

# EUROPEAN ECONOMY

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

Supplement A — No 7 — July 1985

Recent economic trends

*In this number:  
Quarterly national accounts  
first quarter 1985*

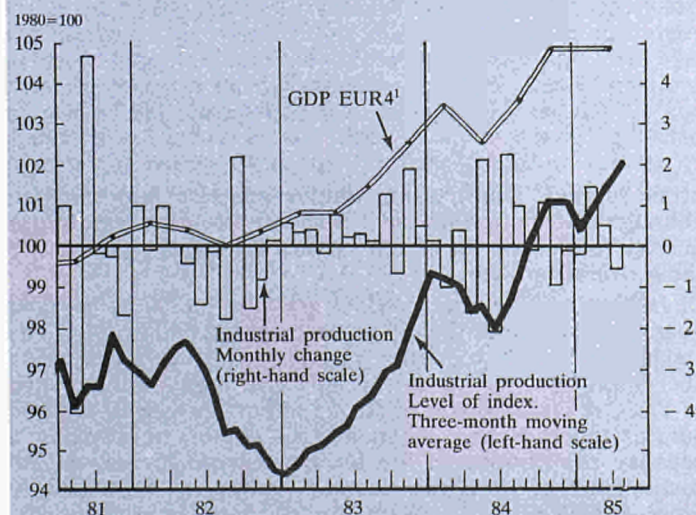
**Output subdued in the first quarter of 1985.** — According to estimates based on data for the four largest Member States, the gross domestic product of the Community fell in the first quarter of 1985 by 0,2 % in real terms — seasonally adjusted annual rate — on the previous quarter. The first quarter figures were significantly depressed by the cold spell at the beginning of the year which dampened activity in the construction sector in particular. Thus, investment in the Community declined by 6 %, at an annual rate, in the first quarter, compared to increases of similar magnitude in the previous two quarters. Government consumption was also weak (-1,8 %) but stock building remained buoyant and private consumption continued to advance.

In the *Federal Republic of Germany* gross national product fell by 3,1 %. The rapid increase in exports in the previous six months slowed down somewhat to 6,6 % and since imports continued to grow rapidly (8,3 %) the foreign balance exerted a small negative effect on growth. Domestic demand fell by 3,2 %, despite substantial stockbuilding, principally due to a large fall in investment (32,1 %) which reversed the rapid rises recorded in the second half of 1984. Since investment in equipment remained buoyant (14,5 % increase at annual rates) the decline in investment can be attributed to weak construction activity which in turn was brought about by adverse weather conditions. Government consumption also declined by 7,8 % and private consumption was little changed (-0,5 %) after the fall of 2,2 % recorded in the fourth quarter of 1984.

Gross domestic product in *France* was also weak in the first quarter of the year, falling by 1,2 % after the small decline registered in the fourth quarter of 1984 (estimates for the fourth quarter have now been revised down to -0,7 % on the basis of a downward correction of first estimates for investment). The fall in exports (7,1 %) after the rapid growth recorded in the second half of 1984 together with quasi-stability of imports meant that the foreign balance exerted a marked negative effect on growth. In addition withdrawals from stocks substantially depressed domestic demand (2,5 percentage points). Other components of domestic demand were buoyant with private consumption growing by 3,9 %, perhaps in anticipation of increases in disposable income from tax reductions later in the year, and investment recovering to record an increase of 3,4 % after declines in the previous five quarters.

In the *United Kingdom* GDP (expenditure based measure) continued to rise in the first quarter of 1985 (2,1 %) but less rapidly than at the end of 1984. Exports continued to grow apace (7,2 %), while imports, after strong increases in the previous three quarters, moved back (-2 %). The resulting positive contribution to growth helped to counterbalance the negative effects of destocking. While private and public consumption slackened, the former reflecting lower spending on durable goods and food, the growth in fixed investment (23,3 %) more than outweighed the sluggishness of these other categories of domestic demand. The rapid rise in investment in the first quarter can be attributed to the timing of the phasing out of initial capital allowances which fell from 75 % to 50 % at end March. The output-based measure of GDP grew more rapidly than the expenditure measure (4,6 %). The rise in output principally reflected a rapid growth in production industries (in particular energy and

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



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

**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>1,2</sup>	Domestic demand	Change in stocks <sup>3</sup>	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
<b>EUR4</b>										
1982 Q1	1,5	9,0	-2,8	-3,0	4,7	3,2	1,4	2,5	3,2	0,6
Q2	-1,4	0,7	-3,9	-1,3	-0,2	-0,8	0,7	2,3	-1,0	0,7
Q3	-1,0	-5,0	-5,7	-0,2	-0,8	-1,3	0,5	0,9	0,7	0,3
Q4	0,7	-7,2	0,4	2,1	-1,4	-2,8	1,5	-1,4	1,1	2,6
1983 Q1	2,6	6,2	1,0	-1,3	4,0	2,7	1,2	-0,7	3,2	1,3
Q2	0,6	2,8	5,6	0,7	-0,1	-0,7	0,5	-1,8	0,9	1,2
Q3	2,5	2,9	1,2	-0,4	2,9	1,2	1,7	3,7	1,5	1,2
Q4	3,6	14,2	14,0	-0,1	3,6	-0,7	3,0	6,5	2,2	2,1
1984 Q1	3,7	5,0	11,4	1,7	2,1	1,0	1,1	4,6	-0,1	0,3
Q2	-3,1	2,2	-5,1	-2,0	-1,1	-0,5	-0,5	-9,7	1,5	2,0
Q3	4,6	4,3	11,1	1,8	2,8	0,6	2,2	7,3	4,5	0,0
Q4	2,9	17,8	16,6	-0,2	3,2	1,2	2,0	7,0	1,1	0,7
1985 Q1	-0,2	4,3	2,5	-0,5	0,3	1,0	-0,7	-6,0	-1,8	1,4
<b>Federal Republic of Germany</b>										
1983 Q1	1,9	4,1	0,4	-1,0	3,1	1,2	1,9	-6,2	3,3	4,4
Q2	4,9	11,2	0,4	-2,9	8,4	3,9	4,2	14,3	0,6	2,1
Q3	-0,1	2,7	-5,6	-2,6	2,7	3,1	-0,5	1,3	1,9	-2,0
Q4	5,0	13,7	17,4	1,5	3,6	-0,1	3,7	14,4	3,2	0,2
1984 Q1	6,3	8,2	17,9	3,3	3,0	3,5	-0,7	-7,6	-2,5	2,7
Q2	-7,5	-5,3	-9,0	-1,6	-6,3	-4,0	-2,2	-17,2	5,9	0,9
Q3	8,8	1,7	15,6	4,6	4,2	-0,4	4,7	20,8	3,2	0,0
Q4	4,4	16,3	19,8	1,9	2,6	0,0	2,6	14,2	5,1	-2,2
1985 Q1	-3,1	8,3	6,6	-0,1	-3,2	6,5	-9,6	-32,1	-7,8	-0,5
<b>France</b>										
1983 Q1	-0,7	5,3	-7,4	-3,1	2,4	3,0	-0,6	-1,6	3,4	-1,0
Q2	2,6	-13,0	19,9	8,0	-5,0	-4,1	-1,0	-7,6	-1,2	1,2
Q3	-0,3	-6,2	2,5	2,2	2,4	-2,3	-0,2	0,9	0,9	-0,7
Q4	2,5	16,1	15,2	-0,1	2,6	0,5	2,1	-2,2	0,2	3,9
1984 Q1	3,3	1,8	3,7	0,5	2,8	2,7	0,1	-2,2	3,1	0,2
Q2	1,4	1,1	-2,5	-0,9	-0,6	1,0	-1,5	-3,0	-3,8	-0,6
Q3	4,2	-1,0	14,1	3,6	0,5	0,7	-0,2	-2,8	2,2	0,1
Q4	-0,7	10,5	6,0	-0,9	0,2	1,1	0,9	-3,2	-1,9	0,1
1985 Q1	-1,2	1,1	-7,1	-2,1	1,0	-2,5	3,6	3,4	2,7	3,9
<b>United Kingdom<sup>4</sup></b>										
1983 Q1	6,5	16,7	2,1	-3,2	10,2	7,1	2,8	6,7	2,8	1,7
Q2	-3,4	7,4	-3,5	-2,7	-0,7	-1,5	0,9	-11,5	1,6	4,6
Q3	7,5	5,0	2,9	-0,5	8,1	2,5	5,4	7,7	0,6	6,5
Q4	2,4	17,8	13,3	-0,9	3,3	0,2	3,1	10,8	2,1	1,3
1984 Q1	2,5	-1,0	10,2	3,0	-0,5	-3,9	3,6	35,5	-2,1	-2,8
Q2	-4,1	15,6	-2,3	-4,4	0,3	0,4	0,0	-14,8	-0,3	-5,2
Q3	0,3	5,8	2,5	-0,9	1,1	1,1	0,1	-2,0	9,9	-2,6
Q4 <sup>4</sup>	10,4	20,7	29,4	2,1	8,2	3,2	4,8	12,4	-2,2	5,1
1985 Q1	2,1	-2,0	7,2	2,6	-0,5	-3,0	2,6	23,3	-0,6	-2,1
<b>Italy</b>										
1983 Q1	3,7	0,2	10,8	2,5	1,2	0,3	0,9	2,0	3,1	0,1
Q2	-3,3	4,9	12,9	2,0	-5,5	-2,5	-2,9	-6,5	2,6	-3,3
Q3	4,3	11,9	11,4	0,3	4,2	1,0	3,1	7,9	2,7	2,0
Q4	4,3	9,3	7,6	0,0	4,6	1,6	2,8	1,9	2,9	3,0
1984 Q1	2,2	10,2	9,8	0,3	1,9	0,1	1,9	5,6	2,9	0,7
Q2	2,6	2,5	-3,7	-1,5	4,4	1,5	2,8	0,9	2,7	3,3
Q3	4,4	12,6	10,1	-0,1	4,7	0,7	4,0	11,6	2,4	2,6
Q4	-2,3	24,7	8,7	-2,8	0,6	-0,8	1,5	3,9	2,1	0,7
1985 Q1	2,6	8,3	0,1	-1,9	4,7	1,3	3,4	2,0	1,8	4,2

<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:

GDP change estimated from the side of	1983				1984				1985
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Expenditure	6,5	-3,4	7,5	2,4	2,5	-4,1	0,3	10,4	2,1
Output	4,0	1,2	7,2	3,5	1,5	0,0	4,2	2,7	4,6

Source: 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.

water supply). Construction output was also buoyant and, although distribution output fell slightly from its high fourth quarter level, the rest of the service industries continued to show overall growth.

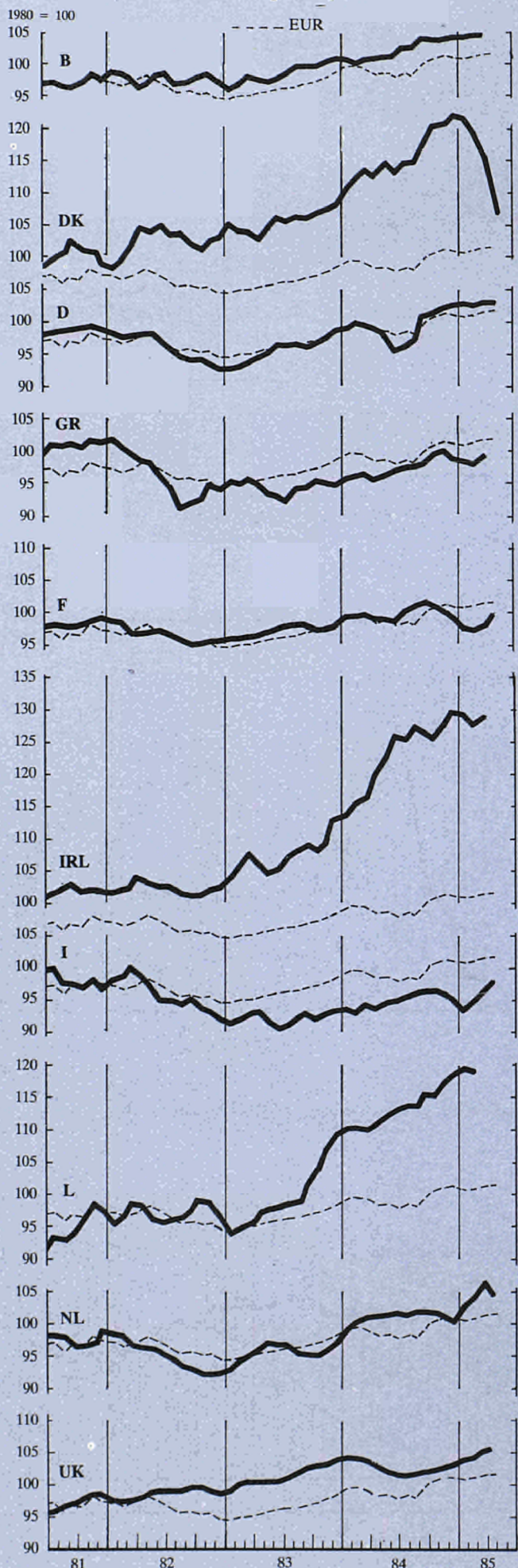
In Italy gross domestic product grew by 2,6 % in the first quarter of 1985 after the dip recorded at the end of 1984. The results for the fourth quarter, thus, appear to be a temporary aberration from the upward trend which began in the middle of 1983. A continuation of strong import growth in the first quarter together with stagnation in exports resulted in a negative contribution of the foreign balance to growth. All components of domestic demand, however, continued to progress with private consumption accelerating markedly, as the reductions in the amount of wage indexation under the "scala mobile", which had been operative in 1984 were

discontinued, pensions were increased and purchases were advanced in anticipation of indirect tax rises later in the year.

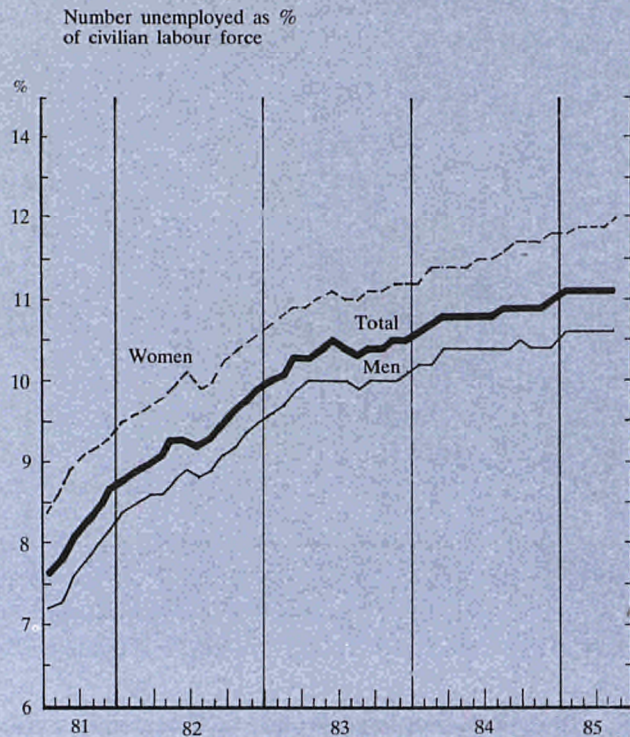
**Industrial production still on upward trend.** — The seasonally adjusted index of industrial output in the Community fell by 0,6 % in April, following rises of 1,6 % in February and 0,6 % in March. However, the trend of Community industrial output as reflected in the three-month moving average continued upward. This was the pattern in several countries, including France and Italy, where there was a considerable contraction in industrial output in April. The trend rate remained unchanged in Germany, continuing the hesitant performance of the last few months; it declined in the Netherlands as a result of the decrease in energy production and fell in Denmark, mainly because of the general strike



**GRAPH 2 : Industrial production (s.a.)**  
(three-month moving average)



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



during the last week of March. Community industrial output in April 1985 was 4 % higher than in April 1984. Among the Member States, the twelve-month increase was particularly appreciable in Ireland (12,8 %) and distinctly higher than the increase in any of the other countries. Only in Greece was there a decline (0,5 %).

**Unemployment rate unchanged from January to May 1985.** —

The seasonally adjusted unemployment rate in the Community remained unchanged at 11,1% of the labour force<sup>1</sup> from January to May 1985. There has been some stabilization in unemployment during the last few months in several Member States (Belgium, Germany, France, Luxembourg and the United Kingdom). By contrast, the unemployment rate has fallen appreciably since the beginning of the year in Denmark and the Netherlands, whereas in Italy and Ireland it has continued to rise. While in the Community as a whole the number of persons out of work in May 1985 was 3,9 % higher than in May 1984, the figures for Denmark and the Netherlands were lower than twelve months previously (by 7,4 % and 8,7 % respectively). In the other countries, the increase in the number of job-seekers compared with the same month last year ranged from 1,8 % in Belgium to 8,3 % in Italy.

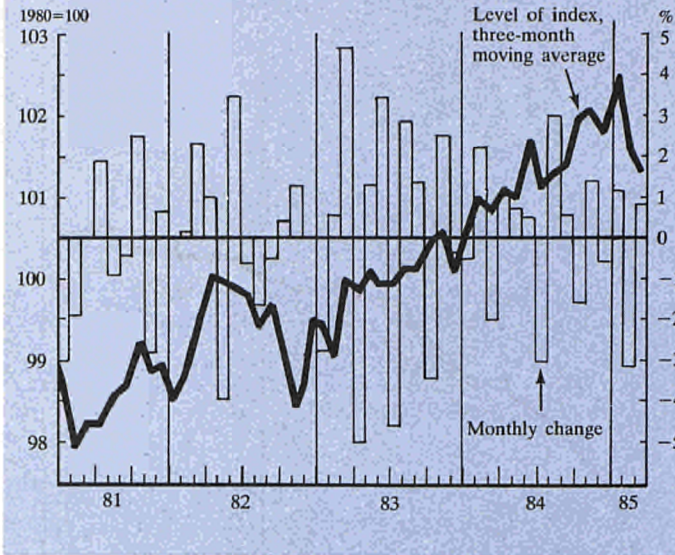
**Some easing in inflation.** —

Consumer prices in the Community in May 1985 rose by 0,4 %, a figure substantially below the increases recorded earlier in the year. On a seasonally adjusted basis the month to month rise in May (0,4 %) also shows a decrease on the monthly inflation rates of previous months of the year, which were between 0,5 and 0,7 %. The trend rate of inflation, measured as the seasonally adjusted annual rate over six months, however, edged up further, to 6,5 %, as the low November monthly increase dropped out of the calculation. The degree of divergence in price changes within the Community, measured as the weighted standard deviation of inflation trend in each country, widened marginally in May, as inflation trends in Germany and the Netherlands on the one hand, and the United Kingdom and Italy on the other, moved apart. The index of consumer prices in the Community in May was 6 % higher than a year earlier with annual inflation rates ranging from 2,5 % in Germany to 17 % in Greece.

<sup>1</sup> The updating of the labour force figures for the various Member States combined with the revision of the Italian unemployment figures (extrapolated back to avoid any breaks) has resulted in a lowering of the Community's unemployment rate, though without changing its trend.



GRAPH 4 : Volume of retail sales (s.a.), EUR10

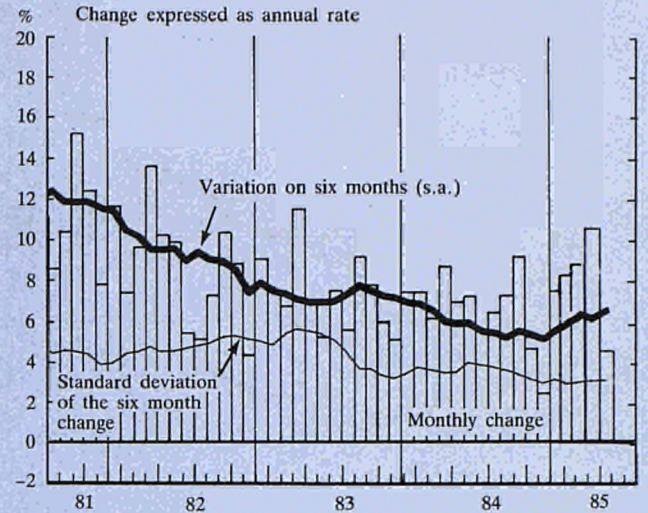


**Confirmation of March improvement in Community's visible trade figures.** — Revised figures show a marginally bigger balance than was evident in the provisional figures. The March deficit is now put at 2,682 million ECU, as against a revised 3,335 million ECU in February (Table A.5.). The trend of the deficit as measured by a three-month moving averaged deteriorated further in March, reflecting the special circumstances of the first quarter of the year (high imports of energy). However, preliminary indications of the April outturn suggest (in advance of the availability of any figure for Italy) that the Community's monthly trade balance will show a further improvement leading to a reversal of the three-monthly trend. In particular, the UK deficit narrowed sharply in April; this, together with an increased German trade surplus and despite a rebound in the French deficit, should ensure an improvement in the Community figures.

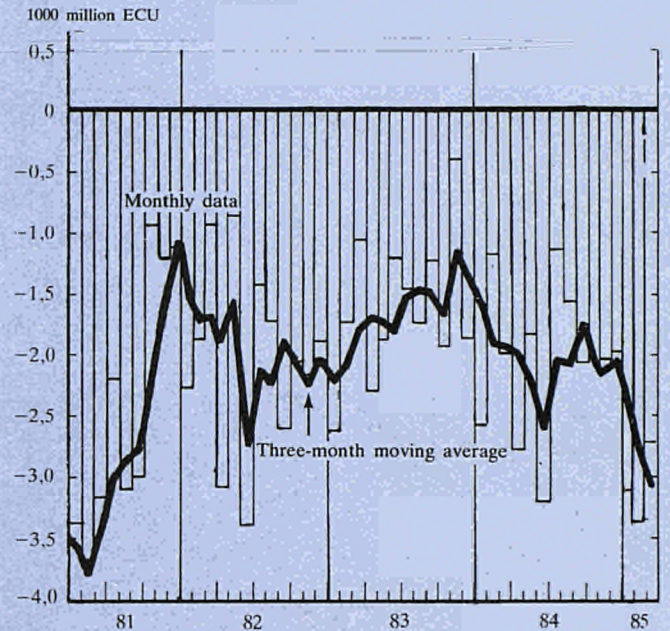
**Faster monetary growth in March.** — The average rate of monetary growth in the Community was 0,9 % in March (seasonally adjusted figures), which was three tenths of a percentage point more than during the previous two months. While monetary growth eased in Germany and the Netherlands (though remaining substantial in the Netherlands) and while there was a fall in the money supply in Denmark, the rate of money creation became distinctly positive once again in France and Ireland and accelerated in Italy and the United Kingdom. The initial figures available for April show continued acceleration in monetary growth in Ireland and particularly in the United Kingdom, where sterling M<sub>3</sub> rose by 2,8 % as a result of a considerable increase in private sector lending and in capital inflows. During the monetary target observation period, sterling M<sub>3</sub> thus increased by 11,9 % at an annual rate, compared with a target range of 6-10 %. In France, the provisional figures for the first five months of the year indicate a trend increase of around 8 % in M<sub>2</sub>R over twelve months, i.e. growth well in excess of the target range of 4-6 %. At the beginning of July, the monetary authorities therefore introduced measures to correct the credit control system so as to bring the growth of the monetary aggregates back on to a course consistent with the target line.

**Fall in interest rates.** — Interest rates fell steadily throughout the second quarter, and the Community average for short-term rates, which eased by eight tenths of a percentage point in three months, stood at 10 % at the end of June, i.e. at a lower level than in December 1984 (10,2 %). This fully offset the rise in rates during the first quarter. At the end of June, the Netherlands and the United Kingdom were the only Member States in which short-term interest rates were higher than at the end of last year. The fall in rates during the second quarter was particularly marked in Belgium (down 1,8

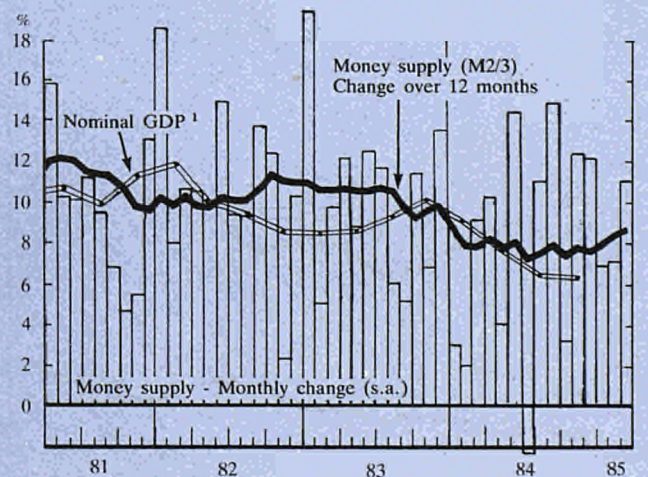
GRAPH 5 : Consumer prices EUR10



GRAPH 6 : Trade balance (s.a.) EUR10



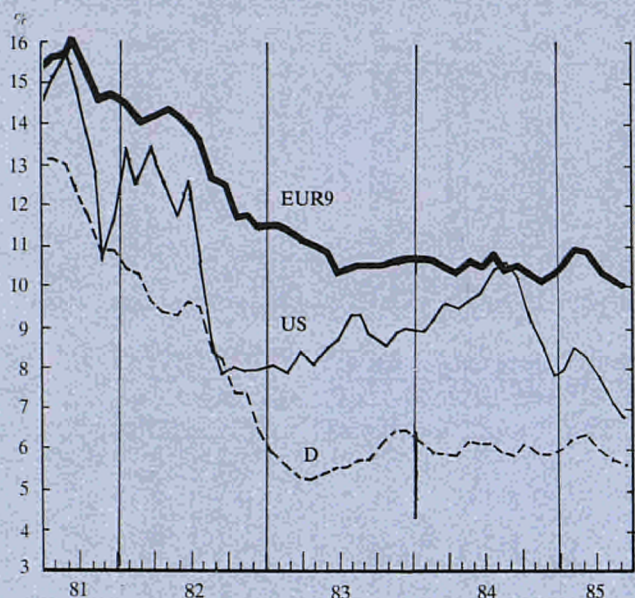
GRAPH 7 : Money supply (EUR10) and nominal GDP (EUR4)



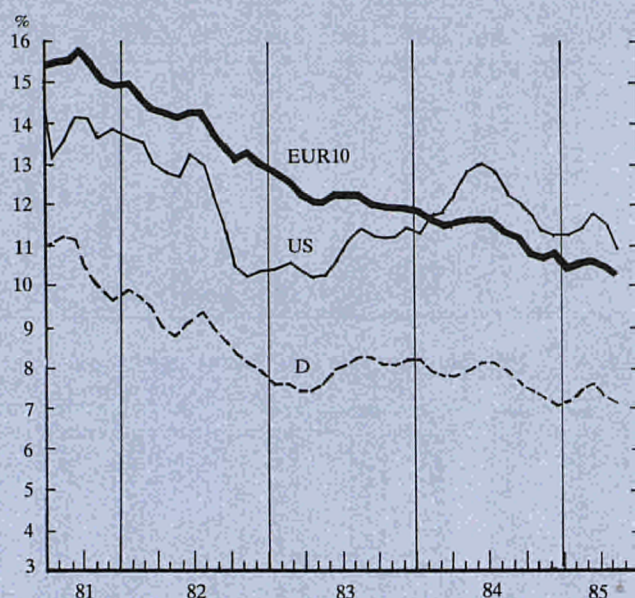
<sup>1</sup> Change over the same quarter of previous year.



GRAPH 8 : Short-term interest rates



GRAPH 9 : Long-term interest rates



points), where the Banque Nationale introduced greater flexibility into the method of fixing the discount rate, in Denmark (down 1,7 points) and in Ireland (down 2,3 points); it was relatively more modest in Germany, France, Italy, the Netherlands and the United Kingdom. In the United States, the rate on US Treasury bills fell from 8,2 % at the end of March to 6,8 % at the end of June. In the Community, the yield on long-term public securities has also fallen since the end of March and averaged 10,3 % at the end of May. Italy is the only member country in which there was upward pressure on long-term rates in April and May.

**Dollar drifts down during June.** — The dollar drifted downwards in irregular fashion against the ECU in June, and on average for the month was 1,8 % lower than in May (Table

A.9.). As has been the case for some months past, the yen tracked the dollar's direction closely in June, but its movement were of smaller magnitude than the dollar's : between the averages of May and June the yen fell by 0,7 % against the ECU. Within the exchange-rate mechanism of the EMS, there was little change in the relative positions of the participating currencies during the month of June. The Irish pound remained at the top of the narrow band throughout the month. The Italian lira remained the weakest currency, trading in the bottom half on the broad fluctuation band. Sterling continued to rise steadily against the ECU in June, gaining 1 per cent between the May and June averages.

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

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	-1.3	-2.7	0	2.0	3.0	-0.4	0.2	2.2	0.6	0.1	-3.4	-0.3	4.2	-5.4	2.6	4.1	:	5.7
DK	0.2	0	2.7	3.2	9.7	5.3	0	2.4	5.1	-5.8	8.8	-0.3	-4.4	3.0	-3.0	-11.4	6.6	0.9
D	0.2	-1.9	-2.9	0.6	3.0	1.0	-4.4	6.1	1.6	0.6	1.6	0.4	-0.3	0.3	-0.3	0.9	-0.6	6.0
GR	0.9	-0.6	-4.2	-0.7	3.5	3.5	0.1	0.4	0	-1.7	4.0	-4.5	-5.1	4.1	0.1	-2.0	:	-0.5
F	-0.7	-2.3	-1.5	0.8	3.1	2.1	-1.3	3.1	-2.5	-0.8	0.8	-1.5	-2.3	-2.3	4.8	1.5	-2.2	3.8
IRL	-0.8	2.2	0.3	6.5	12.9	3.1	7.9	-2.8	5.7	-0.3	-1.1	2.7	1.8	-5.1	0.1	8.4	:	12.8
I	5.5	-1.6	-3.0	-3.2	3.1	1.3	0.6	1.8	-1.8	1.8	-2.5	-1.2	0.5	-3.9	8.8	0.3	-4.5	7.8
L	-3.3	-5.7	2.3	5.4	11.7	0.2	1.9	3.0	3.0	:	-2.4	1.7	3.6	-2.3	-3.8	:	:	5.2
NL	-1.0	-2.0	-4.1	2.1	5.2	3.8	1.0	0.3	-1.3	6.0	-2.0	2.0	-2.0	8.0	-2.8	1.9	-5.6	0
UK	-6.7	-3.5	2.2	3.3	1.0	0.1	-1.9	0.4	0.8	1.8	-0.4	0.3	0.5	0.5	0.4	2.2	0.6	5.5
EUR10	-0.5	-2.3	-1.5	0.8	2.8	0.7	-1.1	2.3	0.6	(0.5)	1.1	-1.1	-0.2	-0.2	(1.6)	(0.6)	(-0.6)	(4.4)
USA	-4.5	2.5	-8.5	7.8	11.1	2.8	2.2	1.7	-0.4	0.2	-0.3	0.3	0	0	(-0.1)	(0.4)	(-0.3)	(2.1)
JAP	4.7	1.0	0.3	3.6	11.1	3.2	2.8	1.5	2.8	(-0.7)	3.3	0.3	-0.7	-0.2	(0.8)	(-2.0)	(3.0)	(7.5)

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

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May	
B	9.1	11.1	13.0	14.3	14.4	14.4	14.3	14.3	14.3	14.5	14.4	14.2	14.6	14.4	14.4	(14.5)	(14.5)	(1.8)
DK	6.7	8.9	9.5	10.2	9.8	10.2	9.9	10.0	9.4	9.4	9.2	9.0	9.4	(9.5)	(9.2)	(8.9)	(9.0)	(-7.4)
D	3.3	4.7	6.8	8.4	8.4	8.4	8.4	8.4	8.2	8.5	8.2	8.2	8.5	8.5	8.6	8.5	8.5	2.8
GR	6.4	7.7	8.7	8.8	9.9	9.4	9.8	10.0	10.4	10.5	10.4	10.5	10.5	10.5	10.4	10.3	10.4	5.3
F	8.2	10.2	12.2	14.9	16.3	16.1	16.3	16.4	16.6	17.0	16.6	16.7	16.9	17.1	17.0	17.1	17.2	7.6
IRL	7.2	8.0	9.7	10.9	11.9	11.6	11.9	11.9	12.1	12.4	12.2	12.3	12.4	12.4	12.5	12.6	12.7	8.3
I	0.7	1.0	1.3	1.6	1.7	1.8	1.6	1.7	1.7	1.6	1.7	1.6	1.6	1.6	1.7	1.7	1.7	1.7
L	6.2	8.8	11.7	14.0	14.3	14.6	14.5	14.2	13.7	13.4	13.7	13.4	13.4	13.4	13.3	13.2	13.1	-8.7
NL	(6.0)	(9.2)	(10.6)	11.6	11.8	11.8	11.8	11.8	11.9	12.0	11.9	11.9	12.0	12.0	12.0	12.1	12.2	5.1
EUR9	(5.8)	(7.6)	(9.2)	10.3	10.9	10.7	10.8	10.9	10.9	(11.1)	10.9	11.0	11.1	(11.1)	(11.1)	(11.1)	(11.1)	(3.9)
USA <sup>6</sup>	7.1	7.6	9.7	9.6	7.5	7.9	7.5	7.5	7.2	7.3	7.1	7.2	7.4	7.3	7.3	7.3	:	-4.4
JAP <sup>6</sup>	2.0	2.2	2.4	2.7	2.7	2.7	2.7	2.8	2.7	2.5	2.7	2.6	2.4	2.6	2.6	2.4	:	-7.1

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

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May	
B	6.6	7.6	8.7	7.7	6.4	1.9	1.4	1.2	0.9	1.8	0	0.2	0.6	1.0	0.8	0.4	0.1	5.3
DK	:	11.7	10.1	6.9	6.3	1.5	1.8	1.0	1.4	1.3	0.7	-0.2	0.5	0.6	0.8	0.3	0.7	5.5
D	5.4	6.3	5.3	3.3	2.4	0.9	0.5	0	0.7	1.1	0.2	0.1	0.6	0.4	0.3	0.2	0.1	2.5
GR	24.9	24.5	21.0	20.5	18.3	4.1	5.6	1.7	5.5	4.5	1.1	1.5	2.3	-0.2	2.9	1.6	0.7	17.0
F	:	13.4	11.8	9.6	7.3	1.7	1.8	1.7	1.4	1.4	0.3	0.2	0.5	0.5	0.7	0.7	0.5	6.5
IRL <sup>7</sup>	:	20.4	17.2	10.4	8.6	2.4	2.2	1.2	0.7	1.9	(0.2)	(0.6)	(0.6)	(0.6)	(0.4)	(0.4)	(0.4)	5.2
I	21.2	17.8	16.5	14.7	10.8	2.9	2.3	1.4	2.4	2.9	0.8	0.6	1.1	1.2	0.8	0.8	(0.6)	(9.3)
L	6.3	8.1	9.4	8.7	5.6	1.7	1.1	0.6	1.1	1.0	0.3	0	0.3	0.6	0.5	0.9	0.1	4.2
NL	:	6.7	5.7	2.7	3.2	0.7	0.9	0.1	1.2	0.2	0.1	-0.1	-0.2	0.3	0.7	0.4	0.1	2.6
UK	18.0	11.9	8.6	4.6	5.0	0.6	2.0	0.9	1.2	1.3	0.3	-0.1	0.4	0.8	0.9	2.1	0.5	7.0
EUR10	:	11.7	10.1	7.6	6.3	1.5	1.6	0.9	1.5	1.6	0.4	0.2	0.6	0.7	0.7	0.8	(0.4)	(6.0)
USA	13.5	10.3	6.2	3.2	4.3	1.1	1.1	1.1	0.7	0.7	0	0.1	0.2	0.4	0.5	0.4	0.2	3.7
JAP	8.0	4.9	2.7	1.9	2.2	0.4	0.9	-0.2	1.2	0.1	-0.6	0.2	0.5	-0.8	0.4	0.5	0.1	1.2

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

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % <sup>2</sup>
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B	:	-3.3	-1.3	-7.1	-1.8	2.7	-3.5	1.7	-1.0	1.4	-1.0	0.6	-2.8	4.0	-4.0	:	:	-6.3
DK	:	-0.6	1.7	1.6	3.0	1.4	1.0	0.1	0.4	-2.3	-1.4	1.8	-1.6	-0.9	-1.1	-0.3	-1.4	-3.1
D	:	-1.5	-3.7	0.9	-0.2	1.1	1.0	-0.8	-1.4	-0.4	-0.2	-0.6	-2.6	6.7	-6.4	-1.6	:	-2.9
GR	:	-3.3	-4.1	-0.5	4.3	4.2	3.7	-0.8	-1.7	-0.4	-6.3	7.0	0.3	-10.9	7.6	:	:	-3.7
F	:	-2.2	1.3	-3.1	-5.0	0.1	-2.8	-1.6	-2.1	1.4	-5.4	3.3	-1.5	3.1	-2.9	0.7	:	-4.8
IRL	:	-0.6	-5.4	-3.5	-1.4	-3.3	1.9	-1.6	1.4	3.1	-3.1	-3.6	0.6	-1.2	-1.4	:	:	-2.5
I <sup>8</sup>	:	2.9	3.9	2.4	9.3	2.3	3.9	0.2	3.5	-1.7	-1.1	-1.4	1.9	-2.0	-3.7	3.5	:	7.6
L	:	3.9	4.6	-5.0	-2.1	0.8	-1.3	-1.5	1.2	:	-0.7	3.2	-4.4	3.3	-0.8	:	:	-2.5
NL	:	-3.6	-2.9	-1.9	-2.7	0	-1.5	0.6	-0.5	0.5	-1.6	5.2	-6.6	3.2	-0.1	1.2	-2.7	2.6
UK	:	0.2	2.0	4.8	3.4	-1.4	2.3	0.7	2.2	-0.9	-0.3	0.6	2.6	-3.5	0.4	1.6	:	5.5
EUR10	:	-0.7	0.1	0.6	1.4	0.7	0.9	-0.3	0.3	(0.5)	-1.6	1.3	-0.5	1.2	-3.1	(0.9)	:	(0.7)
USA	-3.0	1.1	-1.0	7.1	8.4	2.6	2.6	-0.8	1.6	(0.9)	0.3	1.2	0.3	0.1	0.8	(-0.8)	(0.5)	(2.9)
JAP <sup>9</sup>	-1.1	1.8	0.7	0.9	3.2	3.4	-1.5	2.6	-2.5	(4.6)	-3.2	-0.8	1.5	4.3	(-0.5)	(-4.0)	:	(4.1)

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

	1980	1981	1982	1983	1984	1984				1985				1985				Change over 12 months % <sup>3</sup>
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	
B/L	-4993	-5418	-3082	-2435	-4897	-1097	-1276	-1478	-1306	:	-615	-429	-262	:	:	:	:	110
DK	-2116	-1475	-1866	-740	-1108	-377	-383	-188	-204	-494	-200	-25	21	-174	-125	-196	(-168)	(-62)
D	3615	11239	21599	18501	24136	5113	3846	5614	8377	6589	3257	2961	2260	2010	2156	2424	(2707)	(1540)
GR	-3853	-3951	-5826	-5800	-6048	-1239	-1011	-1146	-2073	:	-438	-376	-1259	:	:	:	:	-404
F	-16948	-17283	-24457	-15628	-13130	-3977	-3332	-2450	-2736	-3810	-1274	-897	-566	-1470	-1610	-730	(-1277)	(-205)
IRL	-1893	-2467	-1574	-621	81	-116	195	26	-32	195	-94	-4	66	-29	72	153	(-106)	(-125)
I	-15307	-13554	-12513	-8516	-13849	-2201	-3872	-2230	-5148	(-5538)	-1296	-2730	-1122	-1773	(-1944)	(-1820)	:	(-644)
NL	-2981	1320	3500	4499	4740	796	1858	589	1419	:	416	560	444	(50)	:	:	:	(-204)
UK	-3353	-445	-3295	-9681	-14005	-2668	-3686	-3876	-3930	(-4514)	-1720	-946	-1265	-1008	-1489	-2017	(-982)	(569)
EUR10 <sup>9</sup>	-47829	-32033	-27515	-20422	-24080	-5834	-7810	-5221	-									

TABLE A.6 : Money stock<sup>10</sup> - Percentage change on preceding period (s.a.)

		1980	1981	1982	1983	1984	1984			1985		1984		1985					Change over 12 months % <sup>4</sup>	
							I	II	III	IV	I	II	Nov.	Dec.	Jan.	Feb.	March	April		May
B	(M2)	2,6	5,8	5,7	8,7	5,7	3,0	1,6	1,5	-0,5	4,1	:	:	:	:	:	:	:	:	6,8
DK	(M2)	8,1	9,6	11,5	25,5	17,8	3,4	3,6	3,9	5,6	-1,0	1,2	1,8	-0,5	0,6	-1,1	1,4	0,6	12,2	
D	(M3)	6,2	5,0	7,1	5,3	4,7	0,4	1,4	1,5	1,4	1,0	0,4	0,7	0,2	0,6	0,2	0,4	0,2	5,0	
GR	(M3)	24,7	34,7	29,0	20,3	(29,1)	4,3	7,5	5,8	(8,9)	(5,6)	2,7	(3,4)	(1,5)	(3,1)	(0,9)	(2,7)	:	(28,4)	
F	(M2R)	8,4	10,4	10,8	11,2	7,7	1,0	2,4	1,5	2,6	(1,3)	0,2	2,4	(0,1)	(-0,1)	(1,3)	(0,5)	:	(8,4)	
IRL	(M3)	17,7	17,4	13,0	5,6	10,1	0	3,1	2,9	3,8	-0,4	0,2	1,9	-0,5	-1,1	1,2	2,0	0,5	10,8	
I	(M2)	12,7	9,9	16,9	13,3	12,1	1,9	2,1	3,4	2,8	4,5	0,6	1,2	2,3	0,7	1,5	1,4	:	14,9	
NL	(M2)	3,8	5,3	7,6	10,4	7,7	0,3	3,4	2,6	1,1	3,6	2,5	-0,7	-1,0	2,9	1,7	:	:	11,7	
UK	(£M3)	18,5	13,7	8,9	10,3	9,8	2,1	3,2	1,1	2,9	2,2	2,7	-0,1	0,7	0,5	1,0	2,8	0,5	12,2	
EUR10 <sup>11</sup>		10,4	9,4	10,4	10,1	(8,5)	1,3	2,4	1,9	(2,3)	(2,2)	1,0	(1,0)	(0,6)	(0,6)	(0,9)	:	:	(8,6)	
USA	(M2)	8,9	10,0	9,4	11,7	8,2	1,5	1,8	1,7	2,7	2,4	1,2	1,1	1,1	0,9	0,3	-0,1	0,7	8,4	
JAP	(M2)	7,2	11,0	7,9	7,3	7,9	2,3	1,4	3,1	0,8	3,5	0,8	0,8	0,5	0,9	2,0	:	:	9,1	

TABLE A.7 : Short-term interest rates<sup>12</sup>

		1980	1981	1982	1983	1984	1984			1985		1984		1985					Change over 12 months % <sup>5</sup>
							II	III	IV	I	II	Dec.	Jan.	Feb.	March	April	May	June	
B		14,2	15,6	14,1	10,5	11,5	11,9	11,0	10,7	10,7	8,9	10,7	10,7	10,7	10,7	9,8	9,3	8,9	-3,0
DK		16,9	14,9	16,4	12,1	11,5	11,7	11,3	12,0	12,0	10,3	12,0	12,0	11,4	9,2	12,0	10,5	9,4	10,3
D		9,5	12,3	8,8	5,8	6,0	6,1	5,8	5,8	6,3	5,7	5,8	6,0	6,2	6,3	6,0	5,8	5,7	-0,4
GR		11,0	16,8	20,2	19,4	15,7	14,6	15,0	16,8	19,3	16,6	16,8	14,9	15,5	19,3	16,3	16,5	16,6	2,0
F		12,3	15,6	14,6	12,5	11,7	12,2	11,0	10,8	10,7	10,3	10,8	10,4	10,8	10,7	10,4	10,2	10,3	-1,9
IRL		16,2	16,6	17,5	14,1	13,3	12,4	13,0	15,0	13,9	11,6	15,0	14,7	14,7	13,9	12,7	12,4	11,6	-0,8
I		17,6	20,0	20,1	18,1	17,2	16,9	17,7	17,0	15,6	15,1	17,0	16,1	16,2	15,6	15,2	15,2	15,1	-1,8
NL		10,6	11,8	8,3	5,7	6,1	6,2	6,2	5,7	6,9	6,7	5,7	6,4	7,1	6,8	7,1	6,9	6,7	0,5
UK		16,8	14,2	12,2	10,1	10,1	9,6	10,8	10,0	13,2	12,5	10,0	12,7	14,0	13,2	12,7	12,5	12,5	2,9
EUR10 <sup>13</sup>		13,4	15,0	13,2	10,8	10,5	10,5	10,5	10,2	10,8	10,1	10,2	10,5	10,9	10,8	10,4	10,2	10,1	-0,4
USA		11,6	14,0	10,6	8,7	9,5	9,9	10,2	7,8	8,2	6,8	7,8	7,9	8,5	8,2	7,8	7,1	6,8	-3,1
JAP		10,9	7,4	6,9	6,4	6,1	5,9	6,3	6,4	6,4	:	6,4	6,2	6,2	6,4	6,1	6,0	:	0,3

TABLE A.8 : Long-term interest rates<sup>14</sup>

		1980	1981	1982	1983	1984	1984				1985		1984		1985					Change over 12 months % <sup>5</sup>
							I	II	III	IV	I	II	Nov.	Dec.	Jan.	Feb.	March	April	May	
B		12,2	13,8	13,5	11,8	12,0	12,2	12,1	11,9	11,6	11,5	11,5	11,5	11,6	11,6	11,5	11,5	10,8	-1,4	
DK		18,7	19,3	20,5	14,4	14,0	14,0	14,6	14,6	14,0	13,0	14,2	14,0	13,3	13,2	13,0	12,3	11,8	-2,5	
D		8,5	10,4	9,0	7,9	7,8	7,9	8,1	7,6	7,0	7,6	7,2	7,0	7,1	7,4	7,6	7,3	7,1	-0,9	
GR		17,1	17,7	15,4	18,2	18,5	19,6	18,3	16,4	17,9	18,4	16,4	17,9	18,3	18,4	18,4	18,3	15,6	-3,9	
F		13,7	16,3	16,0	14,4	13,4	14,0	14,0	13,1	12,7	12,3	12,4	12,7	12,1	12,3	12,3	12,0	11,7	-2,1	
IRL		15,4	17,2	17,0	13,9	14,6	14,1	14,6	15,0	14,9	13,6	15,3	14,9	14,5	14,7	13,6	13,1	13,2	-1,3	
I		16,1	20,6	20,9	18,0	14,9	15,4	14,9	14,5	13,9	12,8	14,4	13,9	12,3	12,4	12,8	13,3	13,4	-1,8	
L		7,4	8,6	10,4	9,8	10,3	10,1	10,4	10,4	10,0	9,7	10,3	10,0	10,0	9,8	9,7	9,7	9,7	-0,7	
NL		10,7	12,2	10,5	8,8	8,6	8,7	8,9	8,4	7,8	8,6	7,8	7,8	7,8	8,2	8,6	8,0	7,9	-1,0	
UK		13,9	14,8	12,7	10,8	10,8	10,2	11,3	10,6	10,8	10,7	10,3	10,7	11,0	11,0	10,7	10,7	10,8	-0,4	
EUR10 <sup>13</sup>		12,7	14,9	14,0	12,2	11,4	11,5	11,7	11,1	10,8	10,7	10,7	10,7	10,4	10,6	10,7	10,6	10,4	-1,3	
USA		10,8	12,9	12,2	10,8	11,2	11,9	13,0	12,0	11,2	11,8	11,3	11,2	11,2	11,4	11,8	11,4	10,9	-2,0	
JAP		9,2	8,7	8,1	7,4	6,3	6,6	7,1	6,8	6,3	6,6	6,4	6,3	6,3	6,8	6,6	6,5	6,4	-0,9	

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

		1980	1981	1982	1983	1984	1984			1985		1984		1985					Change over 12 months % <sup>2</sup>
							II	III	IV	I	II	Dec.	Jan.	Feb.	March	April	May	June	
BFR/LFR		40,60	41,29	44,68	45,44	45,44	45,59	45,25	45,01	44,66	45,12	44,54	44,52	44,68	44,80	45,03	45,09	45,23	-0,7
DKR		7,83	7,92	8,15	8,13	8,15	8,20	8,15	8,04	7,96	8,05	8,00	7,95	7,96	7,97	8,03	8,06	8,06	-1,7
DM		2,53	2,51	2,38	2,27	2,24	2,24	2,24	2,23	2,23	2,24	2,23	2,22	2,23	2,23	2,24	2,24	2,25	0,5
DR		59,24	61,62	65,30	78,09	88,44	88,46	88,83	91,57	91,97	98,47	91,35	90,69	90,77	94,45	97,29	98,68	99,44	12,1
FF		5,87	6,04	6,43	6,77	6,87	6,87	6,87	6,84	6,81	6,83	6,84	6,81	6,80	6,81	6,82	6,83	6,84	-0,3
IRL		0,676	0,691	0,690	0,715	0,726	0,730	0,726	0,719	0,715	0,716	0,716	0,714	0,715	0,715	0,715	0,716	0,717	-1,8
LIT		1189	1263	1324	1350	1381	1382	1380	1382	1382	1430	1376	1368	1376	1404	1428	1429	1432	3,6
HFL		2,76	2,78	2,62	2,54	2,52	2,52	2,53	2,52	2,52	2,53	2,52	2,51	2,52	2,52	2,53	2,53	2,53	0,5
UKL		0,598	0,553	0,561	0,587	0,591	0,591	0,592	0,601	0,614	0,578	0,606	0,622	0,617	0,602	0,584	0,578	0,572	-3,4
USD		1,391	1,116	0,981	0,890	0,789	0,825	0,768	0,731	0,684	0,726	0,720	0,702	0,676	0,675	0,725	0,720	0,733	-10,2
YEN		315,0	245,4	243,5	211,4	187,0	189,5	186,9	179,8	176,1	182,0	178,3	178,3	175,9	174,2	182,3	181,2	182,4	-4,2
SDR		1,068	0,946	0,888	0,833	0,767	0,789	0,757	0,732	0,707	0,732	0,729	0,720	0,702	0,700	0,731	0,728	0,736	-6,2

TABLE A.10 : Effective exchange rates: export aspect<sup>15</sup> - Percentage change on preceding period

		1980	1981	1982	1983	1984	1984			1985		1984		1985					Change over 12 months % <sup>2</sup>
							II	III	IV	I	II	Dec.	Jan.	Feb.	March	April	May	June	
B/L		-0,5	-5,3	-9,2	-2,5	-1,8	0,6	0	-0,3	0,1	0	-0,1	0,5	-0,7	-0,2	0,6	-0,2	-0,1	-0,3
DK		-7,9	-6,8	-4,0	-0,1	-2,9	-0,3	-0,5	0,4	0,3	0	0,1	0,5	-0,8	-0,1	0,6	-0,5	0,2	0,2
D		0,4	-5,2	5,1	4,2	-1,0	0,4	-1,4	-0,9	-0,7	1,0	-0,9	0	-0,6	0	1,4	-0,4	0,2	-2,0
GR		-13,5	-9,4	-7,3	-18,0	-14,4	-4,1	-1,7	-4,2	-1,5	-4,9	-0,2	0,3	-0,7	-3,7	-1,1	-1,6	-0,3	-12,2
F		0,4	-8,6	-8,0	-6,7	-4,2	0,4	-1,2	-0,8	-0,4	1,3	-0,8	0,1	-0,4	0	1,6	-0,3	0,3	-1,0
IRL		-2,0	-8,3	-1,1	-3,4	-3,6	0,2	-0,7	0,4	0,1	-0,2	0,1	0,5	-0,9	-0,4	0,8			

## Principal economic policy measures — May/June 1985

### Community (EUR)

20.5 The Commission adopted a proposal for a Council Regulation extending the powers of the European Monetary Cooperation Fund so as to enable it to grant to the monetary authorities of non-member countries and to international monetary institutions the status of "other holders" of official ECUs.

30.5 The Standing Committee on Employment, which brings together the Ministers for Employment, the representatives of the employers' and employees' organizations and the Commission, had a long and detailed discussion on the unemployment situation in the Community, focusing particularly on the positive measures to be taken.

28 and 29.6 The European Council, meeting in Milan, discussed the economic and social situation on the basis of two reports submitted by the Presidency, one on the future of the EMS and the other on the problem of investment and employment in the context of implementing the strategy laid down in Dublin in December.

8.6 The Council (Economic and Financial Affairs) held its second-quarter examination of the economic situation in the Community, in accordance with Article 3 of the 1974 "Convergence" Decision, on the basis of the Commission communication entitled "The economic outlook for 1986 and the Member States' fiscal policies" (COM(85)336 final) and in the light of a statement by the Chairman of the Coordinating Group for Economic and Financial Policies. In conclusion, it endorsed the Commission's opinion that it was not necessary at this stage to adjust the economic policy guidelines for 1985 as adopted by the Council on 19 December 1984.

### Belgium (B)

8.5 The National Bank of Belgium introduced arrangements for a "floating" discount rate. The discount rate will henceforth be fixed every Wednesday by the supervisory Council on the basis of the previous day's rate for three-month Treasury certificates; at the same time, the Council will fix, on the same basis, the lower and upper limits within which the administrative Committee can vary the discount rate if market developments call for an adjustment before the next Council meeting. The rate on current account advances will be fixed so as to be very close to the true cost of rediscounting. The discount rate was fixed at 9.75 % from 9 May, and the rate on advances at 10.25 %. On 20 May, the rates were reduced under the new arrangements, to 9.50 % and 10 % respectively. Previously, the rates had stood at 11 % and 12 % respectively since 16 February 1984.

28.5 Price controls were relaxed further: firms whose turnover on the Belgian market does not exceed 200 million Belgian francs (instead of 100 million Belgian francs, as previously) no longer have to apply before increasing their prices. They are still required, however, to keep the Prices Commission informed of increases, which the Commission may object to. Moreover, the arrangements abolishing sectoral or group applications for price increases were extended to cover not only applications from heterogeneous sectors, as before, but also those from homogenous sectors. Finally, firms whose turnover is less than 20 million Belgian francs are now exempt from price controls.

3.6 Applying the new system of adjustment in official interest rates, the National Bank cut its discount rate from 9.50 % to 9.25 % and the rate for advances from 10 % to 9.75 %.

### Denmark (DK)

1.6 The government notifies a further extension of facilities concerning capital movements implying that the minimum maturity for business loans made abroad is reduced to one year, that the ceiling on foreign exchange transfers exempt from registration is raised to 40 000 DKR, that the limit on foreign investment in Denmark and Danish investment abroad not subject to permission is raised to 10 millions DKR, that the time limit for repatriating foreign currency is extended to three months, that Danish investment in foreign unlisted shares will be allowed although still subject to authorisation.

19.6 As from 1 August Danmarks Nationalbank will replace borrowing and deposit facilities with the Bank by certificates of deposits with maturities up to 3 1/2 months in order to obtain a more flexible management of liquidity and short-term interest rates. The certificates will only be issued to and traded among banks at a discount and may be used for borrowing from Danmarks Nationalbank.

19.6 A parliamentary majority agreed on the principles for a modification of the tax laws with effect from January 1987. They will be submitted for parliamentary approval during the next session and imply that:

- all revenue is split into labour income (i.e. wages, transfers) and capital income (i.e. interest, dividends etc.)
- labour income will be taxed progressively by some 50 % below 200 000 DKR and some 62 % above that level (incl. local government taxes). As certain allowances are being reduced with growing income, marginal rates will be somewhat higher.
- capital income will be taxed proportionately by 50 % (corporate taxes were raised to 50 % in March as from 1986). Income withheld in business by independent entrepreneurs is considered as capital income as against income paid to the

entrepreneurs personally. Foundations and funds until now exempted from taxation will be taxed by 50 % of their revenue above 200 000 DKR.

30.6 Danmarks Nationalbank has agreed with private banks to substitute the existing lending regulation with a special deposit scheme. This implies that 20 % of the banks' increase in deposits above the level twelve months earlier, raised by 14 % and gradually reduced to 10 % for the final quarter, be deposited with Danmarks Nationalbank at a rate below or equal to the money market rate. The interest differential will depend on the monetary situation.

### Federal Republic of Germany (D)

1.5 The law to stimulate employment (Beschäftigungsförderungsgesetz) came into force. The law is intended to increase flexibility in the labour market by a number of legal provisions (e.g. facilitating temporary work contracts, making part-time work more attractive).

24.5 Adoption by Parliament of the bill providing for tax reform in two steps. The total cut in tax revenues is assessed at DM 20 000 million to be implemented in broadly equal shares in 1986 and 1988.

### Greece (GR)

29.5 Following the renewal of a decision by the Minister of Labour firms with more than 50 employees cannot dismiss more than 2 % of their staff, or more than 30 employees, each month; the decision takes effect on 1 July, and remains in force for six months. The ceiling on dismissals by firms with fewer than 50 employees is five employees per month.

### France (F)

2.5 The Government issued a new series of renewable Treasury bonds at a fixed rate of 10.3 % with a maturity of six years. Subscriptions amounted to 7.500 million French francs, compared with an expected 10.000 million French francs.

31.5 The second fifteen-year state loan for 15.000 million French francs was floated.

5.6 The Government adopted a new package of five measures to help the young and the long-term unemployed. Each measure is designed to assist a different category:

1. Young people in the 21-25 age group will in future be eligible for the system of community work contracts (TUC) in the same way as those under 21;
  2. Job-seekers above the age of 57 1/2 who have worked for more than ten years will automatically receive an allowance of FF 86 per day (FF 2.500 per month);
  3. The other long-term unemployed will see their specific "solidarity" allowance increase by 50 % on 1 July, to FF 64.50 per day (FF 1.935 per month), and the conditions for granting the allowance once they lose their entitlement to unemployment insurance benefits will be relaxed. Finally, the Government will encourage local authorities to offer the long-term unemployed work in the community services sector (TIC scheme);
  4. Single women without any financial resources whose incomes consisted entirely of family allowances but whose children have now grown up are to receive first-time job-seekers' allowances for which the Government is to set aside an amount of FF 200 million;
  5. Lastly, the Ministry of Social Security is to launch in the winter of 1985-86 a new programme for combating poverty (development of centres for the homeless).
- All in all, the Government's package of measures will cost some FF 3.300 million in a full year (FF 1.500 million in 1985). This extra expenditure will be financed mainly through taxation of energy imported for industrial use and through the wealth tax.

5.6 The Crédit agricole was authorized to extend its activities to the business and craft sectors.

26.6 As from 1 July, the minimum wage is to be increased by 1.96 % from FF 25.54 to FF 26.04 per hour (FF 4.400.76 per month).

### Ireland (IRL)

None.

### Italy (I)

20.6 The major banks decided to reduce their interest rates on customers' deposits by half a percentage point.

### Luxembourg (L)

None.

### Netherlands (NL)

11.6 A draft law was tabled in Parliament providing for a single grant to be made to those in receipt of the minimum income. The amount is to vary, according to family circumstances, from HFL 425 to HFL 830.

### United Kingdom (UK)

18.6 The Government announced new scales for social security benefits operative from the end of November. The main changes are increases in old age pensions and unemployment benefits of 7 % (the annual rate of retail price inflation in May), an increase in supplementary benefits of 5.1 % (the inflation rate excluding housing costs, which are covered by other benefits), and an increase in child benefit of 2.2 %.

### Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
„European Economy" (4 issues per year)	33.06	1 500	23.90	19.50	25.00	The annual subscription runs from 1 January to 31 December of each year.
<b>Supplements</b>						
Series A — 'Economic trends' (11 issues per year)	11.02	500	8.00	6.50	09.00	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series B — 'Business and consumer survey results' (11 issues per year)	14.10	640	10.20	8.50	10.50	
Complete series of supplements	24.24	1 100	17.50	14.50	18.00	
Combined subscription — 'European Economy' and supplements	44.07	2 000	31.90	26.00	33.00	These are surface mail rates; for air subscription rates please apply to the agents

