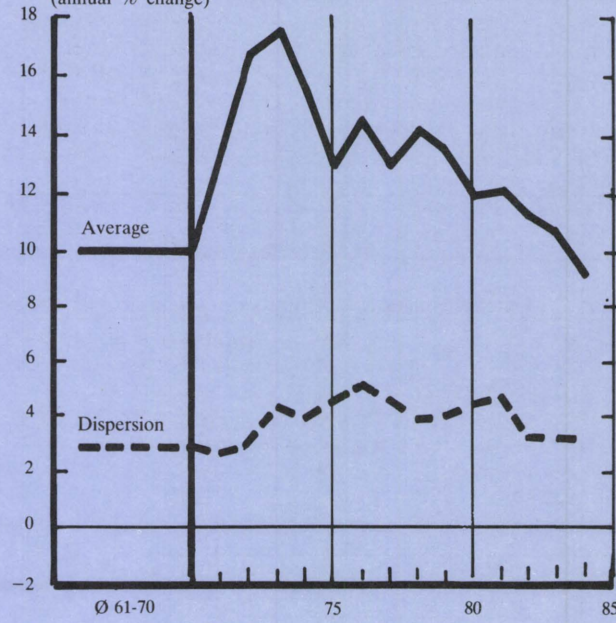
The reserval in desynchronization of economic cycles, notably the upturn in economic activity in Germany combined with the effects of the rigorous policy being pursued in France and in other countries, allowed relative current account positions to be brought more into line with one another in 1983. This trend should continue in 1984 and should thus reduce the pressures which had been created in the exchange markets of the EMS currencies.

Though divergences in inflation still persist, the trend in the fundamentals forecast for 1984 could promote a period of stability within the EMS, although the international monetary environment may give rise to strains.

GRAPH 3 : **Money stock, GDP at current prices and liquidity ratio, EC total**

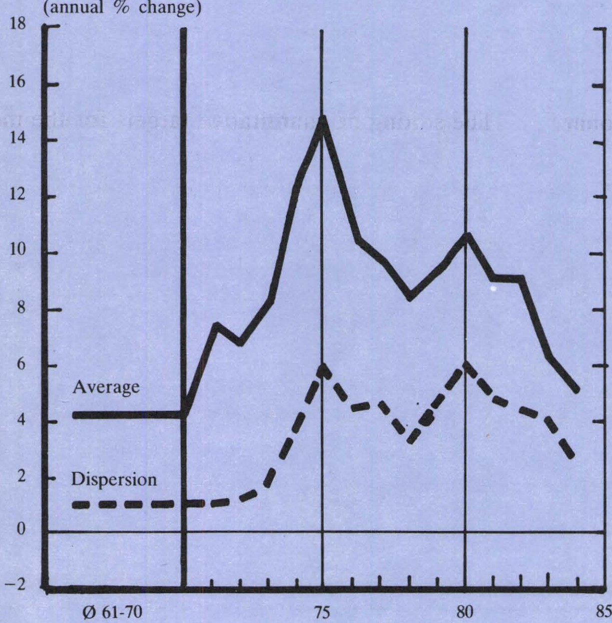


GRAPH 4 : **Money stock**
EC average and weighted dispersion [1]



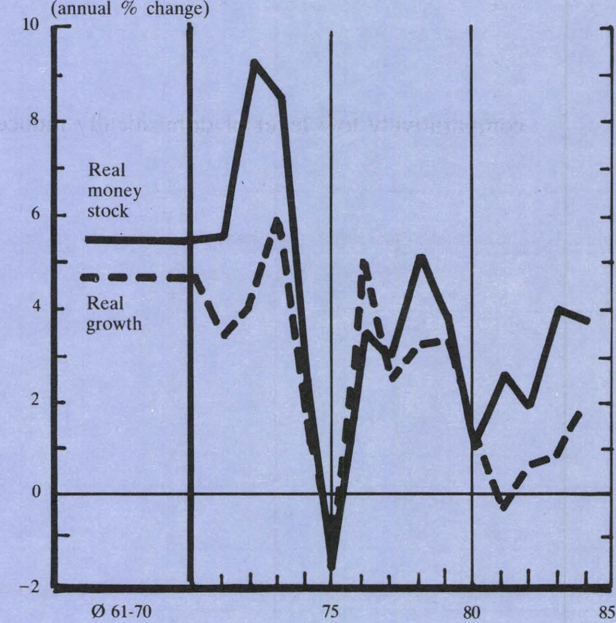
[1] Average absolute difference from the EC average.

GRAPH 5 : **GDP deflator**
EC average and weighted dispersion [1]



[1] Average absolute difference from the EC average.

GRAPH 6 : **Real money stock and real growth**



GRAPH 7 : **Relative GDP deflator and unit labour costs and effective rate of the Community against its principal trading partners**

(a) In national currency

(b) In common currency

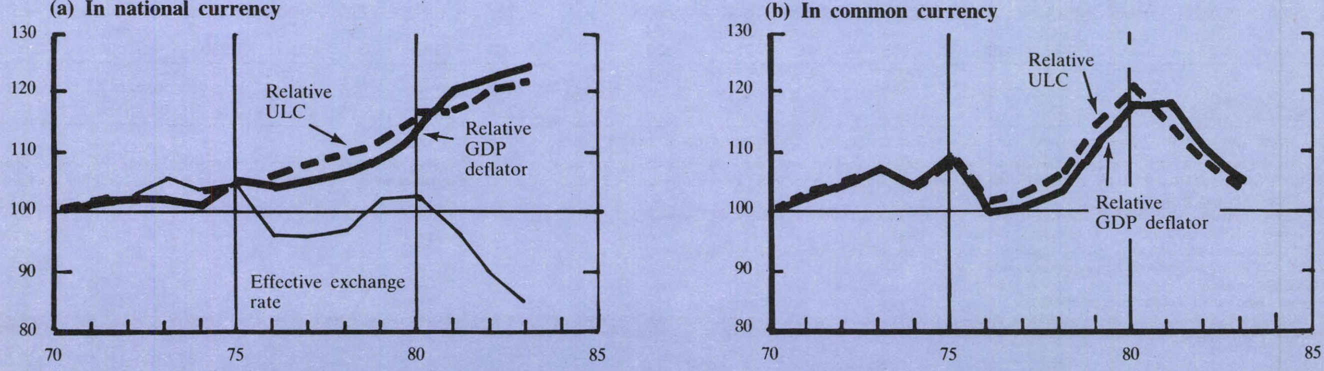


TABLE A.1 : **Industrial production**[1] - Percentage change on preceding period (s.a.)

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Change over 12 months %[2]
B	4,3	−1,0	−2,9	0		0	0,9	0,7	2,2		5,4	−0,6	0,1	−0,6	1,5	0,9		7,1
DK	3,6	0,2	0,3	2,4	3,1	1,2	1,4	2,1	−0,1	1,0	1,8	−8,3	8,7	0,2	−5,9	7,3	−1,6	2,3
D	5,1	0,2	1,8	−3,0	0,6	−1,4	1,6	2,0	−0,4	3,0	3,6	−3,0	0,4	1,3	0,2	1,7	(0,2)	(6,9)
GR	6,0	0,9	−0,6	−4,2		2,4	2,4	−1,8	0,4		5,0	−2,8	3,5	−2,2	1,2	−0,7		−0,5
F	4,7	−0,7	−2,3	−1,5	(0,8)	0,8	0,8	1,3	0,8	−0,2	−1,5	1,6	0	−1,5	−1,6	3,9	−0,8	2,8
IRL	7,7	−0,8	0,6	−0,4		1,8	5,1	−2,9	3,7		3,0	4,2	−4,4	1,4	0,7	0,6		6,1
I	6,7	5,0	−2,2	−2,6	−5,0	−0,7	0,6	−4,7	1,7	1,5	−3,0	3,7	−2,3	2,2	−1,3	6,8	−6,8	−3,0
L	3,4	−3,3	−6,8	−3,7	1,1	−4,2	−1,2	2,6	2,6	9,2	−4,6	8,8	−4,6	4,7	5,0	−0,8	8,9	32,3
NL	2,8	0	−0,9	−3,6	0,9	0,6	3,5	−1,2	−1,2	4,1	−4,5	3,8	−4,6	1,0	1,9	2,8	3,6	5,9
UK	3,8	−6,5	−3,7	1,8	(2,6)	−0,4	1,3	0	1,5	1,0	−1,4	2,0	0	0,8	0,1	0,4	0,6	3,3
EC	4,7	−0,5	−2,3	−1,5	(0,3)	−1,3	0,5	0,6	(1,2)	(1,3)	0	−0,8	1,7	0,6	(−1,0)	(2,0)	(0,1)	(4,2)
USA	4,7	−4,5	2,5	−8,5	(7,9)	−2,3	2,9	4,9	5,3	(2,8)	1,6	2,2	1,5	1,4	(0,9)	(0,6)	(0,4)	(17,6)
JAP	7,3	4,7	1,0	0,3	(7,6)	−1,2	0,9	1,5	3,3	(2,4)	1,0	0,2	(2,7)	(1,8)	(−1,2)	(2,1)	(0,3)	(9,3)

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

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 July	Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Change over 12 months %[2]
B	8,4)	(9,1)	(11,2)	(13,1)	14,4	13,8	14,2	14,3	14,6	14,7	14,4	14,6	14,8	14,8	14,7	14,6	14,5	3,8
DK	5,8	6,7	8,9	9,5	(10,2)	9,5	10,0	10,4	10,4	(9,9)	10,6	10,3	10,3	(10,7)	(9,6)	(9,4)	(9,6)	(3,4)
D	3,3	3,3	4,7	6,8	8,3	7,7	8,4	8,5	8,6	8,3	8,6	8,5	8,6	8,3	8,3	8,3	8,3	2,1
F	6,0	6,4	7,8	8,8	9,0	9,1	9,0	8,9	8,9	9,1	8,9	8,9	8,9	8,9	9,1	9,3	9,3	5,7
IRL	7,4	8,3	10,2	12,3	14,9	13,4	14,2	14,8	15,1	15,5	15,0	15,1	15,3	15,4	15,5	15,7	16,0	15,3
I	7,5	8,0	8,8	10,5	11,9	11,2	11,7	11,9	11,9	12,2	11,9	12,0	12,0	12,1	12,3	12,3	12,2	6,4
L	0,7	0,7	1,0	1,3	1,6	1,4	1,5	1,5	1,6	1,7	1,6	1,6	1,5	1,6	1,7	1,7	1,8	19,2
NL	(5,5)	(6,2)	(8,8)	(11,7)	14,1	13,0	13,5	14,0	14,4	14,6	14,3	14,5	14,5	14,5	14,6	14,7	14,7	11,2
UK	4,9	(6,3)	(9,2)	(10,7)	(11,8)	11,2	11,6	11,9	11,7	11,8	11,7	11,6	11,9	11,8	11,8	11,9	12,0	4,2
EC9	(5,5)	(6,1)	(7,8)	(9,5)	(10,6)	10,0	10,4	10,7	10,6	10,7	10,6	10,6	(10,7)	(10,7)	(10,7)	(10,8)	(10,8)	(4,9)
USA	5,8	7,1	7,6	9,7	(9,6)	10,6	10,4	10,1	9,4	8,5	9,5	9,5	9,2	8,8	8,4	8,2	8,0	−22,1
JAP[6]	2,1	2,0	2,2	2,4	2,7	2,7	2,7	2,7	2,7	2,6	2,5	2,8	2,8	2,6	2,6	2,6		6,3

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

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 July	Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Change over 12 months %[2]
B	4,5	6,6	7,6	8,7	7,7	1,9	1,7	1,3	2,5	1,2	1,0	1,0	0,7	0	0,5	0,2	0,9	6,9
DK	9,6	12,3	11,7	10,1	6,9	2,5	0,8	1,5	1,2	2,0	0	0,5	1,1	0,5	0,9	0	0,3	5,5
D	4,1	5,5	5,9	5,3	2,9	0,7	0,5	0,6	1,0	0,5	0,4	0,3	0,2	0	0,2	0,2	0,5	2,9
GR	19,0	24,9	24,5	21,0	20,5	5,6	5,4	6,9	0,8	5,8	−0,9	−0,3	3,8	2,0	1,3	1,6	1,2	20,5
F	10,7	13,6	13,4	12,0	9,4	1,9	2,6	2,8	2,1	1,9	0,9	0,6	0,7	0,8	0,4	0,3	0,7	8,9
IRL[7]	13,2	18,2	20,4	17,2	10,2	1,6	2,5	2,8	2,9	1,8	(0,9)	(0,9)	(0,6)	(0,6)	(0,6)			10,3
I	14,8	21,2	19,5	16,4	14,7	4,5	3,6	2,9	2,3	3,5	0,8	0,5	1,3	1,5	1,1	0,4	(1,2)	12,3
L	4,5	6,3	8,1	9,4	8,7	2,5	2,0	0,9	2,7	2,3	1,5	0,7	1,0	0,9	0,5	0,5	0,6	7,4
NL	4,3	7,0	6,8	6,0	2,8	0,9	0,1	0,7	0,9	1,0	0,5	0,3	0,4	0,5	0,2	0	(0,3)	3,2
UK	13,4	18,0	11,9	8,6	4,6	0,7	0,5	2,0	1,3	1,1	0,5	0,4	0,5	0,3	0,4	0,3	0	5,2
EC	10,4	14,3	12,9	11,0	8,5	2,1	2,0	2,3	1,7	2,0	0,6	0,4	0,9	0,8	0,6	(0,3)	(0,7)	8,0
USA	11,3	13,5	10,3	6,2	3,2	0,2	0	1,3	1,2	0,9	0,4	0,3	0,5	0,3	0,2	0,1	0,6	4,2
JAP	3,6	8,0	5,0	2,6	1,7	0,9	−0,4	1,1	−0,4	1,2	−0,5	−0,3	1,3	0,9	−0,6	−0,3	0,3	1,8

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

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Change over 12 months %[2]
B	3,9	1,2	−3,3	−1,3		0,9	−4,2	−5,3	3,2		0,3	2,1	1,8	−0,3	6,4			−8,9
DK	2,2	−1,5	−0,6	1,5	1,5	−0,2	2,6	−2,6	5,2	−2,2	3,5	0,1	0,8	1,7	−5,3	4,0	−2,4	2,3
D	2,6	0,3	−2,6	−2,7		−0,6	2,3	0,4	−1,1		5,9	−9,3	4,7	3,9	−7,0	4,5		1,3
GR	−2,1	−3,5	−3,3	−3,7		1,9	−0,7	−1,6	1,4		−5,5	1,3	−3,2	3,1	0,8			−0,3
F	2,3	−0,4	0,7	1,8	−2,7	1,9	0,1	−4,6	1,0	−8,5	−2,7	−1,1	3,8	1,2	−9,4	7,6	−1,9	−2,7
IRL	3,3	−0,7	−0,7	−5,4		3,1	−1,5	−5,2	0,1		0	−4,9	2,8	3,9	1,2	−0,6		−2,5
I	7,3	2,7	2,2	4,6		1,9	−1,4	0,5	1,8		5,3	−5,6	7,0	−2,4	0,1			4,6
NL	−0,3	−3,8	−4,9	−2,7		−1,0	−0,4	0,4	0,8		5,1	−1,7	−1,7	5,2				4,1
UK	4,3	0	1,2	2,6	(5,6)	1,4	0,5	2,3	1,0	2,2	0,3	−0,1	−0,9	3,9	−1,7	1,5	2,1	7,0
EC	3,4	0,2	−0,5	0,7		0,9	0,3	−0,7	0,8		2,4	−4,0	3,2	1,9	(−4,5)			(−0,5)
USA	2,1	−2,9	1,4	−1,4	6,6	2,4	0,3	4,9	0,4	2,2	0,6	−0,1	−2,0	1,2	(1,5)	(1,1)	(−0,2)	(7,5)
JAP	3,6	−8,9	1,8	0,7	1,0	−1,8	1,9	−0,2	2,1	−1,0	−2,5	5,0	0,9	−3,6	(2,7)	(−2,6)	(0,2)	(2,3)

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

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Change over 12 months %[3]
B/L	−2064	−4993	−5418	−3082		−133	170	−176	−373		−63	−112	153	−414				522
DK	−3022	−2116	−1475	−1866	−740	−571	−174	−240	−115	−244	−63	54	−57	−112	−73	10	−181	89
D	8939	3615	11239	21599	18501	5718	5945	4614	4112	4053	1748	1161	1664	1287	1428	1302	1323	−1158
GR	−4162	−3853	−3951	−5826		−1457	−1270	−1664	−1052		−688	−426	−337	−288	−355	−340		192
F	−6194	−16948	−17283	−24457	−15628	−6850	−6095	−4301	−3137	−2507	−1243	−1131	−1284	−723	−705	−1175	−626	2298
IRL	−1947	−1893	−2467	−1574		−300	−298	−92	−53		−16	35	−77	−11	−73	−67		53
I	−3893	−15307	−13554	−12513		−2502	−2651	−1887	−2369		−743	−384	−1172	−813	−438	189		891
NL	−2622	−2981	1320	3500		548	944	1270	843		432	404	69	369	0	600		628
UK	−7998	−3353	−445	−3295	−9681	118	−2182	−2781	−2465	−2573	−600	−1193	−695	−578	−1365	−925	−282	−618
EC[8]	−22962	−47829	−32034	−27515		−6077	−5396	−5354	−4491		−1186	−1485	−1747	−1259	(−1987)	(−438)		(1711)
USA	−27146	−26113	−35538	−43518	(−77969)	−13727	−11374	−18045	−22486	(−26786)	−5556	−7235	−8436	−6815	−10353	−8768	(−7665)	(−3836)
JAP	−5541	−7707	7832	7034		1097	4385	6005	(6973)		1210	2620	2784	(1569)	(1630)	(2363)		(1994)

Source: for Community countries: Eurostat, unless otherwise specified; for the USA and Japan: national sources.

[1] National sources, except for the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in 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 aggregating national indices. Data are adjusted for working days. They do not include building; data for France do not include food products and drinks.

[2] % change over 12 months on the basis of the non-adjusted nominal series for the most recent figure given.

[3] Change on corresponding month in previous year; seasonally adjusted.

[4] Change over 12 months in seasonally adjusted figures for the most recent figure given for each country.

[5] Difference in relation to the same month of the previous year.

[6] As % of total labour force.

[7] Monthly series calculated by linear interpolation.

[8] The seasonally adjusted position for the Community does not correspond to the sum of positions of the Member States; it is obtained by seasonal adjustment of the sum of gross figures for the various countries' exports and imports.

TABLE A.6 : **Money stock**[9] - Percentage change on preceding period (s.a.)

		1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 July	Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Change over 12 months %[4]
B	(M2)	6,2	2,7	5,9	5,9		0,0	0,6	1,5	3,6		:	:	:	:	:	:		5,7
DK	(M2)	10,6	7,8	9,0	11,5	24,7	3,0	5,9	7,5	5,3	3,9	0,6	1,7	2,9	0,2	0,1	3,6	1,3	24,0
D	(M3)	6,0	6,2	4,8	7,1	5,3	1,1	2,5	1,0	1,4	0,6	0,9	0,3	0,2	0,5	0	0,1	−0,1	4,4
GR	(M3)	18,4	24,7	34,7	29,0	(20,2)	6,4	1,8	4,9	4,4	(6,6)	0,9	1,6	1,8	2,5	(1,2)	(2,8)		(20,2)
F	(M2)	14,7	10,0	11,5	11,7	(11,1)	1,4	2,5	2,5	1,2	(4,5)	0,9	0,4	−0,1	1,8	1,2	(1,4)		(11,1)
IRL	(M3)	19,0	17,9	17,6	12,9	5,6	2,4	−0,9	1,7	1,2	3,5	0,6	−0,4	1,0	−0,1	2,4	1,2	1,7	7,6
I	(M2)	20,3	12,7	10,0	17,0		6,5	2,0	3,6	4,5		1,7	1,5	1,3	0,6	−0,4			13,2
NL	(M2)	7,0	3,8	5,3	8,8		−0,1	5,5	2,5	1,6		0,2	0	1,4	0,2	1,7			10,9
UK	(£M3)	11,7	19,6	13,9	10,3	10,8	2,1	2,4	3,9	0,5	3,6	0,8	0,1	−0,4	1,4	0,6	1,5	0,6	10,5
EC[10]		11,9	10,9	9,7	10,9		2,2	2,5	2,6	1,8		0,9	0,5	0,4	(1,0)	(0,4)			(9,4)
USA	(M2)	7,9	8,9	10,1	9,2		2,2	5,6	2,1	1,5		0,6	0,5	0,4	0,8	0,7			11,9
JAP	(M2)	9,1	7,2	11,0	7,9		1,4	1,5	1,6	2,3		1,7	−0,3	1,0	−0,2				5,9

TABLE A.7 : **Short-term interest rates**[11]

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Febr.	Change over 12 months %[5]
B	10,9	14,2	15,6	14,1	10,5	12,4	12,3	9,5	9,3	11,0	9,3	9,3	9,5	10,8	11,0	10,9	12,0	−0,3
DK	12,5	16,9	14,9	16,4	12,1	17,5	18,2	5,4	13,7	13,1	7,1	13,7	11,7	9,3	13,1	12,5	11,0	−5,3
D	6,9	9,5	12,3	8,8	5,8	6,4	5,3	5,6	5,8	6,5	5,8	5,8	6,2	6,5	6,5	6,1	5,9	0,2
GR	:	11,0	16,8	20,2	19,4	15,8	19,6	14,0	11,8	10,0	16,5	11,8	15,0	16,8	10,0	13,3	17,3	−2,0
F	9,8	12,3	15,6	14,6	12,5	12,7	12,3	12,6	12,6	12,3	12,4	12,6	12,3	12,3	12,3	12,3	12,6	−0,3
IRL	16,0	16,2	16,6	17,5	14,1	15,5	17,3	13,7	12,6	12,3	13,4	12,6	12,8	12,3	12,3	12,4	12,7	−1,5
I	12,0	17,6	20,0	20,1	18,1	19,1	19,4	17,8	17,5	17,9	17,6	17,5	17,6	17,9	17,9	17,9	17,2	−2,1
NL	9,6	10,6	11,8	8,3	5,7	5,3	4,3	5,4	6,2	6,1	6,3	6,2	6,1	6,3	6,1	6,0	6,1	1,5
UK	13,9	16,8	14,2	12,2	10,1	10,6	10,9	9,7	9,7	9,4	9,8	9,7	9,3	9,3	9,4	9,4	9,3	−2,1
EC[12]	10,3	13,4	15,0	13,2	10,8	11,4	11,1	10,3	10,5	10,6	10,5	10,5	10,5	10,7	10,6	10,6	10,6	0,8
USA	10,1	11,6	14,0	10,6	8,7	8,1	8,6	8,7	8,8	9,0	9,3	8,8	8,6	8,9	9,0	8,9	9,1	1,2
JAP	5,9	10,9	7,4	6,9	6,4	6,9	6,7	6,2	6,5	6,4	6,5	6,5	6,4	6,0	6,4	6,1		−0,5

TABLE A.8 : **Long-term interest rates**[13]

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 July	Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Change over 12 months %[5]
B	9,7	12,2	13,8	13,5	11,8	12,7	12,5	11,6	11,4	11,9	11,4	11,5	11,4	11,3	11,8	11,9	12,0	−0,5
DK	16,7	18,7	19,3	20,5	14,4	19,4	14,7	14,3	13,7	12,6	14,5	14,3	13,7	13,6	13,9	12,6	12,9	−5,2
D	7,4	8,5	10,4	9,0	7,9	7,9	7,4	8,0	8,3	8,2	8,1	8,3	8,3	8,1	8,1	8,2	8,2	0,6
GR	11,2	17,1	17,7	15,4	18,2	13,8	17,9	18,0	18,8	19,7	18,2	18,7	18,8	19,2	19,3	19,7	21,1	6,4
F	10,9	13,7	16,3	16,0	14,4	15,5	14,7	14,5	14,0	14,0	14,0	14,0	14,0	14,1	14,1	14,0	13,8	−1,2
IRL	15,1	15,4	17,2	17,0	13,9	14,5	14,0	13,6	13,7	14,2	13,8	13,6	13,7	13,8	13,7	14,2	13,9	−1,0
I	14,1	16,1	20,6	20,9	18,0	20,5	18,2	17,9	17,6	17,4	17,9	17,8	17,6	17,4	17,4	17,4	16,6	−3,2
L	6,8	7,4	8,6	10,4	9,8	10,9	10,4	9,8	9,3	9,5	9,3	9,3	9,3	9,4	9,5	9,5	:	−1,4
NL	9,2	10,7	12,2	10,5	8,8	8,4	8,0	9,7	9,1	8,9	9,3	9,4	9,1	8,7	8,9	8,9	8,9	1,1
UK	13,0	13,9	14,8	12,7	10,8	11,0	10,8	10,5	10,5	10,2	11,2	11,1	10,5	10,5	10,2	10,2	10,4	−1,6
EC10[12]	10,9	12,7	14,9	14,0	12,2	12,9	12,1	12,2	12,0	11,9	12,2	12,2	12,0	12,0	11,9	11,9	(11,8)	(−1,0)
USA	8,7	10,8	12,9	12,2	10,8	10,3	10,3	10,6	11,3	11,4	11,1	11,4	11,3	11,4	11,2	11,4	11,3	0,9
JAP	7,7	9,2	8,7	8,1	7,4	7,5	7,6	7,5	7,3	6,9	7,6	7,5	7,3	7,2	7,1	6,9	6,9	−0,9

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

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Febr.	Change over 12 months %[2]
BFR/LFR	40,17	40,60	41,29	44,68	45,44	45,45	44,87	45,22	45,69	45,94	45,68	45,85	45,91	45,97	45,96	46,07	45,96	2,1
DKR	7,21	7,83	7,92	8,15	8,13	8,21	8,09	8,08	8,18	8,17	8,20	8,17	8,15	8,16	8,18	8,18	8,19	1,1
DM	2,51	2,53	2,51	2,38	2,27	2,33	2,28	2,27	2,28	2,26	2,28	2,27	2,25	2,26	2,26	2,26	2,24	− 2,0
DR	50,78	59,24	61,62	65,30	78,09	67,01	78,32	76,67	76,50	81,11	76,01	78,98	80,43	81,11	81,19	82,33	84,45	7,1
FF	5,83	5,87	6,04	6,43	6,77	6,60	6,53	6,81	6,85	6,88	6,86	6,86	6,89	6,88	6,89	6,90	6,91	6,3
IRL	0,669	0,676	0,691	0,690	0,715	0,691	0,692	0,718	0,723	0,727	0,722	0,725	0,727	0,727	0,727	0,729	0,728	5,6
LIT	1138	1189	1263	1324	1350	1339	1326	1347	1355	1371	1354	1364	1370	1371	1370	1371	1385	5,0
HFL	2,75	2,76	2,78	2,62	2,54	2,55	2,52	2,55	2,55	2,53	2,55	2,54	2,53	2,54	2,54	2,54	2,53	0,2
UKL	0,646	0,598	0,553	0,561	0,587	0,566	0,619	0,586	0,570	0,574	0,568	0,568	0,578	0,571	0,573	0,571	0,577	− 6,4
USD	1,371	1,391	1,116	0,981	0,890	0,934	0,948	0,912	0,861	0,840	0,852	0,852	0,866	0,844	0,822	0,804	0,831	−12,0
YEN	300,5	315,0	245,4	243,5	211,4	241,7	223,2	216,6	208,7	196,3	208,3	206,5	201,7	198,2	192,6	188,0	194,0	−13,0
SDR	1,061	1,068	0,946	0,888	0,833	0,866	0,868	0,846	0,817	0,802	0,812	0,811	0,815	0,802	0,788	0,776	0,792	− 8,5

TABLE A.10 : **Effective exchange rates: export aspect**[14] - Percentage change on preceding period

	1979	1980	1981	1982	1983	1982 IV	1983 I	1983 II	1983 III	1983 IV	1983 Aug.	Sept.	Oct.	Nov.	Dec.	1984 Jan.	Febr.	Change over 12 months %[2]
B/L	1,2	− 0,5	− 5,4	−9,2	− 2,0	−0,3	1,2	−1,1	−1,8	−1,1	−0,7	−0,4	0	−0,5	−0,4	−0,6	0,9	−3,6
DK	−0,8	− 7,9	− 6,8	−4,0	0,1	2,0	2,2	−1,2	−2,7	−0,4	−1,3	0,5	0,4	−0,7	−0,8	−0,5	0,8	−4,6
D	4,8	0,4	− 5,2	5,1	4,5	1,8	2,6	0,3	−1,8	0,1	−1,2	0,4	1,2	−1,1	−0,5	−0,5	1,7	−0,3
GR	−5,4	−13,5	− 9,4	−7,3	−17,2	−0,3	−15,3	2,2	−0,8	−6,3	−2,9	−3,8	−1,6	−1,5	−0,8	−2,0	−1,5	−9,2
F	0,9	0,4	− 8,7	−8,0	− 6,2	0,5	1,5	−5,3	−2,0	−1,2	−1,1	−0,1	−0,1	−0,6	−0,8	−0,9	1,0	−9,1
IRL	0,2	− 2,0	− 8,3	−1,1	− 3,4	0,3	2,2	−5,4	−2,5	−1,0	−1,3	−0,3	0,4	−1,0	−0,4	−0,8	1,1	−8,9
I	−3,2	− 3,7	−12,2	−6,7	− 3,4	−0,9	1,2	−2,5	−1,9	−2,0	−1,5	−0,8	−0,3	−0,7	−0,6	−0,8	0,1	−8,0
NL	1,8	0,1	− 5,0	5,5	2,4	2,2	1,4	−1,6	−0,9	0	−0,8	0,3	0,8	−0,8	−0,5	−0,6	0,9	−2,5
UK	6,2	10,1	1,1	−4,6	− 7,0	−2,4	− 9,2	4,9	1,2	−1,8	0,4	−0,2	−1,7	0,6	−1,3	−0,4	0	3,1
ECU	5,9	2,2	−14,9	−5,3	− 4,8	0,9	− 0,7	−2,3	−3,6	−2,5	−2,3	−0,2	0,1	−1,6	−1,8	−1,7	2,2	−8,9
USA	−3,3	− 0,3	14,0	12,2	8,1	1,9	− 1,9	2,8	3,9	0,6	2,0	0	−1,7	1,8	1,7	1,2	−1,9	8,5
JAP	−7,1	− 4,1	14,0	−4,8	9,8	1,6	9,7	1,3	0,6	4,5	−0,3	0,7	3,4	0,3	1,6	1,3	−1,5	7,7

9 National sources for Belgium, Denmark, Germany, France, Ireland and the United Kingdom; seasonal adjustment by Eurostat for Greece, Italy and the Netherlands.
10 Average of monthly changes, seasonally adjusted, weighted for GDP at 1975 prices and purchasing power parities. For money supply, the monthly change in Belgium is obtained by linear interpolation of quarterly data.
11 National sources; three-month interbank rate except: Belgium: yield on issue of four-month *Fonds des Rentes* certificates; Denmark: daily money market rate (monthly average). Annual average, end quarter and end month.
12 Average weighted for GDP at 1975 prices and purchasing power parities.
13 Yield on public sector bonds. Annual average. Average for last month of quarter and monthly average for Germany, Italy, Luxembourg and the Netherlands. End quarter and end months for the other Member States.
14 Weighting cœfficients are calculated so as to allow not only for bilateral trade but also for competition on third markets and on the domestic market of the exporting country.

Note: (s.a.) = seasonally adjusted.
: = data not available.
() = estimated.

Principal economic policy measures — February 1984

Community (EC)

28.2 The Council (Research) adopts the decision concerning the European programme for research and development in the field of information technology 1984-89 : Esprit. It also adopts the Esprit work programme for 1984 allowing, thus, an immediate implementation of the programme.
The programme covers research and development activities undertaken on the basis of contracts concluded with firms, universities and other institutions located in the Community, as well as initiatives to coordinate the research and development activities of the Member States and the Community.

Belgium (B).

2.2 On proposal from the Minister of Employment and Labour, the Government adopted changes to the rules for 'the special temporary programme' (for the recruitment of unemployed persons), whereby the scheme is rendered more flexible by reducing the minimum number of recruitments required of applicants and reducing the minimum duration of engagements. However, the applicant is required to have maintained the level of employment since 30 June 1982.
16-28.2 On 16 February the Banque nationale raised the discount rate from 10 % to 11 % and the rate for current account advances from 11 % to 12 %. In four stages it raised from 10.85 % to 12.25 % the rate of interest on three-month Treasury certificates.

Denmark (DK).

6.2 Nationalbanken asked the commercial banks to reduce consumer loans and credits in order to contain banklending within the official target of 8 %.
23.2 Parliament adopted the budget for 1984; the provisional law authorizing the government to levy taxes and pay current expenditure was consequently revoked. According to recent estimates, the budget shows a rise in central government revenue of 7,7 % in 1984 compared to the out-turn in 1983, while total expenditure (including net interest payments) will grow by 5,2 %. The budget deficit should consequently fall by DKR 1 200 million to DKR 54 200 million or 9,7 % of GDP (against 10,7 %) of GDP in 1983).
One major modification concerning youth unemployment was included in the draft bill. It has been envisaged to create a further 27 000 job or training opportunities in1984 85 on basis of supplementary appropriations of some DKR 500 million, to be offset on other accounts.

Federal Republic of Germany (D)

None.

Greece (GR)

2.2 The annual financial programme was published. It estimates a growth in the money supply M3 of 21,6 % by the end of the year and an increase of 18 % in private sector borrowing. Public sector borrowing will be held at 13,1 % of gross domestic product.
2.2 As from 15 February 1984, interest rates on savings deposits will increase by 1,5 percentage points and those on term deposits of up to DR 1 million by one point. Interest rates paid by the State on Treasury bonds held by banks are increased by three points. Private persons are now to be able to purchase Treasury bonds.
2.2 The Government announced its intention of generalizing the use of cheques as a means of payment.
12.2 Wage bargaining between the employers and the trade unions reached an agreement whereby wage increases in the private sector will be the same as in the public sector, i.e. 8,9 % on 1 January 1984 and thereafter, on 1 May and 1 September 1984, the percentages will correspond to increases in the consumer price index. The minimum wage and the wages of minors will be increased, a household allowance is introduced, maternity leave is extended and working time is reduced to 40 hours per week.
16.2 A corporation was established by Eommex (Organization for small and medium-sized enterprises and craft undertakings) with the aim of replacing imports of raw materials and semi-manufactured or processed products by local products and developing exports.

France (F)

8.2 The Government adopted the plan for industrial conversion, which has three objectives : to give priority to the modernization of firms, to 'regionalize' conversion operations according to the key industrial sectors (steel, coal, shipbuilding, motor vehicles) in the employment areas; and to take advantage of industrial conversion to encourage firms to create jobes. Tax incentives in the form of reliefs are planned in order to encourage new firms, innovation and investment. These tax reliefs will also be granted to foreign firms setting up in the conversion areas. The plan also provides for simplifying, decentralizing and speeding up State aid procedures, and reinforcing prefects' powers as regards economic measures and for industrial groups to contribute to conversion measures.
10.2 An agreement on unemployment insurance was signed between the Government and both sides of industry (including the CGT and the CFDT). Under this agreemend the State takes over all expenditure relating to persons taking early retirement under solidarity agreements and cost of the benefits paid to persones excluded from the insurance scheme because they have insufficient years of insured employment or because their entitlement is exhausted. Central government and the regions will pay for unemployed persons undergoing vocational training. Government benefits (such as the solidarity allowance for long-term unemployed, the additional allowance for persons over 60 who have paid contributions covering 150 quarters, and the integration allowance granted to first-time job-seekers under the age of 25) will be increased.
18.2 The Treasury issued Government loan stock of FF 12 000 million, increased on 24 February to FF 18 000 million.
22.2 The Government adopted a programme to develop industrial research.

Ireland (IRL)

25.2 The Central Bank published its credit policy statement for 1984. The Bank has changed the mode of implementation of credit guidelines in 1984. There will be no formal credit guidelines — ceilings on the growth in private sector credit advanced by individual banks — as has been the case in recent years. Instead, the Central Bank has opted for an indicative target of 10 % for the growth it would like to see in private sector credit. However, in the case of personal lending for consumption purposes (excluding lending for housing) a formal ceiling of 10 % growth in the 12 months to November 1984 is being retained.

Italy (I)

15.2 The Government issued a decree-law whereby :
— the wage indexing system (scala mobile) is changed for 1984 : it is brought down to one third lower than the trend of the cost-of-living index : this reduction is to be effected by reducing by two points in February and one point in May the number of steps (scatti di contingenza) in the wage indexing system;
— public sector rates and charges and controlled prices are frozen for three months;
— the list of medical drugs which can be reimbursed by social security is adopted, together with the percentage of reimbursement;
— family allowances are increased.
The Government tabled a draft law whereby the annual adjustment of rents carried out in August, will not take place in 1984. The Government had previously undertaken to restrict increases in public sector rates and charges to an annual average of 10 %.
16.2 The monetary authorities cut from 17 % to 16 % the discount rate and the rate on advances against securities.
21.2 The government has adopted a decree-law on the solidarity contracts which envisage temporary assistance : (a) for enterprises which reduce working time in order to engage new staff and (b) for staff who suffer a cut in pay as a result of a reduction in working time implemented by enterprises in order to avoid redundancies.
28.2 The Italian Banking Association (ABI) reduced the prime rate from 18,5 % to 17,5 %; it also decided that the prime rate, which had been of binding force for all banks hitherto, should henceforth only be a reference basis.

Luxembourg (L)

None.

Netherlands (NL)

16.2 The Government adopted a housing construction and renovation programme, to be carried out by recruiting long-term unemployed persons (unemployed for more than a year). A total of HFL 375 million is allocated for the implementation of this programme, which should make for savings of HFL 150 million on the payment of unemployment benefit.
28.2 The Government authorized a 3 % increase in rents with effect from 1 July 1984.

United Kingdom (UK)

16.2 The Government published the White Paper 'The Government's Expenditure Plans 1984-85 to 186-87' (Cmnd. 9143). Plans for total spending in 1984-85 amount to UKL 126 400 million, some 5 % higher than the estimated level for 1983-84. Spending is planned to increase by 4,5 % and 3,5 % in 1985-86 and 1986-87 respectively.
While the total of planned spending in 1984-85 is unchanged from that indicated in the previous White Paper, the following programmes are subjet to modification : agricultural support (+ UKL 400 million), local authority current expenditure (+ UKL 600 million), social security (+ UKL 1 300 million), defence (– UKL 300 million), housing (– UKL 700 million). Receipts from special sales of assets are expected to be UKL 400 million higher than previously planned.

Prix (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
„European Economy" (4 issues per year)	22,70	1 040	16.50	13.25	23.00	The annual subscription runs from 1 January to 31 December of each year.
Supplements						
Series A — 'Economic trends' (11 issues per year)	11,35	520	8.50	6.50	12.00	
Series B — 'Business survey results' (11 issues per year)	14.65	670	11.00	8.50	16.00	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series C — 'Consumer survey results' (3 issues per year) Includes also Supplement B	14.65	670	11.00	8.50	16.00	
All three supplements	24.00	1 100	17.50	14.00	27.00	These are surface mail rates; for air subscription
Combined subscription — 'European Economy' and supplements	43.65	2 000	31.75	25.50	45.00	rates please apply to the agents

OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES

L-2985 — Luxembourg

CB-AS-84-003-EN-C