

# EUROPEAN ECONOMY

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

Supplement A — No 11 — November 1984

Recent economic trends

*In this number :*  
*Quarterly national accounts,*  
*2nd Quarter 1984*

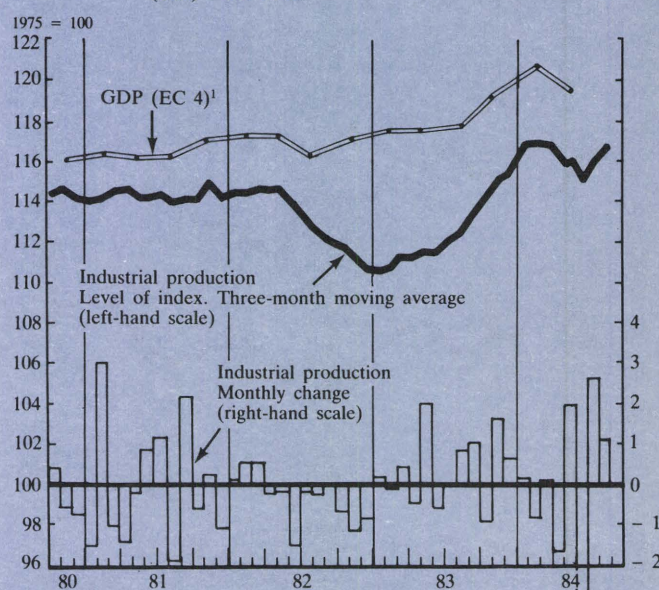
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**Industrial production picks up after disturbance in the second quarter figures.** — The index of industrial production in the Community (s.a.) grew by 1 % in August after the strong increase (2,7 %) in July from the depressed June figure. The trend, measured as the moving average over three months of the seasonally adjusted series, increased by 1,6 %. These figures represented a significant recovery from the declines in the second quarter brought about by strikes in certain countries. The trend rate is however, still negative in the United Kingdom where the miner's strike has influenced developments over the past six months while in Germany the trend rate is still influenced by the strike in the metal industry. Thus for instance in the latter country a month to month rise of 14,4 % in July followed a fall of 10 % in June (in September, however, the trend recovered strongly in Germany as shown by the provisional estimate incorporated in Graph 2). Only in the United Kingdom is the level of industrial production for the latest month available below that of the corresponding month in 1983. On a year to year basis in August the rate of growth of industrial production in the Community was 4,3 % higher than in August last year. Annual rates of growth were particularly buoyant in Denmark (17,1 %) and Italy (11 %) while most other member states were clustered around the 4 to 5 % mark.

**Unemployment edges up.** — The rate of unemployment in the Community (s.a.) in September edged up to 11,2 % with the number of persons out of work at 12 676 000, a rise of 650 000 on a year earlier. Among the Member States declines in unemployment rates between July and September were recorded in Denmark, Italy and Luxembourg while in the Netherlands the rate was unchanged. In the remaining countries of the Community unemployment rates moved upwards. This increase was modest in Germany but in France the rise was quite substantial (0,3 percentage points) some of which can be attributed to a greater number of school leavers registering.

**Retail sales grow.** — The volume of retail sales (s.a.) grew by 0,6 % in June after increases of 1 % in April and 0,7 % in May. The pattern was uneven among the Member States in June with declines in retail sales being recorded in Belgium, Germany and Ireland while increases were strong in Greece, France, Luxembourg and the Netherlands. Figures for five Community countries in July (Denmark, Germany, Luxem-

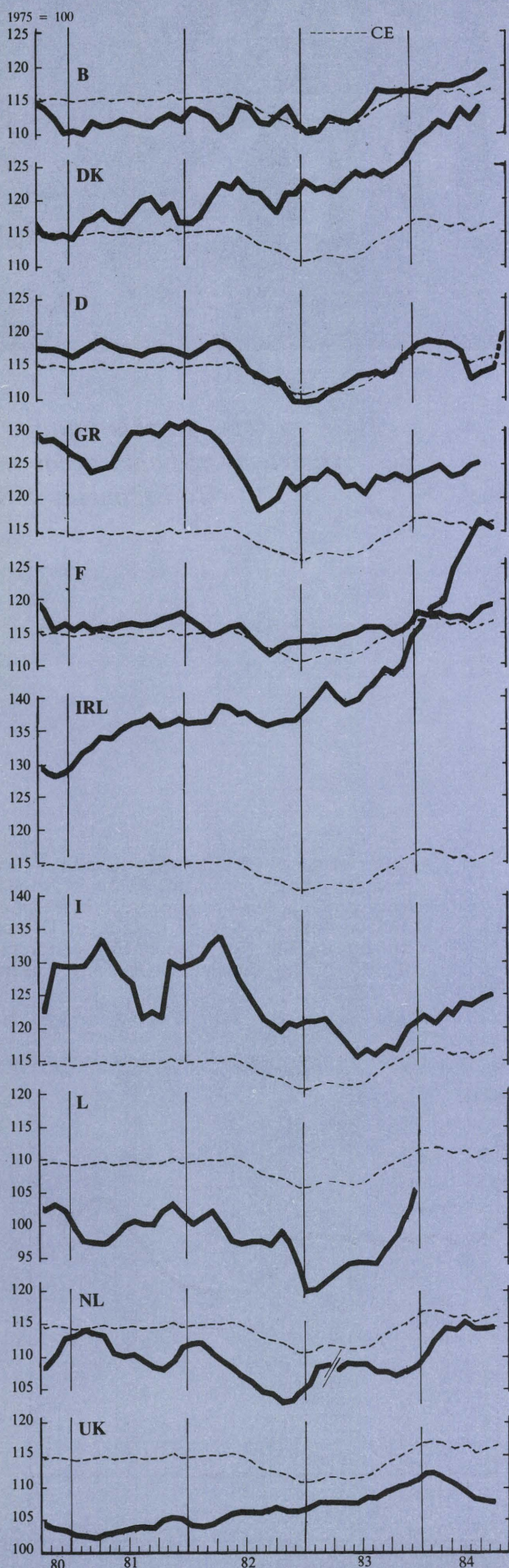
GRAPH 1 : Industrial production and gross domestic product (s.a.) - EC total



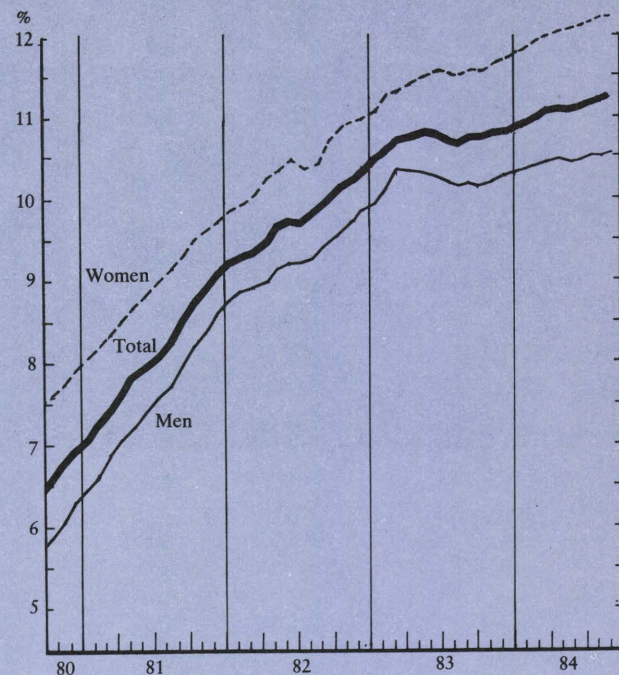
¹ France, Germany, Italy and UK: quarterly figures



**GRAPH 2 : Industrial production (s.a.)**  
(Index: 1975 = 100;  
three-month moving average)



**GRAPH 3 : Unemployment (s.a.), EC 9**  
Number unemployed as %  
of civilian labour force



bourg, the Netherlands and the United Kingdom) suggest some weakness in the summer months, in particular in the Netherlands. Year to year changes range from an increase of 10,7 % in Italy to a decline of nearly 6 % in the Netherlands.

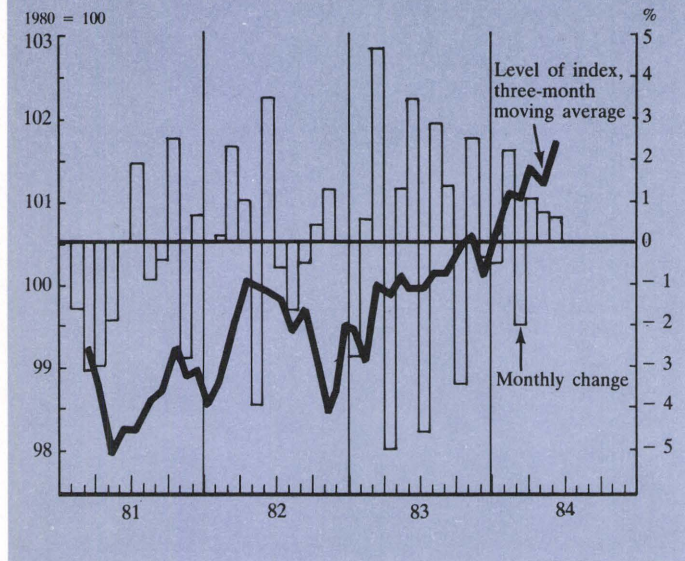
**Slowdown in inflation continues.** — The index of consumer prices in the Community in September rose by 0,5 %, slightly higher than the 0,4 % increase recorded in August. However, this acceleration was seasonal in nature, the seasonally adjusted figures showing a slowdown from 0,5 % in August to 0,4 % in September. The trend rate of inflation, measured as the seasonally adjusted rate of change over 6 months at an annual rate, moved below 6 % and this represents a deceleration since the beginning of the year of something over 2 percentage points. The index of consumer prices in the Community in September was 6,6 % higher than a year earlier with annual inflation rates ranging from 1,5 % in Germany to 17,7 % in Greece.

**Signs of improvement in the trend of the Community's visible trade balance.** — The Community's visible trade balance, seasonally adjusted, is provisionally estimated to have improved sharply in July, the deficit in that month falling to 790 million ECU from its exceptionally high level of 3 377 million ECU in June (Table A.5). The trend, as measured by a three-month moving average, also improved in July after a period of steady deterioration extending back to December 1983. Among the Member States, improvements in the visible trade balance in July were particularly evident in Germany (where exports picked up after the end of the metalworkers' strike), France (where a steady and substantial reduction in the deficit has been in progress for some time) and Italy. The first estimates for August which are available for some countries suggest a further build-up in the German surplus and a continued reduction in the French deficit. By contrast, the United Kingdom visible trade deficit increased in August and the Irish balance, after several months of surplus, returned to rather substantial deficit.

**Average Community money supply contracts in July.** — As three Member States — Denmark, France and the United Kingdom — recorded declines in the money supply in June, the Community average (seasonally adjusted) came down by 0.1 point. Consequently, the average Community money supply expanded by only 7 % over the twelve months to July 1984. Monetary growth slowed down in the Netherlands and



GRAPH 4 : Volume of retail sales (s.a.), EC-9

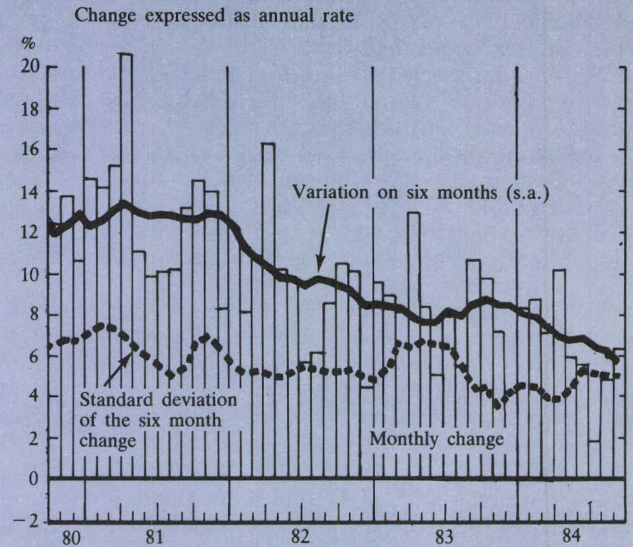


remained stable in the Federal Republic of Germany, but it accelerated in the same month in Greece, Ireland and Italy. Money creation in Denmark picked up considerably in August, boosted in particular by the anticipation of sanctions against excessive expansion of bank lending. In the United Kingdom, monetary expansion in the third quarter as a whole slowed down in relation to the second quarter : sterling M3 growth which now amounts in annual terms to 9 % since February, is within the target range of 6-10 %.

**Interest rates decline.** — In September, the average short-term Community interest rate at 10,5 % showed little change on the August rate of 10,4 %. Apart from Denmark and especially Italy, where the discount rate was raised by one point, short-term rates eased in most Member States, remaining stable in the United Kingdom. The average short-term rate of interest in the Community had eased by a further two tenths of a point to 10.3 % by the end of October. However, short-term rates rose slightly in October in the Federal Republic, Greece and Ireland. The decline in the rate on 3 month US Treasury bills was even more marked over the period concerned : it fell by one point and a half from the end of August to the end of October, when it stood at 9,1 %. Rates eased considerably on the long-term capital market, with the Community average declining from 11,7 % in July to 11,4 % in August and 11,1 % in September. Only in Denmark, Ireland and Italy did rates fail to fall over the period. US long-term rates also fell sharply.

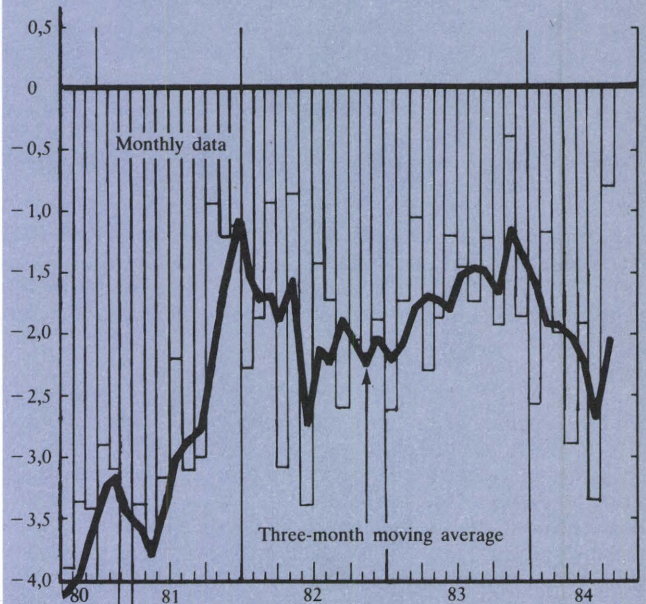
**Dollar weakens in late October.** — The dollar weakened substantially against the ECU in the final week of October and its weakness continued into early November. It had firmed considerably in the first half of October however, and on average for the month its value rose by 1.9 % against the ECU, thus standing 18.9 % higher than in the corresponding month of 1983. The yen also continued its rise against the ECU on average for the month of October, adding a further 1.2 %. The yen, like the ECU also rose against the dollar towards the end of the month but its rise was somewhat smaller than the ECU's. Within the EMS, trading conditions remained calm, the width of the narrow fluctuation band being around or less than 1 1/2 % throughout October. The only change in the relative positions of the currencies was that the Danish krone took over from the Irish pound at the top of the narrow fluctuation band early in October. The sterling reached an all-time low against the dollar and in trade-weighted terms in mid-October but its performance had improved slightly by the end of the month. The drachma was steady against the ECU during the course of October but lost ground on average between September and October.

GRAPH 5 : Consumer prices EC 10

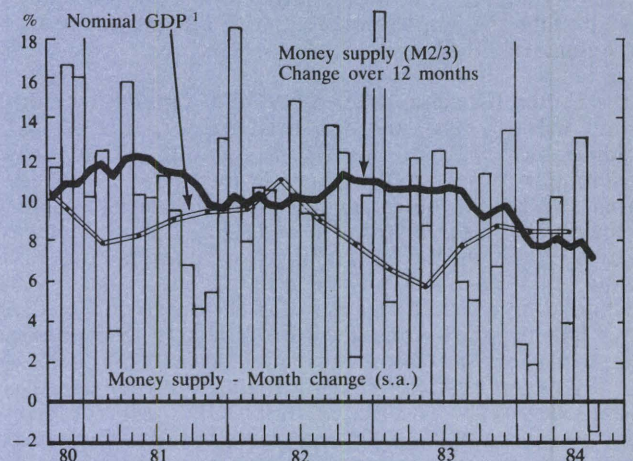


GRAPH 6 : Trade balance (s.a.) EC 9

\*000 million ECU



GRAPH 7 : Money supply (EC total) and nominal GDP (EC 4)



<sup>1</sup> Change over the same quarter of previous year.



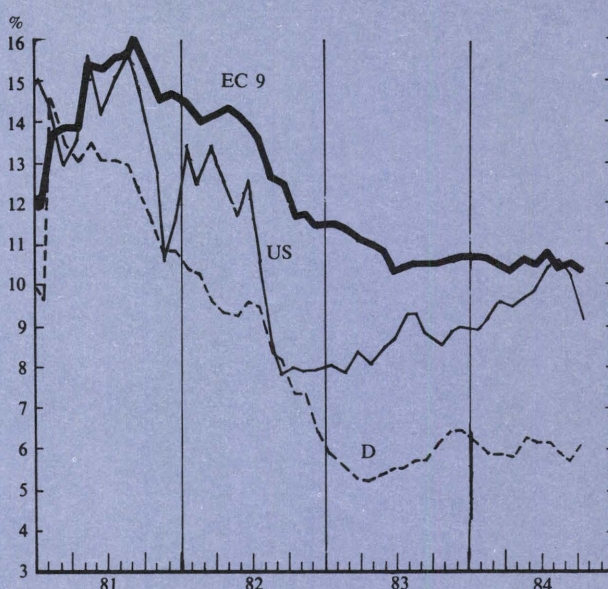
**Community GDP dips in second quarter as industrial disputes hit output.** — According to estimates based on data for the four largest Member States the gross domestic product of the Community declined in real terms by 4,2 % — seasonally adjusted annual rate — from the first to the second quarter of 1984. The decrease can be attributed principally to temporary factors, in particular the strike by German metal-workers over the 35-hour week and the miners' strike in the United Kingdom. Output should rise again when the situation returns to normal and this is confirmed in the German case with industrial production expanding substantially in July. For the Community as a whole in the second quarter there was a decline of nearly 7 % in gross fixed investment which overshadowed the positive contributions of other components of domestic demand — private consumption (0,6 %) and public consumption (0,1 %). Stockbuilding, which had boosted growth in the preceding three quarters, depressed growth by nearly 1 %. A decline in exports of 10 % was recorded after an uninterrupted growth in the previous four quarters and although imports also eased (— 2,1 %) the negative contribution of the foreign balance was as high as 2 1/2 %.

In the **Federal Republic of Germany**, principally due to the factor already mentioned, gross national product fell by 8,1 % in the second quarter, after increases of, on average, 3,4 % in the previous five quarters. The behaviour of components of GNP followed a pattern similar to that of the Community as a whole with domestic demand declining by 6,2 % as a result of the 14,5 % fall in gross fixed investment. This fall in investment came after a smaller decline in the first quarter (8,7 %) and is mainly a consequence of supply constraints due to the strike. Private consumption was unchanged in the second quarter after its growth earlier as households advanced their purchases in anticipation of industrial unrest and public consumption grew by 6 % after a similar fall in the first quarter. The rundown in stocks during the strike contributed 4 percentage points to the decline in GDP (at annual rates) with the result that total domestic demand fell by just over 6 %. Despite a fall of 6,8 % in imports as industrial raw material needs diminished, the substantial reduction in exports (12,4 %) meant that the foreign balance contributed just over two percentage points to the fall in GDP.

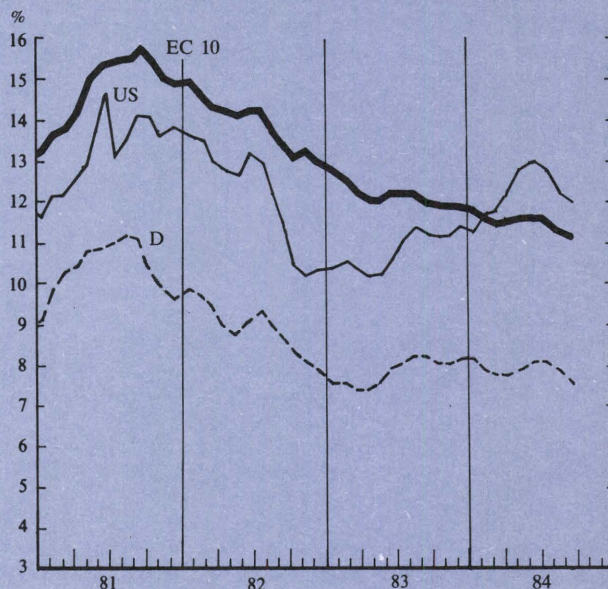
There was a fall of 2,3 % (annual rate) in gross domestic product in **France** after buoyant growth in the preceding two quarters. Here the decline in components of demand was fairly generalised with only stockbuilding contributing in any significant degree (1,7 percentage points) to holding up the rate of growth. Although investment recovered somewhat from the first quarter to grow at 1,8 %, private consumption declined by nearly 2 % reflecting increased pressure on households' disposable income, and government consumption fell markedly (9 %) as public expenditure, and in particular wages in real terms, was subjected to tighten control. The foreign balance also exerted a dampening effect on growth with exports falling by 7,4 % and imports rising marginally. The continuing high level of imports and slippage of exports suggest that competitiveness problems may still exist despite the improvement in the foreign balance as a percentage of GDP.

In the **United Kingdom**, after a period of rapid growth in the second half of 1983 and the first quarter of 1984, GDP declined by 5,6 % in the second quarter. While private consumption rose 3,4 %, as wage increases continued to outpace inflation, other components of domestic demand declined. The fall in investment of 11,7 % followed increases of over 20 % in the preceding two quarters and public consumption declined for the second successive quarter. Stockbuilding exerted a negative effect on growth of 0,9 % about half of which consisted of a reduction in coal stocks. The strong increase in imports (13,7 %) and fall in exports (3,3 %) meant that the change in the foreign balance also restrained growth. The output based GDP estimate gives a more positive picture of developments in the second quarter with output unchanged from the previous quarter. As with other measures of GDP the level of output has been affected by the dispute in the coal mining industry whose production

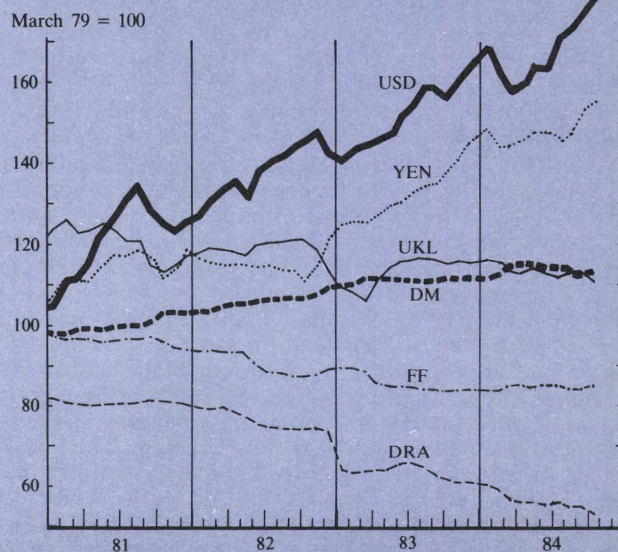
GRAPH 8 : Short-term interest rates



GRAPH 9 : Long-term interest rates



GRAPH 10 : Exchange rates  
Value of USD, yen and some EC currencies in ECU





**TABLE 1: Major supply and demand components at constant prices**  
(Percentage change on preceding period, annual rates: seasonally adjusted)

	GDP <sup>1</sup>	Imports <sup>2</sup>	Exports <sup>2</sup>	Foreign balance <sup>2</sup>	Domestic demand	Change in stocks <sup>3</sup>	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
<b>EC 4</b>										
1980 Q1	3.4	11.6	12.7	0.2	3.1	-1.2	4.4	6.2	2.3	4.5
Q2	-5.1	-10.0	-12.4	-0.6	-4.4	-0.1	-4.5	-8.1	1.9	-5.0
Q3	-0.6	-6.3	-6.1	0.1	-0.6	-2.7	2.1	-2.1	2.7	3.5
Q4	-0.3	-1.4	0.3	0.5	-0.7	-1.1	0.4	0.5	0.8	0.3
1981 Q1	0.8	-3.1	9.7	3.3	-2.4	-2.0	-0.5	-6.8	5.6	0
Q2	-1.3	-1.3	11.5	3.3	-4.5	-3.8	-0.7	0.1	-4.4	0.2
Q3	1.4	13.6	13.3	0.1	1.3	0.2	1.2	-3.3	3.9	1.9
Q4	2.0	3.7	9.7	1.6	0.4	1.9	-1.5	-8.4	-0.5	0.6
1982 Q1	0.9	9.5	-4.8	-3.8	5.0	3.7	1.2	0.4	3.1	1.0
Q2	-0.8	1.0	-5.0	-1.7	0.9	0.3	0.7	2.5	-1.3	0.6
Q3	-1.4	-6.0	-2.2	1.1	-2.5	-2.2	-0.3	-1.2	0.1	-0.2
Q4	1.3	-5.9	3.2	2.6	-1.2	-2.9	1.7	-0.8	1.5	2.7
1983 Q1	1.6	6.4	-3.2	-2.6	4.3	2.9	1.4	-0.7	1.4	2.0
Q2	0.8	1.8	4.3	0.7	0.2	-0.7	0.9	-1.3	2.2	1.2
Q3	2.0	0.8	1.2	0.1	1.9	0.9	0.9	2.6	0.2	0.6
Q4	4.2	17.3	17.3	0.1	4.1	0.8	3.2	9.6	3.3	1.2
1984 Q1	4.1	4.6	7.2	0.8	3.3	2.2	1.1	-0.4	-0.9	2.2
Q2	-4.2	-2.1	-10.3	-2.5	-1.8	-0.8	-1.0	-6.7	0.1	0.6
<b>Federal Republic of Germany</b>										
1982 Q1	-4.0	18.6	-3.3	-5.9	2.2	4.5	-2.5	-8.0	3.9	-2.7
Q2	-0.1	-4.6	-0.4	1.3	-1.5	0.9	-2.4	3.3	-5.0	-3.4
Q3	-1.1	-4.7	-1.9	0.8	-2.0	0.0	-2.0	1.9	-2.5	-3.2
Q4	-0.8	-12.5	-4.1	2.5	-3.3	-5.0	2.0	5.2	-0.6	1.9
1983 Q1	1.2	5.1	-3.0	-2.4	3.9	2.1	1.6	-8.6	0.0	6.1
Q2	5.1	8.3	-1.9	-2.9	8.6	3.8	4.5	14.3	2.6	1.8
Q3	0.1	1.8	-3.1	-1.5	1.7	2.7	-1.1	3.2	0.0	-2.9
Q4	5.7	16.2	22.3	2.3	3.5	0.3	3.2	15.1	4.6	-1.4
1984 Q1	5.0	10.0	12.4	1.1	4.0	3.7	0.1	-8.7	-6.2	6.1
Q2	-8.1	-6.8	-12.4	-2.3	-6.2	-4.0	-2.1	-14.5	6.0	0
<b>France</b>										
1982 Q1	0.9	-2.2	-15.8	-3.5	4.5	0.7	3.9	-0.7	2.0	5.8
Q2	2.7	19.9	-11.7	-7.2	10.3	5.5	4.7	8.7	3.6	3.7
Q3	-1.4	-4.1	17.0	4.7	-5.8	-4.5	-1.5	-7.5	-0.1	0.3
Q4	2.8	-1.2	13.5	3.4	-0.5	-2.1	1.6	-3.8	1.7	3.4
1983 Q1	-1.2	4.5	-15.2	-4.9	3.8	2.9	1.0	4.0	3.9	-0.5
Q2	1.6	-13.0	17.0	7.4	-5.3	-4.4	-1.1	-9.6	0.7	1.4
Q3	0.0	-7.5	7.0	3.6	-3.5	-2.9	-0.6	0.6	1.4	-1.3
Q4	2.7	20.9	11.1	-2.0	4.8	1.8	3.0	3.1	-0.3	3.7
1984 Q1	4.1	0	-3.1	-0.8	5.0	4.4	0.6	-5.4	7.7	1.0
Q2	-2.3	0.6	-7.4	-2.0	-0.4	1.7	-2.1	1.8	-9.0	-1.8
<b>United Kingdom<sup>4</sup></b>										
1982 Q1	4.5	-2.5	-4.2	-0.5	5.2	4.0	1.0	6.6	3.8	-1.5
Q2	-0.6	12.9	6.0	-1.5	0.9	-1.0	2.0	6.8	-2.1	2.1
Q3	-2.2	-15.6	-15.0	-0.1	-2.1	-7.9	6.4	15.0	4.1	4.8
Q4	9.1	0.3	12.3	3.1	6.0	0.4	5.4	2.6	5.3	6.4
1983 Q1	6.3	16.6	1.7	-3.3	10.1	6.9	2.8	6.4	2.2	2.0
Q2	-3.2	7.8	-4.2	-3.0	-0.2	-1.8	1.6	-9.5	3.4	4.5
Q3	5.9	1.3	-4.0	-1.4	7.5	2.5	4.9	4.6	-1.9	7.4
Q4	5.1	22.7	23.4	0.3	4.9	-0.7	5.6	21.7	5.8	1.2
1984 Q1	2.9	-1.1	9.4	2.8	0.1	-2.6	2.8	27.5	-2.5	-2.1
Q2	-5.6	13.7	-3.3	-4.2	-1.4	-0.9	-0.5	-11.7	-0.8	3.4
<b>Italy</b>										
1982 Q1	8.1	25.1	8.5	-2.7	11.5	6.4	4.6	16.9	1.5	2.2
Q2	-8.3	-23.0	-18.7	0.4	-9.0	-7.5	-1.4	-13.3	2.2	1.3
Q3	-1.3	0.1	-12.1	-3.1	1.8	3.7	-2.0	-10.4	1.6	-0.5
Q4	-4.9	-5.5	-1.6	0.8	-5.8	-3.4	-2.4	-11.4	1.4	-0.9
1983 Q1	2.4	1.2	11.7	2.5	0.0	0.1	-0.1	1.8	0.1	-0.6
Q2	-4.7	7.1	14.7	2.0	-6.8	-3.0	-3.8	-7.9	1.5	-3.9
Q3	5.2	12.1	10.7	0.2 <sup>b</sup>	5.3	1.9	3.2	3.4	2.0	3.4
Q4	2.3	8.3	7.6	0.2	2.2	1.0	1.1	-2.3	2.2	1.8
1984 Q1	3.5	7.2	7.3	0.3	3.3	1.2	2.0	1.4	2.3	2.1
Q2	3.0	-13.1	-16.8	-1.7	5.0	1.7	3.1	3.6	2.2	3.2

<sup>1</sup> FR of Germany: GNP.

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

<sup>3</sup> Change on previous period as a percentage of previous period's GDP.

<sup>4</sup> 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				1984	
GDP change estimated from the side of	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Expenditure	4.5	-0.6	-2.2	9.1	6.3	-3.2	5.9	5.1	2.9	-5.6
Output	1.6	3.3	1.6	1.6	3.6	0.8	7.2	4.3	-0.8	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.

normally accounts for about 1 1/2 % of GDP. It is estimated by the Central Statistical Office that the dispute reduced the level of output measure by about a half a percent in the first quarter and by about 1 1/4 % in the second quarter of 1984. Most of the reduction was the direct result of the loss of coal production.

In Italy gross domestic product expanded at an annual rate of 3 % with total domestic demand, in particular private consumption (3,2 %) and stockbuilding (contribution of 1,7

percentage points to growth), behaved quite buoyantly. Although import and export figures were substantially influenced by statistical changes in the recording of trade the net effect of the strengthening of internal demand has had a positive impact on imports and has depressed exports. The net effect of these movements has been that the foreign balance has had a negative effect for the first time since 1982.

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

	1979	1980	1981	1982	1983	1983			1984		1984							Change over 12 months %
						II	III	IV	I	II	Feb.	March	April	May	June	July	Aug.	
B	4.5	-1.2	-2.7	0	2.1	-0.3	2.0	1.6	0.6	1.5	0.6	2.4	-3.6	3.7	2.7	-2.5	:	3.5
DK	3.6	0.2	0	2.8	3.3	2.2	-0.1	1.7	5.3	0	2.1	-1.1	-4.0	11.9	-10.1	3.3	:	17.1
D	5.1	0.2	-1.9	-2.9	0.6	2.2	-0.3	3.0	0.9	-4.7	1.6	-2.7	-0.9	1.2	-10.0	14.4	-1.3	4.5
GR	6.0	0.9	-0.6	-4.2	-0.7	-2.4	1.2	0.4	2.0	0.6	-2.7	-2.2	2.2	1.1	0.3	-0.9	:	4.4
F	4.7	-0.7	-2.3	-1.5	0.8	1.0	0.8	-0.3	1.5	-0.8	-0.8	1.5	-3.0	3.1	-1.5	3.8	0	4.8
IRL	7.7	-0.8	0.6	-0.4	6.6	-2.9	3.7	3.4	3.2	7.8	3.8	5.5	0.6	0	6.7	-8.8	:	5.4
I	(6.8)	5.5	-1.6	-3.0	-3.2	-2.6	2.6	0.5	1.0	0.5	-1.0	3.7	-4.2	3.7	0.8	-1.3	1.4	11.0
L	3.4	-3.3	-6.8	-3.7	1.1	2.6	2.6	9.2	:	:	:	:	:	:	:	:	:	:
NL	4.1	-1.0	-2.0	-4.1	2.1	2.1	-1.4	1.7	4.5	0.3	-1.0	3.0	-1.9	0	2.0	-1.9	1.0	7.4
UK	3.8	-6.5	-3.6	1.8	3.3	-0.1	2.2	1.5	-0.8	-2.3	-0.3	-0.9	-1.2	-1.0	0.6	-1.1	-0.2	-1.0
EC	4.7	-0.5	-2.3	-1.6	0.9	0.9	1.2	1.6	(0.8)	(-1.3)	(-0.9)	(0.3)	(-1.8)	(2.2)	(-2.5)	(2.7)	(1.1)	(4.3)
USA	4.7	-4.5	2.5	-8.5	7.8	4.9	5.3	2.4	2.8	(2.1)	1.2	(0.5)	(0.8)	(0.4)	(0.7)	(1.0)	:	(10.7)
JAP	7.3	4.7	1.0	0.4	3.6	1.9	2.6	2.9	3.2	(2.8)	3.3	-1.3	0.8	(2.4)	(0.5)	(0.3)	(0.7)	(11.0)

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

	1979	1980	1981	1982	1983	1983		1984			1984							Change over 12 months %
						III	IV	I	II	III	March	April	May	June	July	August	Sept.	
B	(8.4)	(9.1)	11.2	13.1	14.4	14.6	14.7	14.5	14.4	14.5	14.5	14.4	14.5	14.4	14.4	14.6	15.5	-0.1
DK	5.8	6.7	8.9	9.5	10.2	10.3	10.1	10.2	10.0	(10.1)	10.3	10.4	9.9	10.1	(10.4)	(9.9)	(10.1)	(-0.9)
D	3.3	3.3	4.7	6.8	8.4	8.6	8.4	8.5	8.4	8.5	8.5	8.5	8.4	8.4	8.5	8.5	8.5	0.4
F	6.0	6.4	7.8	8.8	9.0	8.9	9.1	9.6	10.0	10.2	9.8	10.0	9.9	10.0	10.1	10.2	10.3	15.7
IRL	7.4	8.3	10.2	12.3	15.0	15.3	15.7	16.2	16.4	16.6	16.3	16.4	16.3	16.6	16.5	16.6	16.6	9.5
I	7.5	8.0	8.8	10.5	11.8	11.9	12.2	12.6	12.9	12.8	12.8	12.9	12.9	12.9	12.9	12.9	12.8	7.3
L	0.7	0.7	1.0	1.3	1.6	1.6	1.7	1.8	1.7	1.7	1.7	1.6	1.7	1.7	1.7	1.7	1.7	7.0
NL	5.5	6.2	8.8	11.7	14.0	14.4	14.6	14.7	14.6	14.3	14.6	14.6	14.9	14.5	14.2	14.5	14.2	-0.7
UK	4.9	(6.3)	(9.2)	(10.6)	(11.5)	(11.5)	(11.5)	11.7	11.8	11.9	11.8	11.7	11.8	11.8	11.8	11.8	11.9	3.7
EC <sup>9</sup>	(5.5)	(6.1)	(7.8)	(9.4)	(10.6)	(10.6)	(10.7)	11.0	11.1	11.1	11.1	11.1	11.1	11.1	(11.1)	(11.1)	(11.2)	(5.5)
USA	5.8	7.1	7.6	9.7	9.6	9.2	8.4	7.8	7.5	:	7.8	7.8	7.5	7.1	7.5	7.5	:	-19.5
JAP <sup>6</sup>	2.1	2.0	2.2	2.4	2.7	2.7	2.6	2.7	2.7	:	2.7	2.6	2.7	2.8	2.8	2.8	:	(0.6)

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

	1979	1980	1981	1982	1983	1983		1984			1984							Change over 12 months %
						III	IV	I	II	III	March	April	May	June	July	August	Sept.	
B	4.5	6.6	7.6	8.7	7.7	2.5	1.2	1.9	1.4	1.2	0.4	0.7	0.2	0.3	0.5	0.4	0.3	5.3
DK	9.6	12.3	11.7	10.1	6.9	1.2	2.0	1.5	1.8	1.0	0.4	0.3	1.0	0.5	-0.2	0.4	0.7	6.1
D	4.1	5.5	5.9	5.3	2.9	1.0	0.5	0.9	0.4	0	0.1	0.1	0.1	0.3	-0.1	-0.2	0.1	1.5
GR	19.0	24.9	24.5	21.0	20.5	0.8	5.8	4.1	5.9	1.6	3.2	1.9	1.5	2.1	-0.9	-0.5	2.8	17.7
F	10.7	13.6	13.4	12.0	9.4	2.1	1.9	1.7	1.8	1.7	0.6	0.6	0.6	0.5	0.7	0.5	0.5	7.1
IRL <sup>7</sup>	13.2	18.2	20.4	17.2	10.2	2.9	1.8	2.4	2.3	1.2	(0.8)	(0.8)	(0.8)	(0.4)	(0.4)	(0.4)	:	7.9
I	14.8	21.2	19.5	16.4	14.7	2.3	3.5	2.9	2.3	1.4	0.7	0.8	0.6	0.6	0.2	0.3	0.7	9.7
L	4.5	6.3	8.1	9.4	8.7	2.7	2.3	1.4	0.8	0.1	-0.1	0.6	0.4	-0.6	0.2	0.2	0	3.9
NL	4.3	7.0	6.8	6.0	2.8	0.9	1.0	0.7	0.9	0.1	0.5	0.4	0	0	-0.1	0.1	0.4	2.7
UK	13.4	18.0	11.9	8.6	4.6	1.3	1.1	0.6	2.0	0.9	0.3	1.3	0.4	0.2	-0.1	0.9	0.2	4.7
CE	10.4	14.3	12.9	11.0	8.5	1.7	2.0	1.7	1.9	1.1	0.6	0.8	0.5	0.5	0.2	0.4	0.5	6.6
USA	11.3	13.5	10.3	6.2	3.2	1.2	0.9	1.1	1.1	1.1	0.2	0.5	0.3	0.3	0.3	0.4	0.5	4.2
JAP	3.6	8.0	5.0	2.6	1.7	-0.4	1.2	0.4	0.9	-0.2	0.3	0.3	0.7	-0.8	0.2	-0.9	1.4	2.1

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

	1979	1980	1981	1982	1983	1983			1984		1984							Change over 12 months % <sup>2</sup>
						II	III	IV	I	II	Feb.	March	April	May	June	July	Aug.	
B	3,9	1,2	-3,3	-1,3	-7,8	-5,4	3,0	-3,7	1,6	-3,6	-0,2	-2,5	-3,8	4,4	-2,6	2,4	:	-1,6
DK	2,3	-1,5	-0,6	1,7	1,6	-2,6	4,7	-1,7	1,9	0,9	-0,6	2,6	-0,8	0	0,5	-0,8	-0,3	4,1
D	2,6	0,2	-1,5	-3,7	0,9	1,2	-1,7	-0,4	1,1	1,0	3,2	-4,5	2,4	2,1	-2,0	-0,8	1,3	0,5
GR	:	-3,5	-3,6	-3,6	-1,5	-1,8	1,4	-1,7	4,2	3,3	6,6	-2,4	5,0	-4,3	2,4	0,7	:	-6,3
F	0,6	-1,9	-2,2	1,3	-3,1	-2,2	-0,2	-2,3	1,4	-3,4	1,4	-1,3	-5,1	1,9	2,7	-8,3	:	-9,8
IRL	:	:	-0,6	-5,4	-4,0	-5,0	0,2	3,5	-4,1	5,1	1,3	-3,3	7,2	0,8	-2,2	:	:	-1,6
I	:	:	2,9	3,9	2,4	0,7	2,4	1,9	2,0	4,3	2,1	-1,5	5,3	-1,5	1,1	:	:	7,2
L	:	:	3,9	4,6	-4,9	-1,2	-0,7	-1,2	1,0	-1,5	3,6	0,9	-6,5	2,9	4,6	-9,0	:	-4,8
NL	:	:	-3,6	-2,9	-1,9	-1,4	0,3	-2,2	0,3	-1,6	5,0	-0,1	-7,6	5,7	3,0	-7,0	:	-5,8
UK	:	:	0,4	2,1	5,3	1,8	0,8	1,9	-1,6	2,9	1,7	-1,1	3,6	-1,3	1,3	-0,8	-0,3	3,3
CE	:	:	-0,7	0,1	0,6	-0,1	0,4	-0,1	0,9	0,9	2,3	-2,1	1,0	0,7	0,6	:	:	0,3
USA	2,2	-2,9	1,1	-0,9	6,9	3,6	1,2	2,5	(2,7)	(2,8)	-1,0	-1,8	(3,5)	(0,9)	(0,7)	(-0,7)	:	(8,1)
JAP	3,8	-1,1	1,8	0,7	1,0	-0,2	2,0	-1,0	(3,4)	:	(3,3)	(-3,6)	(2,7)	(-4,8)	:	:	:	(1,1)

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

	1979	1980	1981	1982	1983	1983			1984		1984						Change over 12 months %	
						II	III	IV	I	II	Feb.	March	April	May	June	July		Aug.
B/L	-2064	-4993	-5418	-3082	-2435	-362	-771	-974	-1097	:	-390	-164	:	:	:	:	:	-12
DK	-3022	-2116	-1475	-1866	-740	-240	-115	-244	-377	-383	-159	-89	-105	-166	-112	-75	-78	-21
D	8939	3615	11239	21599	18501	4614	4112	4053	5113	3846	2068	1584	1167	1975	704	1451	2142	479
GR	-4162	-3853	-3951	-5826	-5800	-1664	-1052	-1550	-1239	-1011	-392	-303	-249	-311	-451	-490	:	-63
F	-6194	-16948	-17283	-24457	-15628	-4301	-3137	-2507	-3977	-3332	-1437	-1088	-1072	-885	-1375	-816	-782	502
IRL	-1947	-1893	-2467	-1574	-621	-92	-53	-139	-116	195	-91	39	23	57	115	103	-178	-100
I	-3893	-15307	-13554	-12513	-8516	-1887	-2369	-1562	-2201	-3872	-628	-1176	-997	-1677	-1198	-141	:	243
NL	-2622	-2981	1320	3500	4499	1270	843	1099	796	1908	120	422	479	793	638	:	:	204
UK	-7998	-3353	-445	-3295	-9681	-2781	-2465	-2573	-2668	-3687	-249	-1148	-1551	-1055	-1081	-912	-1298	-603
CE <sup>8</sup>	-22962	-47829	-32033	-27515	-20422	-5546	-4890	-4558	-5833	(-8114)	-1193	-1988	(-2844)	(-1893)	(-3377)	(-790)	:	(825)
USA	-27146	-26113	-35538	-43518	-77969	-17941	-22955	-26373	-35850	(-36190)	-12144	-11935	-14426	-10846	-10918	-17889	-12705	-4300
JAP	-5541	-7707	7832	7034	(23072)	5705	6571	6432	8662	(10121)	2803	2914	3575	(2733)	(3813)	(3239)	:	(636)

TABLE A.6: Money stock<sup>9</sup> - Percentage change on preceding period (s.a.)

		1979	1980	1981	1982	1983	1983		1984			1984					Change over 12 months % <sup>4</sup>
							III	IV	I	II	III	March	April	May	June	July	
B	(M2)	6,2	2,7	5,9	5,9	8,7	3,6	2,8	2,7	0,8	..	..	..	..	..	..	10,2
DK	(M2)	10,6	7,8	9,0	11,5	24,7	5,5	4,8	2,9	3,7	3,5	0,9	0,5	2,2	1,0	-0,7	15,8
D	(M3)	6,0	6,2	4,8	7,1	5,7	1,4	0,6	0,2	1,5	1,6	0,1	1,2	-0,2	0,4	0,4	3,2
GR	(M3)	18,4	24,7	34,7	29,0	20,3	4,4	6,7	4,3	(7,5)	..	1,2	3,9	0,6	(2,8)	(2,9)	(27,6)
F	(M2R)	14,7	10,0	11,5	11,7	11,2	1,5	4,6	1,0	(1,9)	..	1,1	0,5	0,1	1,2	(-1,3)	(7,4)
IRL	(M3)	19,0	17,9	17,6	12,9	5,6	1,2	3,5	0	3,1	2,9	-0,1	0,8	0,6	1,6	2,6	9,7
I	(M2)	20,3	12,7	10,0	17,0	13,2	4,5	2,8	1,8	2,2	..	1,0	0,6	0,8	0,7	1,2	11,5
NL	(M2)	7,0	3,8	5,3	8,8	10,6	1,1	1,6	-0,1	4,0	..	-0,6	2,3	0,6	1,0	0,6	7,5
UK	(M3)	11,7	19,6	13,9	10,3	10,8	1,4	2,4	2,0	3,2	1,0	1,4	0,3	0,8	2,1	-1,0	9,0
EC <sup>10</sup>		11,9	10,9	9,7	10,9	9,8	2,0	2,4	1,1	(2,2)	..	0,7	0,8	0,4	(1,0)	(-0,1)	(7,0)
USA	(M2)	7,9	8,9	10,1	9,2	11,7	1,5	2,2	1,5	1,9	..	0,3	0,6	0,7	0,6	0,4	7,3
JAP	(M2)	9,1	7,2	11,0	7,9	7,3	2,0	1,5	2,3	1,4	..	0,6	0,7	-0,1	0,8	0,4	6,3

TABLE A.7: Short-term interest rates<sup>11</sup>

		1979	1980	1981	1982	1983	1983		1984			1984					Change over 12 months % <sup>5</sup>
							III	IV	I	II	III	April	May	June	July	August	
B		10,9	14,2	15,6	14,1	10,5	9,3	11,0	12,4	11,9	11,0	11,9	11,9	11,9	11,9	11,5	1,5
DK		12,5	16,9	14,9	16,4	12,1	13,7	13,1	11,4	11,7	11,3	12,6	10,5	11,7	11,8	10,9	-0,7
D		6,9	9,5	12,3	8,8	5,8	5,8	6,5	5,8	6,1	5,8	5,8	6,3	6,1	6,1	5,9	-0,1
GR		..	11,0	16,8	20,2	19,4	11,8	10,0	15,8	14,6	15,0	14,0	17,4	14,6	15,0	16,8	1,5
F		9,8	12,3	15,6	14,6	12,5	12,6	12,3	12,6	12,2	11,0	12,4	12,4	12,2	11,8	11,3	-2,0
IRL		16,0	16,2	16,6	17,5	14,1	12,6	12,3	13,0	12,4	13,0	12,8	12,4	12,4	13,8	13,4	0,5
I		12,0	17,6	20,0	20,1	18,1	17,5	17,9	17,4	16,9	17,7	17,4	16,9	16,9	16,6	17,7	-0,3
NL		9,6	10,6	11,8	8,3	5,7	6,2	6,1	6,1	6,2	6,2	5,9	6,2	6,2	6,4	6,3	0
UK		13,9	16,8	14,2	12,2	10,1	9,7	9,4	8,9	9,6	10,8	8,9	9,8	9,6	12,3	10,8	1,3
EC <sup>12</sup>		10,3	13,4	15,0	13,2	10,8	10,5	10,6	10,6	10,5	10,5	10,4	10,7	10,5	10,9	10,4	-0,2
USA		10,1	11,6	14,0	10,6	8,7	8,8	9,0	9,7	9,9	10,2	9,5	9,7	9,9	10,4	10,6	0,5
JAP		5,9	10,9	7,4	6,9	6,4	6,5	6,4	6,0	5,9	6,3	5,9	5,7	5,9	6,0	6,1	-0,2

TABLE A.8: Long-term interest rates<sup>13</sup>

		1979	1980	1981	1982	1983	1983		1984			1984					Change over 12 months % <sup>4</sup>
							III	IV	I	II	III	March	April	May	June	July	
B		9,7	12,2	13,8	13,5	11,8	11,4	11,9	12,2	12,1	11,9	12,2	12,1	12,2	12,1	12,1	0,5
DK		16,7	18,7	19,3	20,5	14,4	13,7	12,6	14,0	14,6	14,6	14,0	13,6	14,3	14,6	14,5	0,9
D		7,4	8,5	10,4	9,0	7,9	8,3	8,2	7,9	8,1	7,6	7,9	7,9	8,0	8,1	8,1	-0,7
GR		11,2	17,1	17,7	15,4	18,2	18,8	19,7	19,6	18,3	16,4	19,6	19,6	19,5	18,3	18,3	-2,4
F		10,9	13,7	16,3	16,0	14,4	14,0	14,0	14,0	14,0	13,1	14,0	13,8	13,8	14,0	13,9	-0,9
IRL		15,1	15,4	17,2	17,0	13,9	13,7	14,2	14,1	14,6	15,0	14,1	14,1	14,5	14,6	14,9	1,3
I		14,1	16,1	20,6	20,9	18,0	17,6	17,4	15,4	14,9	14,5	15,4	15,4	15,2	14,9	14,3	-3,1
L		6,8	7,4	8,6	10,4	9,8	9,3	9,5	10,1	10,4	10,4	10,1	10,2	10,4	10,4	10,5	1,1
NL		9,2	10,7	12,2	10,5	8,8	9,1	8,9	8,7	8,9	8,4	8,7	8,8	8,9	8,9	9,1	-0,7
UK		13,0	13,9	14,8	12,7	10,8	10,5	10,2	10,2	11,3	10,6	10,2	10,6	11,2	11,3	11,8	0,1
EC <sup>10,12</sup>		10,9	12,7	14,9	14,0	12,2	12,0	11,9	11,5	11,7	11,1	11,5	11,6	11,7	11,7	11,7	-0,9
USA		8,7	10,8	12,9	12,2	10,8	11,3	11,4	11,9	13,0	12,0	11,9	12,2	12,9	13,0	12,8	0,7
JAP		7,7	9,2	8,7	8,1	7,4	7,3	6,9	6,6	7,1	6,8	6,6	6,7	7,3	7,1	7,2	-0,5

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

		1979	1980	1981	1982	1983	1983		1984			1984					Change over 12 months % <sup>5</sup>
							III	IV	I	II	III	April	May	June	July	August	
BFR/LFR		40,17	40,60	41,29	44,68	45,44	45,69	45,94	45,90	45,59	45,25	45,61	45,59	45,55	45,33	45,23	-1,6
DKR		7,21	7,83	7,92	8,15	8,13	8,18	8,17	8,18	8,20	8,15	8,21	8,20	8,20	8,18	8,16	-0,1
DM		2,51	2,53	2,51	2,38	2,27	2,28	2,26	2,24	2,24	2,24	2,23	2,24	2,23	2,24	2,24	-0,9
DR		50,78	59,24	61,62	65,30	78,09	76,50	81,11	84,90	88,46	88,83	88,50	88,19	88,69	88,11	89,24	13,7
FF		5,83	5,87	6,04	6,43	6,77	6,85	6,88	6,90	6,87	6,87	6,87	6,88	6,87	6,86	6,87	-0,5
IRL		0,669	0,676	0,691	0,690	0,715	0,723	0,727	0,728	0,730	0,726	0,729	0,729	0,730	0,729	0,726	-0,7
LIT		1138	1189	1263	1324	1350	1355	1371	1382	1382	1380	1382	1383	1382	1374	1381	0,9
HFL		2,75	2,76	2,78	2,62	2,54	2,55	2,53	2,53	2,52	2,53	2,52	2,52	2,52	2,52	2,53	-0,4
UKL		0,646	0,598	0,553	0,561	0,587	0,570	0,574	0,579	0,591	0,592	0,594	0,587	0,592	0,595	0,591	3,2
USD		1,371	1,391	1,116	0,981	0,890	0,861	0,840	0,832	0,825	0,768	0,845	0,815	0,816	0,786	0,776	-15,9
YEN		300,5	315,0	245,4	243,5	211,4	208,7	196,3	191,9	189,5	186,9	190,2	187,9	190,4	190,7	188,0	-10,9
SDR		1,061	1,068	0,946	0,888	0,833	0,817	0,802	0,792	0,789	0,757	0,799	0,783	0,785	0,770	0,764	-11,3

TABLE A.10: Effective exchange rates: export aspect<sup>14</sup> - Percentage change on preceding period

		1979	1980	1981	1982	1983	1983		1984			1984					Change over 12 months % <sup>5</sup>
							III	IV	I	II	III	April	May	June	July	August	
B/L		1,2	-0,5	-5,3	-9,2	-2,5	-1,8	-1,1	-0,1	0,6	0	-0,1	-0,4	0,2	0,2	0	-0,7
DK		-0,8	-7,9	-6,8	-4,0	-0,1	-2,7	-0,4	-0,5	-0,3	-0,5	-0,7	-0,7	0,3	-0,2	-0,2	-2,2
D		4,8	0,4	-5,2	5,1	4,2	-1,8	0,1	0,3	0,4	-1,4	-0,5	-1,2	0,5	-0,6	-0,5	-2,7
GR		-5,4	-13,5	-9,4	-7,3	-18,0	-0,8	-6,3	-5,2	-4,1	-1,7	-1,2	-0,4	-0,3	0,1	-1,6	-15,4
F		0,9	0,4	-8,6	-8,0	-6,7	-2,0	-1,2	-0,5	0,4	-1,2	-0,3	-1,1	0,5	-0,5	-0,5	-3,0
IRL		0,2	-2,0	-8,3	-1,1	-3,4	-2,5	-0,9	-0,2	0,2	-0,7	-0,2	-1,0	0,3	-0,2	-0,1	-1,6
I		-3,2	-3,7	-12,2	-6,7	-3,5	-1,9	-2,0	-1,3	-0,1	-1,1	0	-0,9	0,3	0,2	-1,0	-4,7
NL		1,8	0,1	-5,0	5,5	2,3	-0,9	0	-0,1	0,4	-1,2	-0,3	-0,7	0,3	-0,6	-0,4	-2,3
UK		6,2	10,1	1,1	-4,6	-7,0	1,2	-1,7	-1,6	-2,2	-1,8	-1,2	0,3	-0,8	-1,2	0,2	-8,2
ECU		5,9	2,2	-14,9	-5,5	-5,3	-3,6	-2,5	-1,5	-0,5	-3,2	-1,1	-1,9	0,6	-1,3	-1,0	-9,9
USA		-3,3	-0,3	14,0	12,1	7,1	3,9	0,6	0,8	1,0	6,3	1,2	2,9	0,4	3,6	0,4	14,1
JAP		-7,1	-4,1	14,0	-4,8	11,5	0,6	4,5	2,2	1,3	-1,9	1,1	-0,6	-1,0	-1,7	0,6	3,5

<sup>9</sup> National sources for Belgium, Denmark, Germany, France, Ireland and the United Kingdom; seasonal adjustment by Eurostat for Greece, Italy and the Netherlands.

<sup>10</sup> Average of monthly changes, seasonally adjusted, weighted by GDP at 1975 prices and purchasing power parities. For money supply, the monthly change in Belgium is obtained by linear interpolation of quarterly data.

<sup>11</sup> 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.

<sup>12</sup> Average weighted by GDP at 1975 prices and purchasing power parities.

<sup>13</sup> 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 month for the other Member States.

<sup>14</sup> Weighting coefficients 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.

## Principal economic policy measures — October 1984

### Community (EC)

29.10 The Commission adopted its Annual Economic Report 1984-85. This year the Report contains an analysis in depth of the central problem of unemployment confronting the Community.

The Report has been proposed for adoption to the Council, after consultation with the European Parliament and the Economic and Social Committee. It is accompanied by an Economic Review which carries a detailed account of economic trends and prospects. The Report and the Review are published in *European Economy* n° 22.

### Belgium (B)

11.10 The Minister for Economic Affairs took a series of measures to reduce or stabilize maximum prices, in October, for certain oil products, gas and electricity.

12.10 The Government adopted a draft Law comprising several chapters:

- the extension for two years of the competitiveness principle to govern pay rises: the Government may intervene if wages in Belgium rise faster than the average for Belgium's competitors;
- the extension of the "5-3-3" system where a 5 % reduction in working hours is accompanied by 3 % wage restraint and 3 % compensatory recruitment; the new jobs created under the system must be maintained for 2 years;
- an improvement in labour market flexibility, with provisions authorizing greater variability in the number of hours worked per day and per week;
- an extension of the trial period;
- provisions for a sabbatical year in the course of a career;
- provisions to control suppliers of labour;
- a ceiling of 5,5 % on the increase in operating costs of sickness and invalidity insurance institutions;
- the extension of bridging pension arrangements until 31 December 1987.

12.10 The Government adopted a draft Law to restrain rents by 2 % in 1985, 1986 and 1987, in accordance with the austerity programme of March 1984: the effects of indexation clauses in leases will be automatically reduced by 2 % for each of the three years.

19.10 The Government adopted a draft Royal Decree governing the purchase by instalments of various goods and services; in particular, the Decree extends maximum repayment periods for some goods.

### Denmark (DK)

None.

### Federal Republic of Germany (D)

None.

### Greece (GR)

13.9 The State Secretary for the National Economy issued a decision doubling the amounts up to which an investment is eligible for the investment incentives provided for in the 1982 Law. The upper limit on investment eligible for ordinary subsidies is now DRA 800 million. Investment between DRA 800 million and DRA 1 000 million will now be eligible for subsidies as to half the cost, and for aid in the form of a holding as to the other half. Investment of over DRA 1 000 million will be eligible for aid in the form of a State holding.

17.10 The National Employment Office will grant subsidies to hotel undertakings considered capable of remaining open after the season, so as to encourage employment.

19.10 The Council of Ministers decided to raise the ceiling on issues of Treasury bills by DRA 170 000 million to DRA 770 000 million.

### France (F)

15.10 The fourth instalment of the special fund for major works, set up in 1982, is to be launched. It will amount to FF 6 000 million, and enable works to be carried out in stages for a total of about FF 16 000 million.

18.10 The definition of works of interest to the collectivity (travaux d'utilité collective: TUC), a category of works introduced by the Council of Ministers on 26 September, was published in the *Journal Officiel* of 17 October. These works will be organized exclusively by non-profit-making bodies, foundations, regional authorities and public agencies. They will be open to young people aged between 16 and 21 who are not in possession of work contracts.

20.10 The rate on subsidized home-ownership loans (prêts d'accèsion à la propriété: PAP) was reduced from 10.92 % to 10.67.

20.10 With reference to one of the Articles of the Decree of 9 January 1973 concerning the issue of the 7 % government loan (1973), index-linked to the price of gold, the Government decided to change the tax arrangements for the loan while preserving its main feature, the index link to gold. Investors will no longer be able to opt for a 25 % withholding levy in settlement of tax liability on the interest they receive, which must in future be declared in tax returns. This change affects only private investors: institutional investors, in particular pensions funds and insurance companies, and foreign holders of the loan, are not concerned.

26.10 The Minister of the Economy, Finance and the Budget announced that credit controls will be shifted on 1 January 1985. They will be replaced by arrangements to increase the freedom and responsibility of financial institutions. The granting of credit will henceforth be governed by a system of immediate reserves, which will not bear interest, as a function of the development of bank lending. The rate for the compulsory reserves will depend in particular on money supply growth targets. Special provisions will be taken, as before, to encourage financial lending from own resources and bond issues by banks.

### Ireland (IRL)

2.10 The Government published a National Economic Plan outlining its proposals on economic policies over the period 1985/87. The main points in the Plan include a reduction in the current budget deficit to 5 % of GNP by 1987 (previous policy was to end borrowing for current purposes by 1987), to be achieved through stringent control of public spending, including public service pay. The taxation level is to be held constant at the estimated 1984 level of 36,5 % of GNP. The ratio of foreign debt to GNP (now 50 %) is to be stabilised. The Plan also included proposals aimed at creating 44 000 new jobs (including part-time work) in 1985/87, roughly equivalent of the anticipated growth of the labour force over the period.

### Italy (I)

24.10 The Senate's Finance and Treasury Commission approved the system of consolidated cash management for public institutions and bodies. The Government reckons that the new Law will lead to savings of LIT 5 000 million for the public borrowing requirement.

### Luxembourg (L)

19.10 The Government adopted a draft Law introducing a new system of full and automatic linking of pay to the cost-of-living index, to be introduced on 1 January 1985. The base date for the index will be 1 September 1984. The Government reserves the right to intervene if pay develops in such a way as to compromise the competitiveness of Luxembourg undertakings.

### Netherlands (NL)

19.10 The Government adopted a draft Law to reduce the percentage applicable to the most recent earnings to calculate social benefits (unemployment and invalidity) from 80 % to 70 % on 1 January 1985. The reductions at present applied (between 3 % and 6 %, depending on circumstances) will be discontinued. It is expected that this measure will lead to total savings of HFL 1 110 million, comprising HFL 900 million for social security funds and HFL 210 million for the central government budget.

### United Kingdom (UK)

None.

### Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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