

# EUROPEAN ECONOMY

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

Supplement A — No 11 — November 1986

*In this number:  
Relative unit labour  
costs in the Community*

Recent economic trends

**Community's relative cost position less favourable in 1986.** — The improvement since 1980 in the Community's unit labour costs for the whole economy in relation to its principal partners (expressed in a common currency) slowed in 1985, to just 0,9 %. In 1986 about one third of the gains realised over the previous five years are expected to disappear, with relative costs in com-

mon currency terms rising by 11 %. Much of the worsening in competitiveness foreseen for 1986 can be associated with movements in the Community's effective exchange rate which is forecast to appreciate by 10,6 % in 1986 as a whole. Measured in national currency terms (i.e. on the basis of unchanged exchange rates), Community competitiveness is thus likely to

## ANNUAL ECONOMIC REPORT 1986-87 AND JOINT OPINION OF THE SOCIAL PARTNERS

The Council is required in the fourth quarter of the year to adopt an annual report on the economic situation in the Community and to set economic policy guidelines to be followed by each Member State. The Commission adopted, on 15th October, its Annual Economic Report 1986-87 'Reduction of unemployment in a more dynamic European economy', which it will propose to the Council. This Report, which has been transmitted to the Parliament and the Economic and Social Committee for their opinions, is published in full in *European Economy*, No 30, November 1986.

Last year, in its Annual Economic Report 1985-86, the Commission had put forward a plan for reducing unemployment ('Cooperative growth strategy for more employment') which was endorsed by the Council and favourably received by Parliament, the Economic and Social Committee and the two sides of industry in the Community. In the Annual Economic Report 1986-87, the Commission reviews economic developments and prospects and updates the economic policy guidelines formulated in the previous Report. It considers that the policies implemented since the second oil shock have made an effective contribution towards restoring the foundations for sounder growth but that their effects on the level of unemployment are working through only very slowly. It judges the current level of unemployment intolerable but shows that it can be reduced through balanced action bearing simultaneously on supply and demand, the easing of inflationary pressures and the improvement in balance of payments balances produced by falling

energy prices providing the Community, in 1987 and 1988, with a unique opportunity that needs to be seized.

It comes to the conclusion that the economic policy recommendations set out in last year's Report have certainly not been overtaken by events and must be implemented with vigour and determination. To that end, in accordance with Article 3 of the Council Directive of 1974 on stability, growth and full employment, the Commission calls on Member States' governments and on the two sides of industry to initiate at national level the social dialogue necessary for the implementation of the economic policy proposed.

The Commission plans to make an interim assessment of how the Community strategy is being implemented in the communication that it is required to send to the Council in July 1987, and calls upon Member States to transmit to it in May 1987 concise reports on the implementation of the strategy at national level.

In a joint opinion on the cooperative growth strategy for more employment drawn up on 6th November 1986 (also published in *European Economy*, No 30), the social partners confirm their agreement on the basic principles of the strategy and their support for the general thrust of policy proposed for 1986-87. They call on the governments of the Member States to make a greater effort to ensure that the strategy is effectively implemented and declare their willingness to cooperate.

TABLE 1: Labour cost indicators — % change on preceding year &amp; index (1975 = 100)

		Labour costs in industry			Labour costs, total economy			Effective exchange rate
		Labour cost per unit of output (national currency)	Relative unit labour cost in national currency (a)	Relative unit labour cost in common currency (b)	Labour cost per unit of output (national currency)	Relative unit labour cost in national currency (a)	Relative unit labour cost in common currency (b)	
<b>B/L</b>	1984	3,8	2,9	0,6	5,2	2,0	-0,2	-2,2
	1985	1,5	-0,9	0,0	3,6	0,0	0,9	0,9
	1986 (c)	-0,4	-3,1	2,7	0,8	-2,3	3,5	6,0
	Index 1986 (c)	131,5	75,1	73,2	175,1	88,3	86,0	97,4
<b>DK</b>	1984	4,6	3,4	-0,4	4,2	0,8	-2,9	-3,7
	1985	4,8	2,0	3,2	3,7	-0,3	0,9	1,2
	1986 (c)	3,7	0,4	7,4	3,1	-0,4	6,5	6,9
	Index 1986 (c)	197,4	109,3	93,1	208,5	102,6	87,4	85,1
<b>D</b>	1984	-0,8	-2,4	-3,8	0,7	-3,2	-4,6	-1,5
	1985	0,2	-2,8	-2,4	1,1	-3,0	-2,6	0,4
	1986 (c)	2,4	-0,4	10,3	2,1	-1,3	9,3	10,8
	Index 1986 (c)	135,4	73,1	104,8	134,5	61,2	87,9	143,5
<b>GR</b>	1984	:	:	:	19,2	15,2	-1,2	-14,2
	1985	:	:	:	19,3	15,0	-3,1	-15,7
	1986 (c)	:	:	:	13,7	10,1	-12,8	-20,8
	Index 1986 (c)	:	:	:	713,2	355,3	93,9	26,4
<b>E</b>	1984	:	:	:	6,2	2,6	0,2	-2,3
	1985	:	:	:	6,0	2,0	-0,3	-2,2
	1986	:	:	:	8,6	5,1	4,6	-0,4
	Index 1986 (c)	:	:	:	379,2	183,0	90,5	49,5
<b>F</b>	1984	4,0	3,1	-1,8	5,4	1,9	-2,0	-4,7
	1985	2,2	-0,6	0,5	5,0	1,2	2,4	1,1
	1986 (c)	1,1	-2,0	3,1	2,3	-1,1	4,0	5,2
	Index 1986 (c)	208,6	117,4	84,5	256,5	127,1	91,5	72,0
<b>IRL</b>	1984	-6,1	-7,3	-11,2	3,9	0,3	-3,9	-4,2
	1985	1,8	-1,0	0,1	2,6	-1,2	-0,1	1,1
	1986 (c)	3,8	0,4	5,1	3,9	0,2	4,8	4,7
	Index 1986 (c)	228,0	119,8	89,9	308,8	145,7	109,3	75,0
<b>I</b>	1984	2,8	1,7	-4,1	9,6	6,5	0,4	-5,7
	1985	7,2	5,0	-0,4	8,0	4,5	-0,9	-5,1
	1986 (c)	3,9	1,2	5,6	4,3	1,0	5,5	4,4
	Index 1986 (c)	324,5	192,0	93,9	441,1	232,9	113,9	48,9
<b>NL</b>	1984	-4,4	-5,9	-7,3	-1,4	-4,8	-6,3	-1,5
	1985	1,9	-0,5	-0,2	0,8	-2,7	-2,5	0,3
	1986 (c)	0,2	-2,6	5,1	1,6	-1,5	6,2	7,9
	Index 1986 (c)	115,4	65,6	80,7	141,6	71,7	88,2	123,0
<b>P</b>	1984	:	:	:	20,3	16,3	-3,9	-17,3
	1985	:	:	:	17,0	12,7	-0,2	-11,4
	1986 (c)	:	:	:	13,1	9,3	1,5	-7,1
	Index 1986 (c)	:	:	:	555,1	267,3	56,2	21,0
<b>UK</b>	1984	2,8	2,2	-2,6	5,4	2,4	-2,4	-4,7
	1985	4,4	2,1	1,9	4,8	1,3	1,1	-0,2
	1986 (c)	6,3	3,7	-2,0	6,0	2,8	-2,8	-5,5
	Index 1986 (c)	254,7	151,1	115,4	263,0	134,1	102,4	76,4
<b>EUR 12</b>	1981	9,2	1,7	-14,6	11,6	2,9	-13,6	-16,1
	1982	8,2	1,9	-5,2	9,3	0,9	-6,2	-7,0
	1983	4,3	4,9	-4,0	7,7	2,9	-5,8	-8,5
	1984	1,9	2,1	-7,2	5,2	2,3	-7,0	-9,1
	1985	3,4	1,3	-0,6	4,8	0,9	-0,9	-1,8
	1986 (c)	3,1	0,7	11,3	4,2	0,4	11,0	10,6
	Index 1986 (c)	202,7	131,1	90,1	250,0	124,5	85,5	68,7
<b>USA</b>	1981	6,1	-2,2	10,3	6,8	-1,7	10,8	12,8
	1982	6,8	0,3	12,3	9,2	1,6	13,9	12,0
	1983	-2,6	-4,2	1,3	3,7	-0,5	5,2	5,7
	1984	-0,4	-0,2	7,6	1,7	-0,5	7,2	7,8
	1985	0,7	-2,0	2,0	3,5	0,6	4,7	4,0
	1986 (c)	1,7	-1,4	-19,8	3,4	0,2	-18,6	-18,7
	Index 1986 (c)	160,2	94,0	105,2	191,8	99,4	111,3	112,0
<b>Japan</b>	1981	3,7	-4,0	9,1	3,3	-4,9	8,0	13,6
	1982	-0,8	-7,8	-12,4	2,2	-6,1	-10,8	-5,0
	1983	-2,3	-2,8	7,8	1,3	-3,0	7,5	10,9
	1984	-3,9	-4,5	0,7	-1,1	-3,8	1,5	5,5
	1985	1,4	-0,5	2,5	-0,1	-3,9	-1,0	3,0
	1986 (c)	3,5	1,0	31,8	2,5	-1,1	29,1	30,5
	Index 1986 (c)	103,9	58,0	124,2	132,3	64,5	138,1	214,0

(a) Unit labour cost in national currency by reference to the weighted average for 19 main competing countries. (9 for EUR 12).

(b) Unit labour costs in a common currency by reference to the weighted average for 19 main competing countries. (9 for EUR 12).

(c) Provisional forecasts.

Source: Eurostat, estimates and forecasts by Commission services.

Notes: For data on earlier years see European Economy No. 19, March 1984. The EUR 12 aggregate for manufacturing industry is calculated on the basis of total economy figures for GR, E and P.

worsen by 0,4 % in 1986 after the 1 % figure recorded in 1985 and higher figures in the previous two years (2,9 % and 2,3 % respectively).

Relative costs in manufacturing industry have followed the same pattern. Over the period 1980 to 1985, approximately one third of the decline in the effective exchange rate of 35 % was used up in the form of higher relative costs while the remaining two thirds fed through into an improvement in competitiveness. It should however be noted that, although the improvement in

common currency relative unit labour costs in manufacturing in 1986 is still nearly 10 % with respect to the level in the base year (1975), the Community's relative position is still less favourable than in the 1960s (see Graph 1).

In the United States, relative unit labour costs in common currency terms (total economy) are expected to improve markedly in 1986 reflecting the sharp fall in the effective exchange rate. In the eighties movements in US costs in national currency terms have been very closely in line with those in competitor

TABLE 2: Average hourly labour costs in manufacturing industry

	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK	EUR average	USA	Japan
(in ECU)															
<b>Eurostat data: average hourly labour costs</b>															
1975	5,88	5,74	5,75	:	:	4,69	2,66	4,26	5,93	6,46	:	2,96	4,7	:	:
1980	10,89	9,23	9,77	:	:	8,38	5,09	6,31	10,25	10,29	:	5,66	8,1	:	:
1981	12,16	9,54	10,96	3,83	:	9,82	5,99	7,34	10,29	10,77	:	7,32	9,2	:	:
1982	11,88	9,41	12,28	4,93	:	10,61	6,86	8,17	10,24	12,26	:	7,73	10,0	:	:
1983	12,43	10,09	13,36	4,84	:	11,39	7,44	9,32	10,54	13,24	:	7,94	10,8	:	:
1984	13,16	11,79	14,17	5,39	:	12,27	8,17	10,12	11,58	13,64	:	8,84	11,6	:	:
1985	14,01	12,39	14,95	5,36	:	13,13	8,91	:	11,98	14,04	:	9,56	(12,4)	:	:
<b>IDW data: average gross hourly earnings</b>															
1981	10,47	8,54	9,97	3,15	:	7,93	5,06	7,70	:	9,38	:	6,37	8,2	9,95	6,50
1982	10,23	9,33	10,96	3,78	5,82	8,66	5,95	8,68	:	10,66	:	7,29	9,1	11,97	6,84
1983	10,82	9,81	12,08	4,52	5,79	8,88	6,63	9,26	:	11,59	:	7,55	9,7	13,71	8,39
1984	11,40	10,28	12,65	5,03	6,78	9,64	7,33	10,15	:	11,84	:	8,03	10,3	16,29	9,85
1985	11,82	10,97	13,33	4,83	7,24	10,28	8,11	10,84	:	11,65	:	8,76	10,9	17,30	10,61

Note: Figures for the Community countries relate to labour costs and include all expenditure borne by employers in connection with the employment of worker and employees, i.e. direct pay, bonuses, paid annual leave, benefits in kind, social security charges paid by the employer, special levies, etc. (Source: Eurostat, Labour Cost Survey: Intermediate Results). Figures for 1985 (except B) and those from 1982 for Greece and Ireland and 1983 data for France are calculated on the basis of average gross hourly earnings of manual workers (Eurostat). The second set of figures for certain Community countries, the United States and Japan cover earnings and fringe benefits and are from the Institut der Deutschen Wirtschaft, IW Trends, various issues.

countries and relative competitiveness in common currency terms has been almost exclusively due to changes in effective exchange rates. In manufacturing some of the appreciation has even been offset by a slower increase in domestic labour costs than in competitor countries.

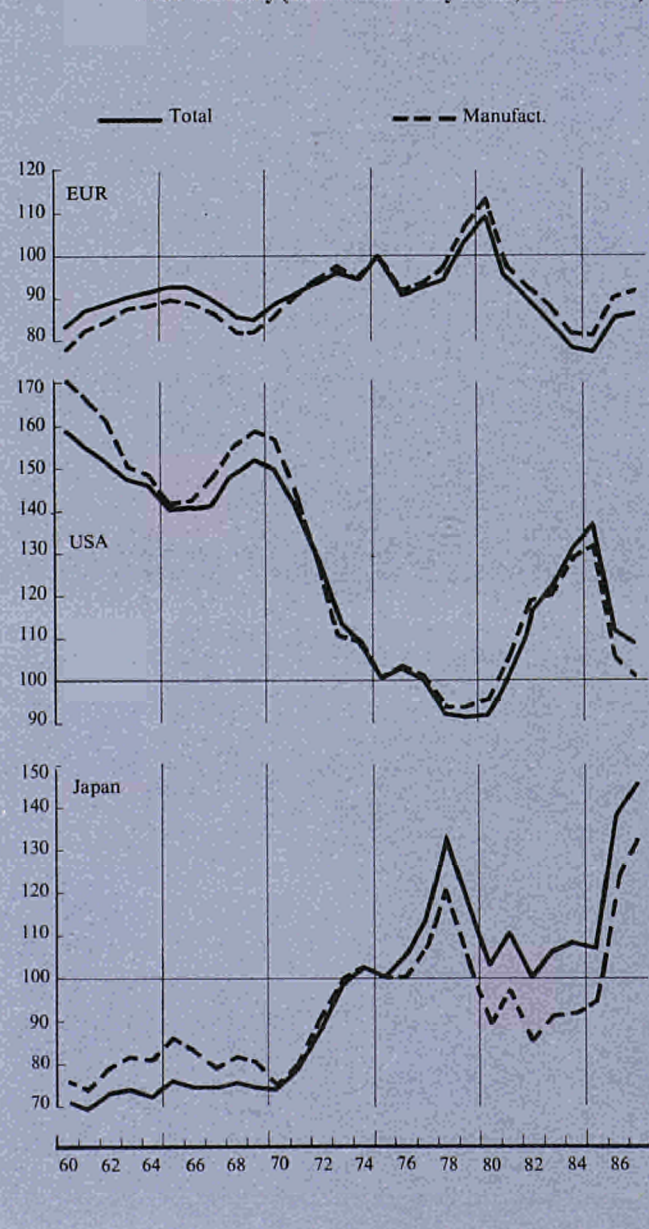
Developments in Japan in the decade from 1975 have shown a progressive improvement in the relative competitive position of the economy as a whole in national currency (4,2 % p.a.) with an even more favourable performance in manufacturing industry (5,4 % p.a.). This was offset by an annual average effective exchange rate appreciation of 5,1 %. In 1986 however the substantial effective exchange rate appreciation (30,5 %) is likely to result in a worsening of relative costs in common currency of the same order of magnitude for both manufacturing and the economy as a whole.

Within the Community, all Member States except France, the United Kingdom, Belgium/Luxembourg and Denmark experienced an improvement in common currency cost competitiveness in 1985 (Spain and Italy after minor slippages in 1984). However in 1986, all countries, except Greece and the United Kingdom where the effective exchange rate has depreciated, will see their relative competitive positions worsening, with adverse movements of up to 9,3 % (Germany) being recorded. In all countries experiencing an appreciation in their effective exchange rates, except Italy and Ireland, the full extent of the appreciation will not be reflected in a corresponding increase in relative costs in a common currency (total economy) because of improvements, ranging up to 2,3 %, in relative positions expressed in national currency terms.

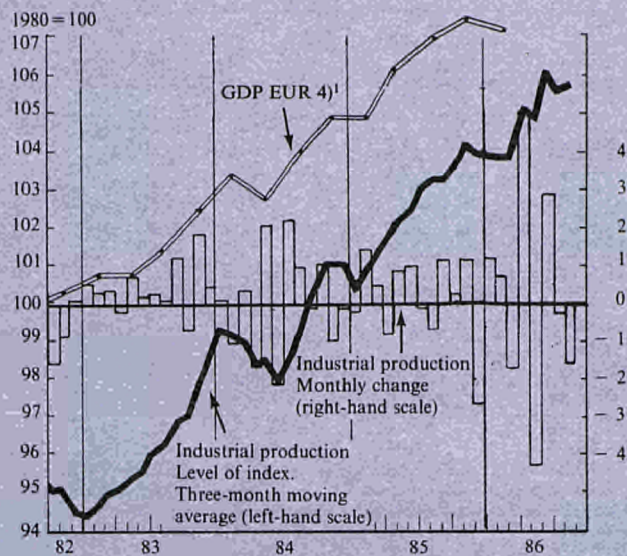
While absolute productivity levels vary from one country to another, the data in Table 2 set out average hourly labour costs in industry (in ECU) in order to give some indication of the absolute level of labour costs. Within the Community, absolute hourly labour costs were highest in Germany followed closely by the Netherlands and Belgium. Levels were considerably higher in the US since 1982 than in Community countries but the depreciation of the dollar in 1986 is likely to result in the German levels exceeding those in the US.

**Industrial production weaker over the summer months.** — Industrial production in the Community on a month-to-month basis fell by 1,7 % in August after a modest decline in July (0,3 %). The main fall was recorded in Italy while in France and Germany output was either unchanged, or slightly down, on a month earlier. In the United Kingdom output was 0,5 % higher than a buoyant July figure. For the Community as a whole the main weakness was in consumer goods industries (down 3 % on the previous month) but investment and intermediate goods industries also eased somewhat. The trend rate of growth of industrial production did however pick up somewhat from the dip experienced in July. In August industrial output was 1,9 %

GRAPH 1: Relative unit labour costs in manufacturing and in the whole economy (common currency terms, 1975 = 100)



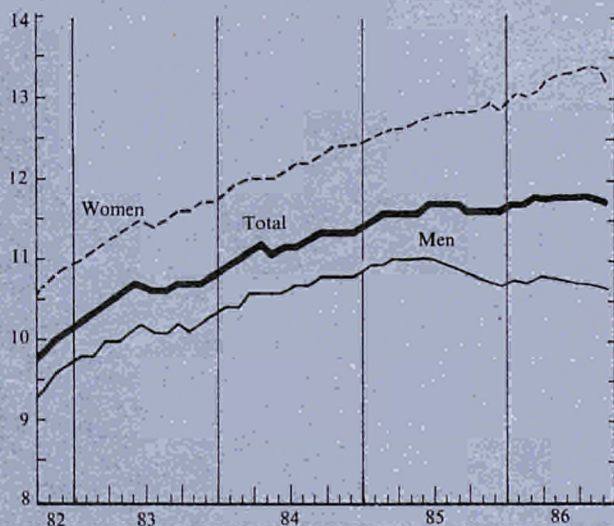
**GRAPH 2: Industrial and gross domestic product (s.a.) - EUR total**



<sup>1</sup> France, Germany, Italy and UK: quarterly figures.

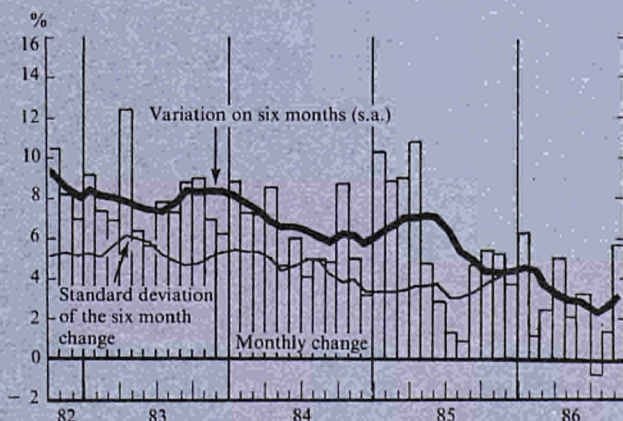
**GRAPH 3: Unemployment (s.a.) EUR 12**

Number unemployed as % of civilian labour force



**GRAPH 4: Consumer prices EUR 12**

Change expressed as annual rate



higher in the Community than a year earlier, the strongest increase in the most recent data being recorded in Belgium. Falls in year to year data were seen in Ireland (0,9 %), Denmark (1,5 %) and Italy (3 %).

**Unemployment eases.** — In September the numbers out of work, seasonally adjusted, in the Community (EUR12) fell by 93.000 to 15,9 million (11,6 % of the civilian labour force) after a decline of 41.000 in August. Numbers unemployed fell in Denmark, Germany, Greece, Ireland, Italy and the United Kingdom while they rose, or remained unchanged, in the remaining six Member States. In the third quarter as a whole the unemployment rate fell on the preceding three months in Belgium, Germany, Luxembourg, the Netherlands and the United Kingdom and was unchanged in the remaining countries except France and Ireland.

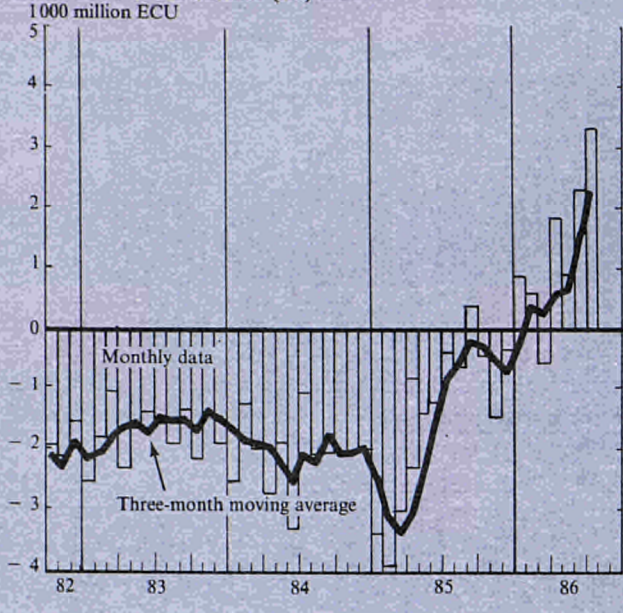
**Prices edge up slightly.** — Consumer prices in the Community (EUR12) rose by 0,5 % in September after being more or less flat over the summer months. However, the monthly rise was less pronounced on a seasonally adjusted basis moving from 0,2 % in August to 0,4 % in September. This upward movement in inflation was generally due to higher petrol prices. In Spain, the rise of 1,1 % on the previous month can be traced to higher food prices and led to the adoption of measures on 24th October to slow inflation, while the acceleration in prices in Greece and Denmark was primarily due to seasonal factors. The trend rate of inflation (seasonally adjusted annual rate over six months) rose to 3,1 % from the low point recorded in July (2,3 %). The index of consumer prices in the Community in September was 3,4 % higher than a year earlier, with annual rates ranging from decreases in Germany (0,4 %) and Luxembourg and the Netherlands (0,3 %) to an increase of 22,8 % in Greece.

**Trade surplus grows.** — The Community's trade surplus (EUR10) continued to grow in July reaching 3.273 million ECU (or about 800 million lower when account is taken of the deficits of Spain and Portugal). The surplus for August is likely to be somewhat lower at around 2.800 million ECU (EUR10) with an increase in the UK deficit and a smaller German surplus. In September the surplus could grow further because of the modest firming of oil prices and the appreciation vis-à-vis the dollar begin to be reflected in the trade account.

**Monetary growth somewhat faster.** — In August the pace of the increase in the money supply in the Community picked up to 0,7 % from the lower level recorded in July (0,4 %). In Denmark money supply fell by 2 % in August but picked up in September to end the month 11,8 % higher than a year earlier. German money stock was boosted in August by non-bank residents' external transactions and in September recorded a further sharp acceleration, with money in circulation and required minimum reserves expanding considerably. In Greece broad money decelerated further to 19,5 % in August, a development consistent with the lower rate of monetary expansion foreseen in the Annual Monetary Programme for 1986, while liquid assets in the hands of the public (ALP) in Spain only grew marginally in August and preliminary figures for September suggest an annual growth rate of 11,4 % (in the middle of the target band of 9,5 % to 12,5 %). The increase in M3 in France picked up in July and August and the annualised growth rate of quarterly figures was 5 %, i.e. at the upper end of the 3 – 5 % objective for 1986. The rise of 1 % in the Irish money supply in July was reversed in August as residents deposits declined, while in Italy money creation in August was 0,4 %, bringing the annual rate down to 7,6 %. In the United Kingdom, after a slower development in July, sterling M3 rose by 1,2 % in August and 1,6 % in September, the annual increase of 18,2 % remaining outside the target range of 11 – 15 %.

**Interest rates firmer.** — Short term interest rates, after falling markedly in August, regained the levels recorded early in the summer in September and October. Only in Spain, where a deceleration in the growth of liquid assets was confirmed, and Portugal, were there any signs of a further easing in short term rates. In Ireland the rise in interest rates of 3,3 % percentage points since August reflected uncertainty concerning international factors, rising yields in the gilt market and a firming of UK interest rates. The Central Bank of Ireland raised its rates by 2 percentage points on 9 October and by a further 1 1/4 point on 24 October following the increase in UK base

GRAPH 5: Trade balance (s.a) EUR 10

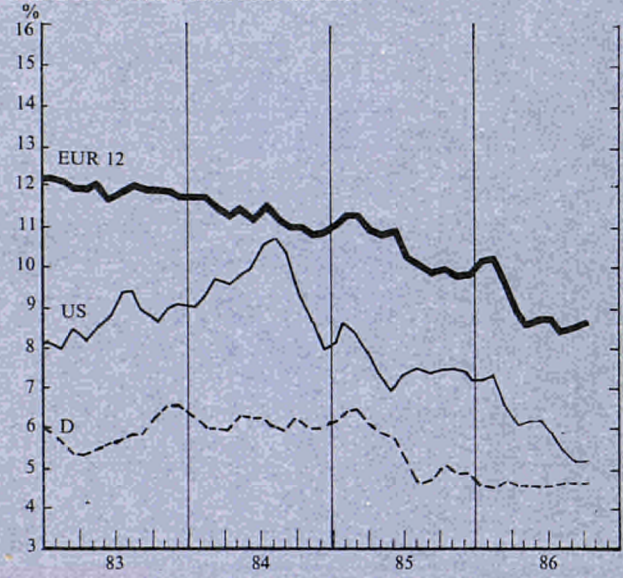


rates of 1 % in the middle of the month. Elsewhere short term rates were unchanged over the period or marginally higher.

**Community currencies generally stronger.** — The ECU continued to strengthen against both the dollar and the yen in October. At the beginning of the month, lack of any firm agreement among G5 and G7 countries on exchange and interest rate policies reinforced the market's bearish attitude. However following the Gleneagles agreement, a concerted round of intervention by European central banks supporting the dollar on 7 October proved costly to many market operators and dampened speculative movements. Later in the month some recovery in the dollar was recorded on the publication of better statistics for the US economy. Within the exchange rate mechanism of the EMS, the month was tension-free. The easing of strains can be attributed to the commitment made to defend existing parities but also to the common dollar policy. Apart from some intervention by the Banque de France at the beginning of the month because of the winding down of speculative positions in euro-francs in a thin market, there was little intervention by Central Banks in support of EMS parities. The Danish krone improved after measures taken to encourage savings, and was replaced by the Belgian franc at the bottom of the system well above the floor. The Irish pound was weaker during the month as sterling fell to new lows against the ECU. The pound sterling did however recover somewhat later in line with the stronger dollar. Both the drachma and the escudo fell by just over 1 % against the ECU while the depreciation of the peseta was less pronounced.

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GRAPH 6: Short-term interest rates



GRAPH 7: Exchange rates

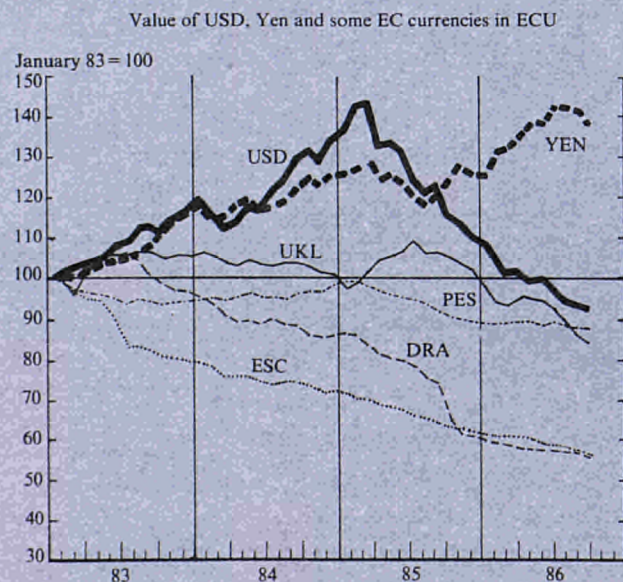


TABLE A.1: Industrial production (a) — Percentage change on preceding period (s.a.)

	1981	1982	1983	1984	1985	1985			1986		1986						Change over 12 months % (b)	
						II	III	IV	I	II	Feb.	March	April	May	June	July		Aug.
B	-2.7	0	2.0	2.5	2.4	0.9	0.9	1.8	0.9	0.6	1.2	4.2	-3.0	0.3	0.9	2.7	:	12.1
DK	0	2.7	3.2	9.7	4.2	2.8	5.0	1.8	-1.9	4.6	-2.5	-5.8	15.2	-7.0	0	-0.7	-2.4	-1.5
D	-1.9	-2.9	0.6	3.0	5.7	0.9	1.9	0.8	-0.3	0.8	0.2	-0.7	3.2	-3.7	2.8	0.8	-0.2	0.6
GR	-0.6	-4.2	-0.7	3.5	2.6	1.3	5.7	-1.1	-2.9	4.0	0.6	-5.5	10.3	-5.5	4.6	0.8	:	1.0
E	-1.0	-1.1	2.7	0.8	2.2	-1.1	1.9	2.9	-3.1	:	-0.7	-5.3	14.7	-7.6	:	:	:	1.7
F	-2.3	-1.5	0.8	2.3	0.8	0.5	1.8	0	-1.2	1.5	1.5	-1.5	4.5	-5.8	4.6	0.7	0	0
IRL	5.4	-0.9	6.6	12.4	2.2	-1.7	-3.7	3.3	1.1	-0.4	1.1	3.1	0.3	-5.7	2.7	-4.6	:	-0.9
I	-1.6	-3.0	-3.2	3.4	1.2	0.1	-0.6	-0.4	3.1	1.5	2.8	3.1	1.5	-6.6	4.8	-2.4	-4.9	-3.0
L	-5.7	0.9	5.4	13.3	6.9	2.5	-2.2	4.3	1.3	-0.8	0.2	-2.1	-1.0	3.3	-2.1	:	:	0.8
NL	-2.0	-4.1	2.1	5.2	3.0	-2.8	-2.2	2.6	2.2	-2.8	3.8	-2.8	1.9	-8.3	5.1	1.0	-1.0	1.2
P	0.5	4.6	1.6	-0.1	10.9	4.4	0.4	1.5	2.7	:	3.0	0.2	5.2	-2.3	:	:	:	3.2
UK	-3.4	1.9	3.6	1.3	4.8	2.2	-0.6	0.1	0.6	-0.3	1.3	-0.3	1.1	-2.1	-0.8	2.1	0.5	2.9
EUR 12	-2.1	-1.4	1.1	2.6	3.4	0.9	0.6	0.8	-0.3	(2.2)	0.7	-1.6	5.1	-4.3	(2.9)	(-0.3)	(-1.7)	(1.9)
USA	2.1	-7.4	7.8	11.9	2.5	0.7	0.5	0.5	0.8	(-0.1)	-0.6	-1.1	1.1	-0.3	(-0.2)	(0.6)	(0.3)	(1.8)
JAP	1.0	0.3	3.6	11.1	4.6	2.2	-0.2	-0.9	0.2	0.2	0.2	-0.2	0	0.3	-0.2	-2.7		(-3.1)

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

	1981	1982	1983	1984	1985	1985		1986			1986						Change over 12 months % (b)	
						III	IV	I	II	III	March	April	May	June	July	Aug.		Sept.
B (d)	11.1	13.0	14.3	14.4	13.6	13.1	12.8	12.7	12.6	12.3	12.6	12.6	12.6	12.7	12.5	12.3	12.3	-5.6
DK	8.7	9.3	10.1	9.9	8.7	8.6	7.9	7.8	(7.4)	(7.4)	7.8	7.3	7.5	(7.7)	(7.4)	(7.3)	(7.3)	(-12.4)
D	4.8	6.9	8.4	8.4	8.4	8.5	8.4	8.4	8.2	8.0	8.4	8.2	8.2	8.1	8.0	8.0	8.0	-4.9
GR	1.2	1.4	1.6	1.8	2.2	2.2	2.3	2.7	2.8	2.8	2.7	2.7	2.8	2.9	2.8	2.8	2.8	14.9
E	12.1	14.3	16.6	18.6	19.7	19.7	19.9	20.1	20.1	20.1	20.2	20.2	20.1	20.0	20.1	20.0	20.2	4.2
F	7.7	8.7	8.8	9.9	10.3	10.4	10.2	10.2	10.3	10.5	10.2	10.3	10.4	10.3	10.4	10.5	10.5	3.4
IRL	10.2	12.3	14.9	16.6	18.0	18.4	18.2	18.2	18.3	18.6	18.3	18.2	18.4	18.5	18.5	18.7	18.6	1.3
I	8.0	9.7	10.9	11.9	12.9	13.0	13.2	13.5	13.8	13.8	13.5	13.7	13.8	13.9	13.9	13.9	13.7	4.3
L	1.0	1.3	1.6	1.8	1.7	1.7	1.6	1.5	1.5	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4	-12.3
NL (d)	(8.8)	(11.8)	(14.3)	14.5	13.3	13.1	12.8	12.7	12.5	12.3	12.7	12.6	12.5	12.3	12.5	12.2	12.2	-7.1
P	5.8	5.7	5.6	6.7	7.7	7.9	8.0	8.1	8.3	8.3	8.2	8.3	8.3	8.4	8.3	8.2	8.3	4.6
UK	(9.2)	(10.6)	(11.6)	11.8	12.0	12.1	12.0	12.0	12.1	12.0	12.1	12.1	12.1	12.1	12.1	11.8	11.8	-0.4
EUR 12	(7.8)	(9.4)	(10.6)	11.2	11.6	11.6	11.5	11.6	11.7	(11.6)	11.7	11.7	11.7	11.7	(11.7)	(11.6)	(11.6)	(0.7)
USA	7.6	9.7	9.6	7.5	7.2	7.1	7.0	7.1	7.2	:	7.2	7.1	7.3	7.1	6.9	6.8	6.8	0.4
JAP (g)	2.2	2.4	2.7	2.7	2.6	2.6	2.8	2.6	2.8	:	2.7	2.9	2.7	2.7	2.9	2.9	:	12.3

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

	1981	1982	1983	1984	1985	1985		1986			1986						Change over 12 months % (b)	
						III	IV	I	II	III	March	April	May	June	July	Aug.		Sept.
B	7.6	8.7	7.7	6.3	4.9	0.7	0.3	0.2	0.1	0.2	-0.2	0.3	-0.2	0.1	0	0.1	0.3	0.9
DK	11.7	10.1	6.9	6.3	4.7	-0.1	0.8	-0.1	3.3	0.1	0.4	2.6	0.7	-0.1	-0.7	0.5	(0.8)	(4.6)
D	6.3	5.3	3.3	2.4	2.2	-0.2	0.3	0	0.3	-0.5	-0.2	-0.1	0	0.2	-0.5	-0.2	0.2	-0.4
GR	24.5	21.0	20.5	18.3	19.4	2.6	9.7	6.0	4.3	2.0	3.2	1.5	0.5	1.7	-0.5	0	3.8	22.8
E	14.6	14.4	12.2	11.2	8.8	1.0	1.9	3.9	1.1	2.3	0.4	0.2	0.2	0.9	1.0	0.3	1.1	9.5
F	13.4	11.8	9.6	7.3	5.9	0.9	0.6	0.1	0.7	0.6	0.2	0.4	0.2	0.3	0.1	0.1	0.4	2.3
IRL (h)	20.4	17.2	10.4	8.6	5.4	1.5	0.2	1.6	1.2	0.2	(0.4)	(0.4)	(0.4)	(0.1)	(0.1)	(0.1)	:	3.1
I	17.8	16.5	14.7	10.8	9.2	1.2	2.2	1.6	1.0	0.7	0.5	0.3	0.5	0.1	0.2	0.2	(0.3)	(5.5)
L	8.1	9.4	8.7	5.6	4.2	0.5	0.9	-0.4	-0.6	-0.3	-0.5	-0.1	0	-0.1	-0.2	-0.3	0.3	-0.3
NL	6.7	5.7	2.7	3.2	2.3	-0.1	0.6	-0.4	0.4	-0.9	0.1	0.4	0	-0.4	-0.8	0.1	0.5	-0.3
P	20.0	22.7	25.1	28.9	19.6	1.1	3.0	4.9	2.3	0.8	1.2	1.3	-0.5	0.3	0	1.0	0.4	11.8
UK	11.9	8.6	4.6	5.0	6.1	0.3	0.5	0.7	1.3	0.1	0.1	1.0	0.2	-0.1	-0.3	0.3	0.5	3.0
EUR 12	12.1	10.7	8.6	7.4	6.1	0.6	1.1	1.0	0.8	0.4	0.2	0.4	0.2	0.2	-0.1	0.1	(0.5)	(3.4)
USA	10.3	6.2	3.2	4.3	3.6	0.7	0.9	0.2	-0.2	0.7	-0.5	-0.2	0.3	0.5	0	0.2	0.3	1.6
JAP	4.9	2.7	1.9	2.2	2.1	0.2	0.4	0	0.3	-0.5	-0.3	0.3	0.3	-0.5	-0.3	-0.2	0.4	0.4

TABLE A.4: Visible trade balance — fob/cif, million ECU (s.a.)

	1981	1982	1983	1984	1985	1985			1986		1986						Change over 12 months % (b)	
						II	III	IV	I	II	Feb.	March	April	May	June	July		Aug.
B/L	-5418	-3082	-2435	-4897	-3514	-581	-714	-811	-304	-312	68	33	196	-159	-349	640	-184	63
DK	-1475	-1866	-740	-1108	-1538	-306	-279	-473	-450	-576	-229	-46	-309	-136	-131	-284	-130	-24
D	11239	21599	18501	24136	32963	8631	8742	9403	10809	13308	3290	3516	4813	3609	4886	5263	4667	2246
GR	-3951	-5826	-5800	-6048	-7266	-2341	-1621	-1590	-1938	-1452	-724	-659	-628	-504	-321	-515	:	-48
E (i)	-17283	-24457	-15628	-13130	-13428	-1884	-1054	-1004	-993	-1503	-253	-363	-310	-496	-697	:	:	-20
F	-17283	-24457	-15628	-13130	-13428	-3028	-3535	-3040	-2259	-3563	-797	-1059	-1576	-1090	-897	-838	-645	348
IRL	-2467	-1574	-621	81	430	56	138	28	318	134	54	192	-14	158	-10	36	173	95
I	-13554	-12513	-8516	-13849	-16130	-5911	-1589	-4105	-2849	-149	-661	-764	95	-196	-48	-284	1000	1610
NL	1320	3500	4499	4740	3874	1234	944	1085	1185	1531	809	33	464	535	532	658	:	187
P (i)	:	:	:	-3465	-2585	-723	-600	-548	-344	-360	-70	-54	-91	-174	-95	-63	:	134
UK	-445	-3295	-9681	-14005	-11540	-2272	-2493	-2493	-3385	-3904	-1151	-1863	-1121	-1295	-1488	-1445	-2268	-1490
EUR 10 (j)	-32033	-27515	-20422	-24080	-16127	-4681	-509	-2078	1012	5028	704	-596	1901	890	2237	3273	:	3497
USA	-35538	-43435	-77911	-154992	-194856	-52180	-84864	-47815	-47146	-42163	-13466	-15215	-12695	-14731	-14736	-18216	-13042	652
JAP	7832	7034	23072	42599	60497	14548	15243	17299	16828	20300	4605	5873	6785	8133	6244	7504	8241	3019

TABLE A.5: Money stock (k) — Percentage change on preceding period (s.a.)

	1981	1982	1983	1984	1985	1985		1986			1986						Change over 12 months % (b)
						III	IV	I	II	III	March	April	May	June	July	Aug.	
B (M2)	5.8	5.8	8.7	5.9	7.6	1.7	1.8	2.1	2.4	:	:	:	:</				

TABLE A.6: Short-term interest rates (m)

	1981	1982	1983	1984	1985	1985		1986			1986						Change over 12 months (%) (e)	
						III	IV	I	II	III	April	May	June	July	Aug.	Sept.		Oct.
B	15.6	14.1	10.5	11.5	9.6	9.4	9.8	9.3	7.3	7.3	8.0	7.6	7.3	7.3	7.3	7.3	7.4	-1.5
DK	14.9	16.4	12.1	11.5	10.0	9.4	9.5	9.1	9.1	9.2	9.2	9.0	9.1	9.3	9.1	9.2	9.2	-0.8
D	12.3	8.8	5.8	6.0	5.4	4.7	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.5	4.6	4.7	-0.3
GR	16.8	20.2	19.4	15.7	17.1	16.5	17.9	21.8	22.1	15.8	21.8	21.9	22.1	21.4	17.4	15.8	17.0	-0.3
E	16.2	16.3	20.1	14.9	12.2	11.5	10.5	11.6	12.1	11.6	12.3	11.6	12.1	12.5	12.2	11.5	11.4	1.0
F	15.6	14.6	12.5	11.7	9.9	9.5	9.1	8.3	7.2	7.3	7.4	7.3	7.2	7.3	7.1	7.3	7.4	-1.8
IRL	16.6	17.5	14.1	13.3	11.9	10.1	11.7	14.5	9.0	11.0	11.3	10.3	9.0	10.8	10.6	11.0	13.9	3.8
I	20.0	20.1	18.1	17.2	15.1	14.1	14.9	14.8	12.1	10.9	12.7	11.9	12.1	11.6	11.3	10.9	11.3	-3.6
NL	11.8	8.3	5.7	6.1	6.4	5.8	5.8	5.4	6.1	5.4	5.5	5.7	6.1	5.5	5.2	5.4	5.4	-0.8
P	16.0	16.8	20.9	22.5	21.0	22.2	18.6	16.9	15.2	15.1	15.0	15.8	15.2	15.1	15.3	15.1	14.1	-6.7
UK	14.2	12.2	10.1	10.1	12.3	11.5	11.9	11.4	9.8	10.9	10.4	9.9	9.8	10.0	9.8	10.9	11.2	-0.4
EUR 12 (n)	15.2	13.8	12.0	11.2	10.5	9.8	9.9	9.7	8.7	8.5	8.9	8.6	8.7	8.7	8.4	8.5	8.7	-1.2
USA	14.0	10.6	8.7	9.5	7.5	7.3	7.2	6.6	6.2	5.2	6.1	6.2	6.2	5.8	5.5	5.2	5.2	-2.2
JAP	7.4	6.8	6.5	6.3	6.5	6.3	7.4	5.5	4.6	4.7	4.9	4.6	4.6	4.6	4.7	4.7	4.7	-1.8

TABLE A.7: Long-term interest rates (o)

	1981	1982	1983	1984	1985	1985		1986			1986						Change over 12 months (%) (e)	
						III	IV	I	II	III	March	April	May	June	July	Aug.		Sept.
B	13.8	13.5	11.8	12.0	10.6	10.4	9.6	8.4	7.9	7.4	8.4	7.5	7.9	7.9	7.5	7.2	7.4	-3.0
DK	19.3	20.5	14.4	14.0	11.6	11.1	9.9	9.5	10.2	11.1	9.5	9.2	10.1	10.2	11.0	11.4	11.1	0
D	10.4	9.0	7.9	7.8	6.9	6.3	6.5	5.9	5.9	5.8	5.9	5.5	5.8	5.9	5.9	5.7	5.8	-0.5
GR	17.7	15.4	18.2	18.5	15.8	14.2	15.1	15.1	17.1	13.6	15.1	16.7	17.2	17.1	17.9	18.2	13.6	-0.6
E	15.8	16.0	16.9	16.5	13.4	13.9	12.3	12.2	11.0	11.2	12.2	12.1	11.5	11.0	11.5	11.5	11.2	-2.7
F	16.3	16.0	14.4	13.4	11.9	12.0	11.3	9.3	8.7	8.5	9.3	8.6	8.6	8.7	8.5	8.1	8.5	-3.5
IRL	17.2	17.0	13.9	14.6	12.7	11.9	11.8	9.4	9.3	12.5	9.4	8.6	9.2	9.3	10.7	10.8	12.5	-0.6
I	20.6	20.9	18.0	14.9	13.0	13.0	13.1	12.4	9.7	9.3	12.4	11.9	10.3	9.7	9.8	9.9	9.3	-3.7
L	8.6	10.4	9.8	10.3	9.5	9.3	9.3	9.1	8.7	8.5	9.1	9.0	8.9	8.7	8.4	8.1	8.5	-0.8
NL	12.2	10.5	8.8	8.6	7.8	7.4	7.5	6.9	6.9	6.5	6.9	6.5	6.6	6.9	6.8	6.5	6.5	-0.9
P	22.6	25.3	30.4	32.5	25.4	25.1	22.1	20.3	19.4	15.6	20.3	19.3	19.8	19.4	16.4	16.0	15.6	-9.5
UK	14.8	12.7	10.8	10.7	10.6	10.3	10.5	8.9	9.3	10.6	8.9	8.8	9.2	9.3	9.5	9.4	10.6	0.3
EUR 12 (m)	15.2	14.5	13.0	12.3	10.9	10.7	10.5	9.3	8.7	8.7	9.3	8.9	8.8	8.7	8.8	8.6	8.7	-2.0
USA	12.9	12.2	10.8	12.0	10.8	10.7	9.6	8.0	8.2	8.1	8.1	7.6	8.0	8.2	7.9	7.7	8.1	-2.6
JAP	8.4	8.3	7.8	7.3	6.5	5.8	5.8	4.7	5.1	5.7	4.7	4.8	5.6	5.1	5.0	5.0	5.7	-0.1

TABLE A.8: Value of ECU = ... units of national currency or SDR

	1981	1982	1983	1984	1985	1985		1986			1986						Change over 12 months (%) (e)	
						III	IV	I	II	III	April	May	June	July	Aug.	Sept.		Oct.
BFR/LFR	41,29	44,68	45,44	45,44	44,91	45,13	44,74	44,35	43,93	43,65	43,94	43,93	43,91	43,88	43,61	43,45	43,25	-3,5
DKR	7,92	8,15	8,13	8,15	8,02	8,07	7,99	7,98	7,96	7,94	7,95	7,96	7,96	7,97	7,93	7,93	7,85	-2,1
DM	2,51	2,38	2,27	2,24	2,23	2,23	2,20	2,17	2,15	2,11	2,16	2,15	2,15	2,13	2,11	2,10	2,08	-5,8
DR	61,62	65,30	78,09	88,44	105,7	104,5	127,7	133,2	135,0	137,9	134,8	134,7	135,3	137,1	137,7	138,9	140,7	15,2
PTA	102,7	107,6	127,5	126,6	129,1	131,0	135,8	136,2	136,9	137,0	136,6	136,8	137,4	136,2	137,0	137,7	138,6	2,5
FF	6,04	6,43	6,77	6,87	6,80	6,81	6,73	6,66	6,85	6,87	6,83	6,86	6,85	6,86	6,87	6,87	6,82	1,1
IRL	0,691	0,690	0,715	0,726	0,715	0,716	0,714	0,715	0,708	0,745	0,709	0,707	0,709	0,712	0,758	0,763	0,765	7,0
LIT	1263	1324	1350	1381	1447	1484	1494	1476	1476	1454	1476	1476	1475	1464	1450	1448	1442	-3,4
HFL	2,78	2,62	2,54	2,52	2,51	2,51	2,48	2,45	2,42	2,38	2,43	2,42	2,42	2,40	2,37	2,37	2,35	-5,5
ESC	68,5	78,0	98,7	116,3	130,2	132,8	138,4	141,3	143,8	149,0	142,4	143,9	145,2	147,0	149,2	150,8	152,8	11,4
UKL	0,553	0,561	0,587	0,591	0,589	0,570	0,595	0,642	0,636	0,681	0,634	0,635	0,638	0,656	0,687	0,698	0,729	23,9
USD	1,116	0,981	0,890	0,789	0,762	0,785	0,853	0,924	0,959	1,013	0,951	0,964	0,962	0,990	1,021	1,028	1,040	24,3
YEN	245,4	243,5	211,4	187,0	180,5	187,0	176,8	173,3	162,8	157,8	166,1	161,0	161,3	157,1	157,4	159,0	162,5	-9,5
DTS	0,946	0,888	0,833	0,767	0,749	0,764	0,791	0,821	0,828	0,842	0,826	0,826	0,826	0,833	0,845	0,849	0,858	9,3

TABLE A.9: Effective exchange rates: export aspect (p) — Percentage change on preceding period

	1981	1982	1983	1984	1985	1985		1986		1986						Change over 12 months (%) (e)		
						III	IV	I	II	III	April	May	June	July	Aug.		Sept.	Oct.
B/L	-5,8	-9,2	-2,8	-2,1	0,7	1,0	1,6	1,8	1,3	1,2	0,7	0,1	0,1	0,3	1,0	0,5	0,8	6,2
DK	-7,5	-4,4	-0,6	-3,2	0,8	1,1	2,4	1,9	0,5	1,6	-0,1	0,2	0,2	0,4	1,5	0,2	1,8	7,4
D	-5,6	5,0	4,0	-1,3	-0,2	2,1	2,9	3,5	1,1	3,2	0	0,3	0,2	1,3	2,0	0,7	1,3	11,5
GR	-10,2	-8,0	-18,0	-14,0	-12,5	-4,0	-17,2	-2,9	-1,1	-1,2	-0,7	0,1	-0,4	-0,9	0,2	-0,7	-0,8	-10,1
E	-9,6	-6,0	-17,2	-2,2	-0,6	-1,8	-2,2	1,3	-0,3	1,2	0,7	0	-0,4	1,4	0,2	-0,3	-0,1	2,0
F	-8,8	-8,3	-7,2	-4,6	0,5	2,3	2,9	2,8	-3,0	0,6	-3,4	-0,3	0,1	0,2	0,6	0,2	1,4	2,8
IRL	-8,7	-1,1	-4,1	-4,0	0,6	1,1	2,6	3,0	1,1	-2,3	-0,1	0,5	-0,1	0,7	-4,5	-0,1	1,2	2,0
I	-12,4	-6,9	-3,8	-5,4	-6,2	-2,3	0,8	2,9	0,2	2,7	-0,8	0,1	0,2	1,2	1,7	0,5	1,1	8,2
NL	-4,3	5,1	2,1	-1,4	-0,2	1,9	2,3	2,8	1,1	2,7	0,1	0,4	0,2	1,1	1,8	0,5	1,1	9,6
P	-3,8	-12,9	-21,1	-17,1	-10,9	-2,9	-2,7	-0,5	-1,5	-2,2	-0,7	-0,8	-0,8	-0,7	-0,7	-0,8	-0,7	-6,0
UK	0,2	-4,4	-6,9	-4,6	0,2	3,6	-2,7	-6,1	1,4	-5,7	2,4	0	-0,4	-2,4	-3,9	-1,5	-4,0	-16,3
ECU	-14,7	-5,8	-5,8	-8,0	-2,2	4,1	2,9	3,4	0,2	2,3	-1,0	0	0,2	0,9	1,5	0,5	1,0	8,8
USA	12,8	12,0	5,7	8,0	4,9	-5,7	-6,8	-5,9	-4,2	-3,9	-0,5	-1,7	0,7	-2,4	-2,0	-0,3	-0,4	-15,7
JAP	13,6	-5,0	10,8	6,2	1,4	1,1	11,0	6,7	8,3	7,1	2,1	4,0	0	4,7	1,8	-0,7	-1,4	25,7

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

(a) National sources, except for the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in methods of seasonal adjustment, the change in the EUR index, adjusted by Eurostat and given in Table 1 may differ from the change in the EUR 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.

(b) % change over 12 months on the basis of the non-adjusted nominal series of the most recent figure given.

(c) Change on corresponding month in previous year; seasonally adjusted.

(d) Change over 12 months in seasonally adjusted figures of the most recent figure given for each country.

(e) Difference in relation to the same month of the previous year.

(f) Changes in the coverage of these series occurred in 1984 for the Netherlands and in 1985 for Belgium.

(g) As % of total labour force.

(h) Monthly series calculated by linear interpolation.

(i) Unadjusted figures.

(j) The seasonally adjusted position for the Community does not correspond to the sum of other Member States; it is obtained by seasonal adjustment of the sum of gross figures for the various countries' exports and imports.

(k) National sources for Belgium, Denmark, Germany, Spain, France, Portugal and the United Kingdom; seasonal adjustment by Eurostat for Greece, Ireland, Italy and the Netherlands.

(l) Average of monthly changes, seasonally adjusted, weighted by GDP at 1980 prices and purchasing power parities. The monthly change in Belgium is obtained by linear interpolation of quarterly data.

(m) 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); Portugal, 6 month deposits; from 8/85, 3 month Treasury Bills. Annual average, end quarter and end month.

(n) Average weighted by GDP at 1980 prices and purchasing power parities.

(o) Yield on public sector bonds. Annual average. Average for the last month of quarter and monthly average for Germany, Italy, Luxembourg and the Netherlands. End quarter and end month for the other Member States.

(p) 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 ; = data not available ; ( ) = estimated.

## Principal economic policy measures - October 1986

### Community (EUR)

15.10 The Commission adopted its Annual Economic Report 1986 - 1987 entitled 'Reduction of unemployment in a more dynamic European economy' for an effective implementation of the Community cooperative strategy' COM(86)530 final — see elsewhere in this issue.

### Belgium (B)

4.10 The Government tables the draft budget for 1987. The borrowing requirement has been reduced from BFR 567 500 million in 1986 to BFR 418 000 million, as a result of the implementation of the May 1986 consolidation programme, which cuts expenditure by 6 % compared with the draft budget for 1986. Revenue is up 1.7 %.

### Denmark (DK)

3.10 The Government announces a temporary freeze on new public construction pending agreement between central and local authorities on a 15 % cut in construction planned for 1987.

7.10 The Government retables its draft budget for 1987, which according to recent estimates (including the proposed measures) will be in approximate balance based on unchanged expenditure in real terms. Total revenue may increase by DKR 4.1 billion (2.1 %) or less than the envisaged rise in total expenditure of DKR 9.1 billion (4.9 %) compared to 1986, a year which may show, on the other hand, a surplus of DKR 5.1 billion (0.8 % of GDP).

17.10 In order to reduce consumer purchasing power, to discourage consumer borrowing and to increase private savings the parliament adopted:

- a rise in energy taxes aimed to mop up consumer purchasing power released by falling oil prices since March 1986;
- a 20 % tax on personal net interest payments (excluding interest paid on loans for business purposes, education, or house purchase). The tax will be implemented in January 1987 payable a year later;
- a minimum 30 % downpayment for goods bought on hire purchase with the outstanding amount repayable within three years at a rate of interest 4 % above the discount rate;
- a general tightening of other credit facilities (e.g. credit cards, interest free credit periods) and a rise in the stamp duty to 4 % on certain mortgage deeds, leasing and sales contracts;
- a modification of profiles concerning the servicing of debt on mortgage loans with higher redemption payments at the beginning of the maturity period;
- the creation of specific incentives for increased savings into schemes aimed at house purchase or financing of education.

### Federal Republic of Germany (D)

None.

### Greece (GR)

17.10 The Minister for Trade announces that the compulsory import deposit scheme will be phased out by May 1987.

23.10 A departmental circular from the Minister for Trade tightens controls on prices and weights in a drive against speculation and fraud.

### Spain (E)

4.10 The Government publishes a decree regulating the second-tier stock market.

### France (F)

27.10 The Minister for Economic Affairs presents proposals for a retirement savings account. Under the scheme, savers will be able to invest in negotiable securities and, when investing in a new account, deduct a certain amount from their taxable income. The tax liability will decrease with the length of time for which the account is held.

27.10 The Minister for Economic Affairs announces, with effect from 1 January 1988, a large increase in the income tax deductions individuals can make on revenues from shares and bonds. For couples the ceiling has been raised from the present FF 10 000 to FF 16 000 a year. The purpose of this measure is to encourage share ownership.

### Ireland (IRL)

None

### Luxembourg (L)

None.

### Netherlands (NL)

None.

### Portugal (P)

16.10 The Government tables the central government budget for 1987. Leaving aside extraordinary items, notably additional oil monopoly revenue, current revenue is projected to be 13.0 % up on the initial budget for 1986. Current expenditure will rise by 13.2 %, and public investment by 15.8 %. The budget deficit should stand at 8.9 % for GDP in 1987 (10.8 % of GDP forecast in the 1986 budget).

### United Kingdom (UK)

22.10 Social security benefits are to be increased from April 1987. Most benefits, including retirement pensions, supplementary and child benefits, will rise by 2 %, in line with retail price inflation over the latest eight months. Housing benefits will be subject to a smaller increase.

### Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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