

# EUROPEAN ECONOMY

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

Supplement A



No 7 - July 1992

*In this number:  
A Renewed Cooperative Growth  
Strategy for more Employment.  
An Initiative by the European Social Partners*

## THE CONTEXT

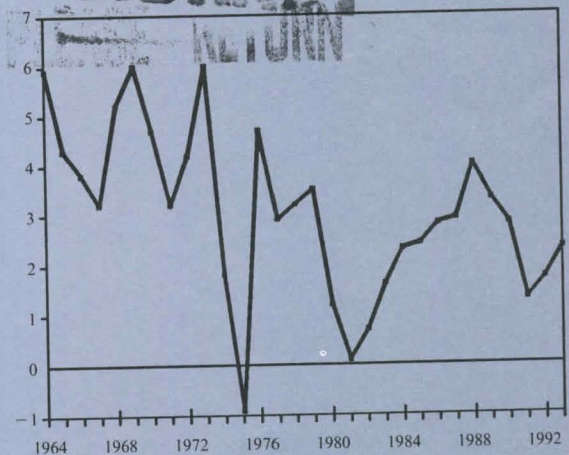
At the summit meeting of the Community Social Dialogue on 3 July 1992 in Brussels, the European social partners arrived at a Joint Opinion on a renewed cooperative growth strategy for more employment and a Joint Statement on the future of the social dialogue. These reflect the enhanced role of the two sides of industry in the run-up to Economic and Monetary Union, as approved by the Treaty on European Union and the annexed Protocols. Art. 118 b of the Treaty which had been introduced by the Single Act in 1987 defines the development of this Social Dialogue as a task for the Commission. The scope for negotiations between employers' and workers' organizations has been enlarged by the Protocol and the Agreement on Social Policy annexed to the Treaty on European Union which had been signed by all Member States except the United Kingdom: 'Should management and labour so desire, the dialogue between them at Community level may lead to contractual relations, including agreements.' The latter should 'be implemented either in accordance with the procedures and practices specific to management and labour and the Member States or ... by a Council decision on a proposal from the Commission.' (Art. 4 of the Agreement on Social Policy).

At Community level the Social Dialogue comprises the top European and national organisations of trade unions and employers, i.e. the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE), the European Center for Public Enterprises (CEEP) and their counterparts at national level. The Social Dialogue was relaunched in 1985 to replace the 'Tripartite Conferences' which had met several times in the second half of the 70s, but had subsequently lapsed.

The Dialogue has been designed to exchange views between labour and management about social and economic issues of European integration. At the Val Duchesse-meeting on 12 November 1985 the social partners were able to record their agreement on the broad lines of the first cooperative growth strategy for more employment. One year later, they formulated a Joint Opinion on this strategy. It was reproduced in European Economy No 30 together with the Annual Economic Report 1986-87. Other Joint Opinions followed mainly on issues concerning the labour market and social policy, published by Directorate-General V in: European Social Dialogue. Documentary Series. Joint Opinions.

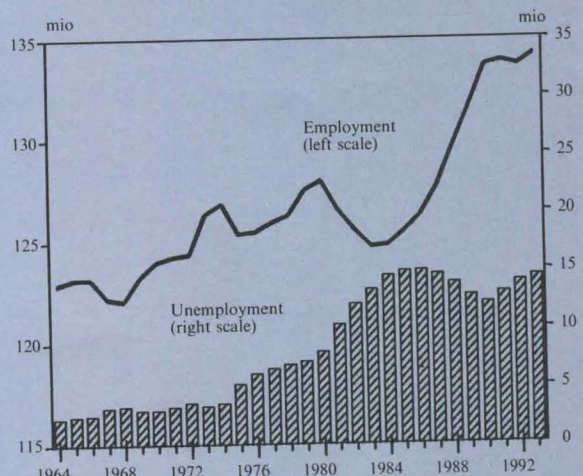
In their most recent Joint Opinion the social partners express their serious concern about rising unemployment and the quasi-stagnation in employment which lead to their particular interest in the revitalisation of the Community's internal growth dynamics. This Opinion constitutes a remarkable document of commonly held positions by labour and management about crucial macroeconomic and structural policy problems and about the future course of the European Community. The original text is published unabridged on the following pages; the graphs are added by the Commission Services.

GRAPH 1: GDP-growth rate; EUR12\*  
(% change p.a.)



\* Excluding the five new German Länder.  
1992/93: Forecasts, Spring 1992.

GRAPH 2: Employment and unemployment; EUR12\*



\* Excluding the five new German Länder.  
1992/93: Forecasts, Spring 1992.

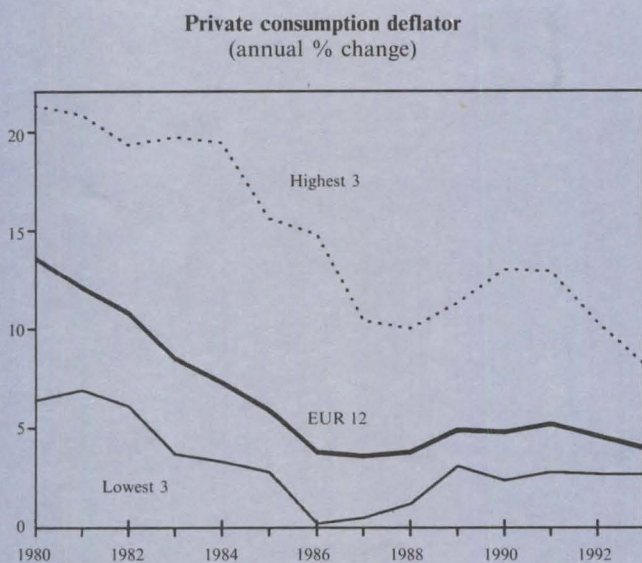
2/11/2  
233

## A RENEWED COOPERATIVE GROWTH STRATEGY FOR MORE EMPLOYMENT

Community Social Dialogue  
Palais d'Egmont, 3 July 1992

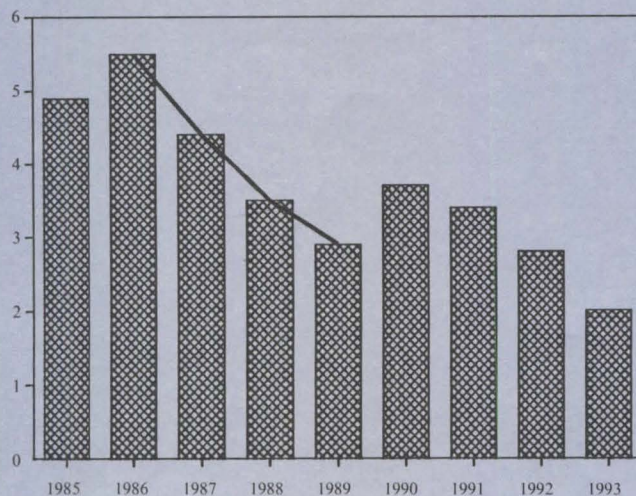
1. In 1986 the social partners supported the *Community cooperative growth strategy for more employment* by their joint opinion of 6 November 1986. This strategy was based, on the one hand on supply side measures, directed in particular towards improving the competitiveness of enterprises and the profitability of productive and employment-creating investment, and on the other hand on sound demand conditions in order to achieve sustainable, non-inflationary economic growth of about 3% to 3½% aimed at a significant medium term reduction of unemployment. Although the required measures were not fully implemented in every Member Country, the subsequent developments aided by external factors corresponded largely to the objectives of this strategy: An employment creating growth process was generated over the

GRAPH 3: Price Convergence



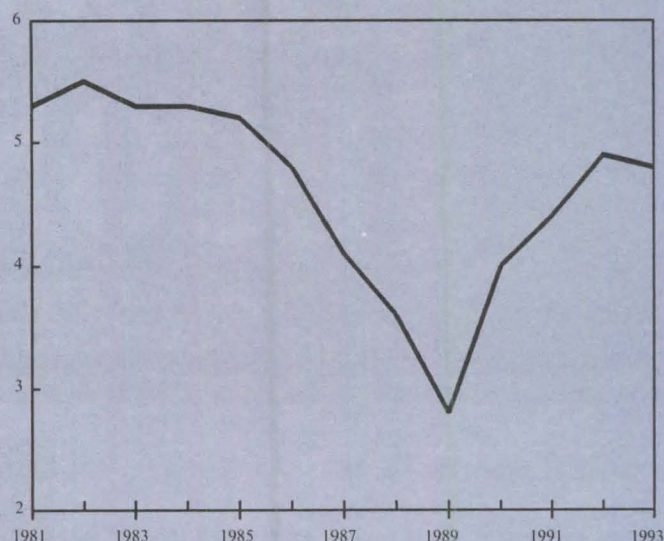
1992/93: Forecasts, Spring 1992.

Convergence of private consumption deflator (Dispersion related to average of the three lowest)



1992/93: Forecasts, Spring 1992.

GRAPH 4: General government net borrowing, EUR12\* (in % of GDP)



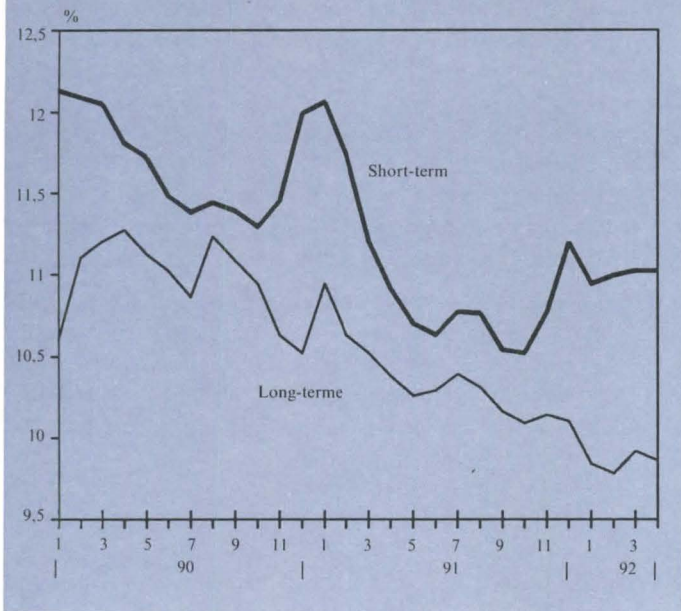
\* Excluding the five new German Länder.  
1992/93: Forecasts, Spring 1992.

period 1986 through 1989 with real GDP growing by 3.3% annually on average, allowing for more than 8 million additional jobs to be created between 1985 and 1990 and reducing the rate of unemployment from 10.8% in 1985 to 8.3% in 1990, but not fully reaching the initial target rate of 7%. Capital profitability increased strongly. Together with the increase in demand this underpinned the acceleration of total investment which grew on average by 6.4% annually in the period 1986 through 1989. Public deficits were cut back from 5.2% of GDP in 1985 to 2.8% in 1989 mainly by reduced growth of expenditures. Until 1988 inflation rates converged to low levels and wages adjusted well to this development.

2. In 1989/90 inflation accelerated and the favourable growth trend was interrupted in 1991/92 leading to a quasi-stagnation in employment. Thus the rate of unemployment is expected to rise to 9.7% in 1993. These developments are a matter of great concern and have created less supportive conditions for the achievement of the major Community objectives. High and rising unemployment has serious negative economic, social and possibly political consequences and conflicts with the objectives of Article 2 of the Treaty.

3. Furthermore, the Treaty on European Union requires significant progress in the downward *convergence of both budget deficits and inflation rates to low levels* to ensure a smooth transition to the final stage of Economic and Monetary Union. While the convergence criteria should not be interpreted mechanically, the social partners recognize that these objectives have to be realized according to credible convergence programmes to be applied from now on. However, fears have arisen regarding possible temporary negative demand effects of simultaneously implementing convergence programmes in several Member States in the present environment of sluggish economic activity. But even independently of the Maastricht agreement, these convergence efforts would be necessary as part of an overall strategy to promote a non-inflationary, lasting and employment-creating growth trend leading to a reduction in unemployment and enhancing the competitiveness of enterprises. The social partners are ready to contribute to these

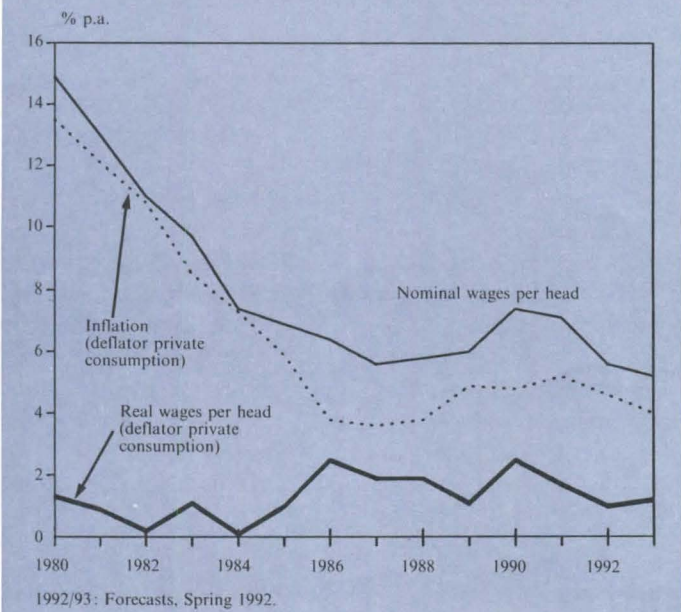
GRAPH 5: Short-term and long-term interest rates; EUR12



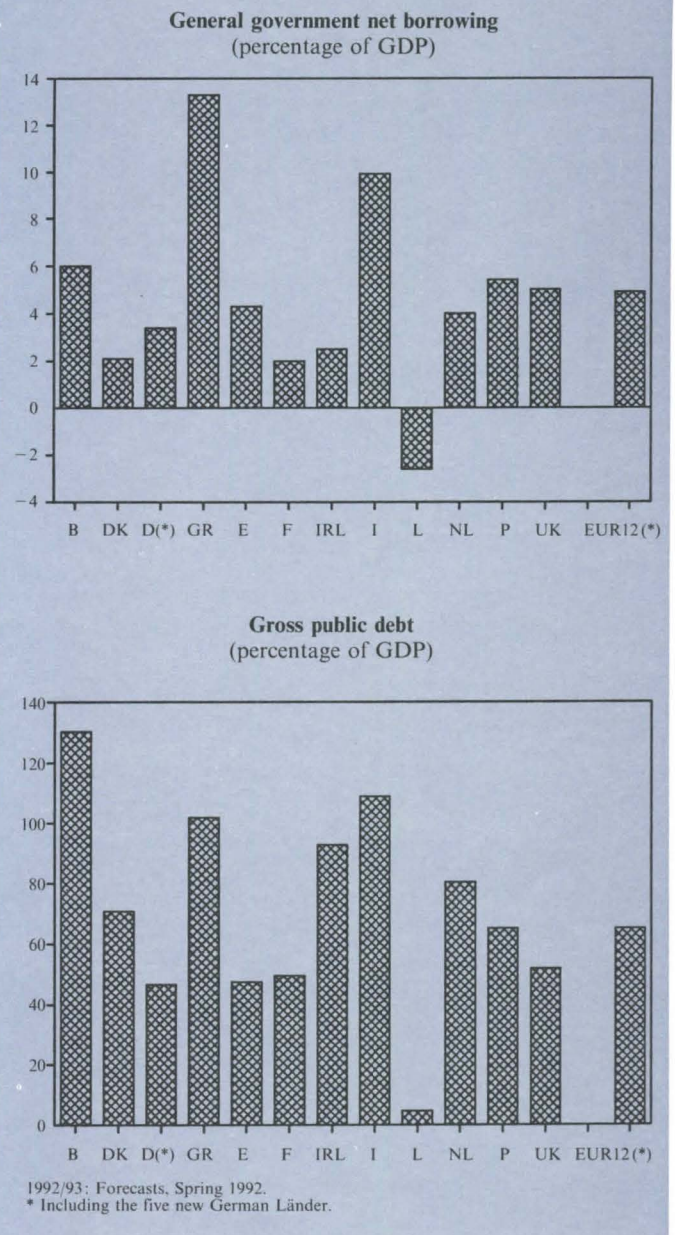
convergence efforts in the framework of a comprehensive cooperative strategy and in line with their own responsibilities. In such a context, convergence, cohesion and growth could be achieved simultaneously and would be mutually reinforcing.

4. This means that a renewed cooperative growth strategy for more employment which reconciles the optimal solution of the short-term problems with the medium-term objective of non-inflationary sustainable and employment-creating growth is necessary. The social partners have at present, as in 1985/86, a particular interest in the revitalisation of the Community's internal growth dynamics, in order to return as quickly as possible to the required growth trend. Such a strategy must be founded on the combination of sound macro-economic policies and supportive structural policies embedded in a cooperative climate provided by social dialogue at the national and the Community level. The desired credibility and predictability of

GRAPH 6: Nominal wages, real wages and inflation EUR12, excluding the five new German Länder



GRAPH 7: Public debt and budget deficit, 1992



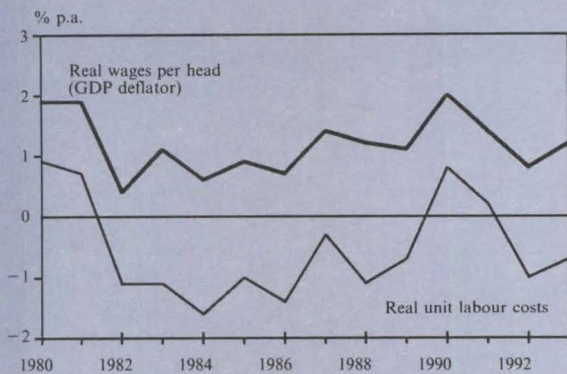
the economic framework requires every effort to ensure that the decisions taken at Maastricht are carried out on schedule. There is no convincing alternative to the path towards European integration. The Community should remain united.

5. With regard to the crucial problem of sluggish growth in 1992 and 1993, the governments of most Member Countries are convinced that the budgetary situation leaves no scope for a fiscal boost of demand. The social partners stress that — whatever the limits on purely national action — cooperative action at the Community level would widen the margins of manoeuvre for all. Indeed a recovery would help reduce overall budgetary constraints through lower unemployment and higher tax revenues. Under the present conditions the macroeconomic strategy required to revitalize the economy should include the following:

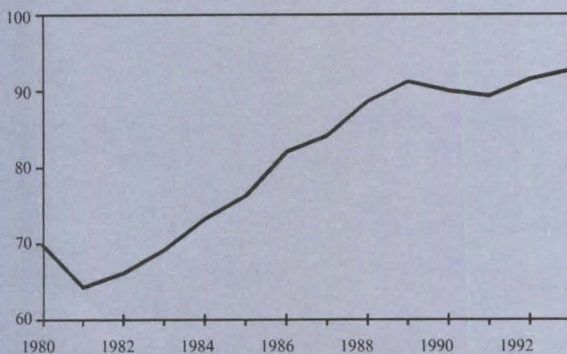
- (i) Growth has to be encouraged by a rapid reduction of interest rates achieved by sound economic policies. Such an outcome requires the adoption of a credible and socially acceptable budgetary consolidation in the framework of a clearly stability-oriented monetary policy; the applied policy mix should be differentiated following the situation

GRAPH 8: Real wage adjustment  
(EUR12, excluding the five new German Länder)

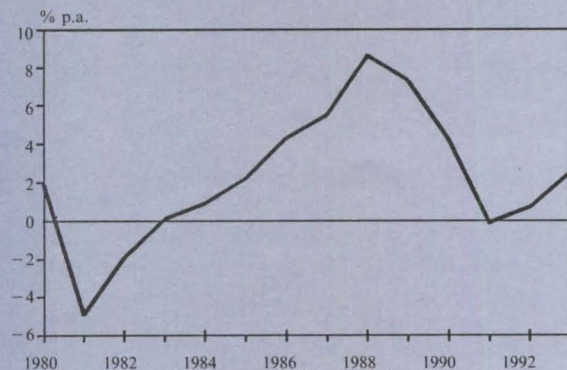
Real wages and real unit labour costs



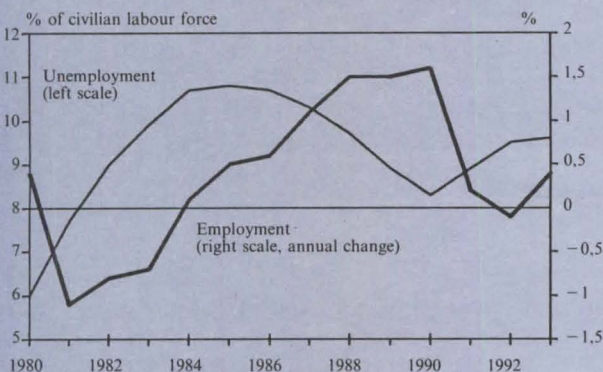
Profitability of fixed capital  
(Index 1961-73 = 100)



Investment



Employment and unemployment



1992/93: Forecasts, Spring 1992.

of Member Countries but coordinated at Community level. Budgetary consolidation has to be based on a range of policies including a selective deceleration in the rate of growth of public expenditures. However, existing levels of public investments should be maintained, or where possible increased, predominantly in areas complementary to private investment. This should be realized, for example, by a cost/benefit evaluation of the effectiveness of public expenditures, by an appropriately differentiated reduction of subsidies and by an efficient re-allocation of resources from the peace dividend.

- (ii) The conduct of wage negotiations is under the responsibility of social partners. The more credible and socially acceptable economic policies are, the easier the social partners can *anticipate low or decreasing inflation rates in the results of their wage negotiations*. This would reduce the strain on monetary policy and contribute to the reduction also of short-term interest rates. Furthermore, wage developments have to take into account the requirements of the profitability of employment-creating investment, the competitiveness of enterprises on the world markets and the implications of full Economic and Monetary Union. The non-inflationary and sustainable growth process, thus generated, would provide the appropriate scope for real wage increases which underlines the interrelation between the European integration process and rising living standards.
- (iii) The credible implementation of this macroeconomic approach would help to compensate for possible temporary negative effects on demand so that *consumer and business confidence would be restored* and interest rates could be reduced. This would create conditions for higher private investment which is closely connected to the creation of additional jobs.

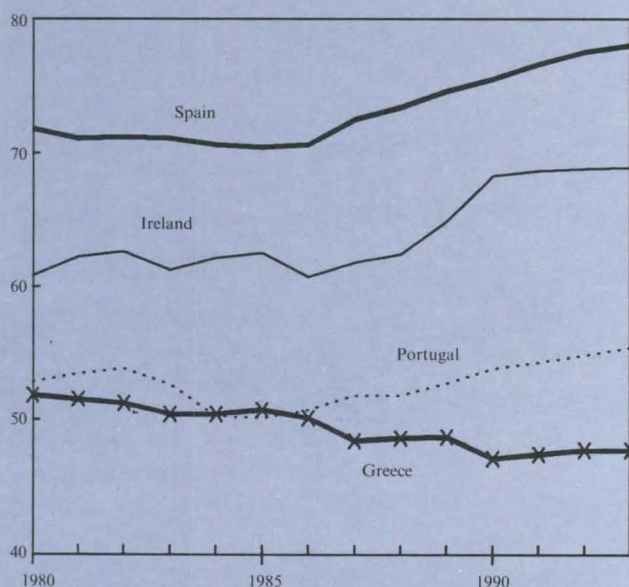
6. Within this macro-economic framework, higher levels of competitiveness, growth and employment should be supported by *structural reforms at the national level* to improve the operation of markets.

- (i) Reforms on the *labour market* and particularly the strengthening of training and retraining should improve its adaptability and its efficiency in order to support the creation of employment while respecting social interests. The corresponding Joint Opinions as agreed by the social partners should be taken into account<sup>1</sup>
- (ii) Enhanced *competition* in the markets for goods, services and capital serves to maintain and to strengthen the competitiveness of European enterprises on world markets and to facilitate the passing-on of high productivity gains via relative price reductions.

7. The implementation of Community policies and in particular the speedy realization of *the major Community projects* should also underpin the renewed cooperative growth strategy for more employment. This would give economic agents the required long term orientation, as a basis for the assessment of future conditions, which in turn have to be taken into account by present investment decisions.

<sup>1</sup> Cf.: Joint Opinion on new technologies, work organization and adaptability of the labour market, of 10 January 1991. Joint Opinion on the creation of a European occupational and geographical mobility area and improving the operation of the labour market, of 13 February 1990. Joint Opinion on education and training, of 19 June 1990. Joint Opinion on the transition from school to adult working life, of 6 November 1990. Joint Opinion on ways facilitating the broadest possible effective access to training opportunities, of 20 December 1991.

GRAPH 9: GDP per head of the four least favoured countries in PPS (Index EUR12 = 100)



1992/93: Forecasts, Spring 1992.

- The efforts for investment in *human capital* at the national and enterprise level can be enhanced further by Community support and by Community projects aimed at the proliferation of new skills in connection with emerging technical, economic and social developments.
- The transnational cooperation in *research and development* can be promoted similarly.

- (iii) Community action in *environmental protection* has to preserve and improve living conditions and has to take into account cost/benefit considerations and the competitiveness of enterprises. Experience has shown that environmentally related investments can also create many jobs. Measures should be advanced concretely and implemented rapidly in order to permit economic agents to assess the implications and to change production and consumption patterns accordingly.
- (iv) The social partners confirm their attachment to a *free and open multilateral trade system*. For this purpose, the Uruguay Round has to be successfully concluded. The Eastern and Central European States, including the Republics of the former Soviet Union, have to be integrated into the world economy. Furthermore, their transformation into democracies and social market economies should be supported further by the Community and its Member States; other industrialised nations are invited to step up their aid to a similar order of magnitude. All this must not prejudice aid and development programmes in favour of the developing countries.

8. Close integration of the social partners in an *economic policy dialogue at all appropriate levels* has the potential to enhance the climate of mutual cooperation in the context of EMU and of a renewed Community growth strategy. At Community level, the social dialogue should include the aspects of convergence programmes, EC structural policy instruments, and multilateral surveillance relevant to the social partners.

Appropriate consultations through a social dialogue or through other 'equivalent'<sup>1</sup> means at the national level would allow the social partners to make their views known to the authorities whose task is to elaborate convergence programmes for which governments take full responsibility. This would improve the social acceptability of these programmes and lead to their more efficient implementation with the active support of social partners.

The realization of such an approach would foster the success of the stability-orientation of macro-economic policy, of structural reform and of the renewed cooperative growth strategy for more employment.

<sup>1</sup> This word is to be rediscussed between UNICE, CEEP and ETUC.

- (i) First of all, the *Single Market* has to be completed on schedule. The corresponding regulations have to be transposed without delay into national legislation. Additional benefits are to be expected from the implementation of the European Economic Area the treaty for which must be ratified without delay. The realization of these objectives will contribute greatly to enhance the competitiveness of European enterprises while at the same time facilitating the necessary development of the Social Dimension.
- (ii) The Community must have the appropriate financial means to realize its commitments. Resources should be managed soundly and rigorously. The corresponding negotiations about the *Delors II package* should be decided upon without delay.
  - *Economic and social cohesion* is an essential part of the convergence process in the Community and has to be advanced vigorously. Efforts should be concentrated on the least favoured regions and countries.
  - Investment in the European infrastructure in its broadest sense, especially the construction of *trans-European networks*, has to be promoted and should be accelerated for example with the contribution of Community funding.

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

	1987	1988	1989	1990	1991	1991				1992				1991			1992			Change over 12 months (b)
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March			
<b>B</b>	2.2	5.7	3.5	5.1	(-3.2)	(-2.8)	(0.2)	(-3.5)	(2.7)	1.8	(2.8)	(-1.2)	(2.9)	(0.4)	(0.1)	(2.8)	(-3.5)	-0.3		
<b>DK</b>	-3.5	1.9	2.3	0.6	2.2	0.4	1.5	2.3	-2.8	2.6	0.5	1.8	-3.6	2.7	1.9	0.4	1.5	8.2		
<b>D</b>	0.3	3.7	5.3	5.2	2.8	0.4	1.4	-1.3	-0.7	1.1	1.1	-0.7	0.2	-1.1	0.9	1.2	-0.1	1.5		
<b>GR</b>	1.7	5.7	1.5	-1.9	-1.5	-3.7	0.5	2.6	-3.9	1.6	5.6	6.1	-3.0	0.4	4.2	-2.7	0.1	0.2		
<b>E</b>	4.6	3.1	4.5	0.0	-0.1	-1.6	1.7	-0.1	:	:	0.3	5.8	:	:	:	:	:	6.3		
<b>F</b>	1.9	4.7	4.1	1.9	0.3	0.4	-0.6	0.6	0.8	0.4	-1.0	1.2	0.0	0.2	0.7	-0.5	2.6			
<b>IRL</b>	8.8	10.7	11.6	4.7	3.4	1.1	-2.3	3.4	3.1	:	2.0	-0.3	4.0	-6.2	7.9	-1.1	:	6.1		
<b>I</b>	2.6	6.9	3.9	-0.7	-2.0	0.1	-0.9	-1.4	0.6	2.0	2.4	-1.7	4.6	-5.9	3.9	0.8	0.6	1.0		
<b>L</b>	-0.9	8.7	7.8	-0.5	0.5	1.4	1.4	-0.2	-0.4	:	2.7	-5.0	5.4	-3.1	-1.8	4.2	:	1.0		
<b>NL</b>	0.9	-0.1	4.7	3.2	3.8	1.8	-0.5	-2.9	3.6	0.6	-3.6	5.4	1.2	-0.6	1.7	1.6	-0.1	5.3		
<b>P</b>	4.4	3.8	6.8	9.0	0.6	-0.9	-2.6	1.7	:	:	3.9	:	:	:	:	:	:	1.6		
<b>UK</b>	3.2	3.6	0.4	-0.5	-3.0	-0.3	-1.4	1.0	-0.1	-0.9	0.4	0.5	-0.3	-0.4	-0.9	1.1	-1.0	-0.1		
<b>EUR 12</b>	2.0	4.2	3.8	1.9	(-0.1)	(0.2)	(-0.3)	(-0.6)	(0.3)	(1.0)	(0.8)	(0.6)	(0.3)	(-1.7)	(1.9)	(0.4)	(-0.3)	(1.9)		
<b>USA</b>	6.1	5.8	2.9	0.9	-2.3	-2.7	0.6	1.7	0.0	-0.8	0.4	0.1	-0.3	-0.5	-0.8	0.6	0.1	2.9		
<b>JAP</b>	3.0	9.8	6.1	4.7	2.1	0.0	-0.5	0.1	-1.2	-3.1	0.8	-0.5	-0.2	-1.0	-1.2	-0.5	-2.6	-4.6		

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

	1987	1988	1989	1990	1991	1991				1992				1991				1992				Change over 12 months (c)
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April					
<b>B</b>	11.3	10.2	8.6	7.8	7.5	7.4	7.4	7.6	7.7	7.9	7.7	7.7	7.8	7.8	7.9	8.0	8.1	0.7				
<b>DK</b>	5.6	6.4	7.7	8.0	8.6	8.2	8.6	8.9	8.9	8.8	8.9	9.0	8.8	8.8	8.9	9.0	9.0	0.7				
<b>D</b>	6.3	6.3	5.6	4.8	4.3	4.3	4.3	4.4	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.5	0.2				
<b>GR</b>	7.4	7.6	7.4	7.0	7.0	:	:	:	:	:	:	:	:	:	:	:	:	:				
<b>E</b>	20.4	19.3	17.1	16.2	16.3	15.8	16.0	16.5	16.8	16.8	16.8	16.8	16.7	16.8	16.8	16.8	16.5	0.5				
<b>F</b>	10.4	9.9	9.4	9.0	9.5	9.1	9.4	9.7	9.8	9.9	9.8	9.8	9.9	9.9	10.0	9.9	10.0	0.8				
<b>IRL</b>	18.0	17.3	15.7	14.5	16.1	15.2	15.9	16.5	16.8	17.1	16.7	16.8	16.8	16.9	17.1	17.3	17.6	1.8				
<b>I</b>	10.3	10.8	10.6	9.8	10.2	10.0	10.1	10.3	10.6	10.7	10.6	10.5	10.6	10.6	10.7	10.9	10.9	0.8				
<b>L</b>	2.5	2.0	1.8	1.7	1.6	1.5	1.6	1.7	1.7	1.8	1.7	1.7	1.6	1.7	1.8	1.8	1.9	0.4				
<b>NL(g)</b>	10.0	9.3	8.5	7.5	7.0	7.3	7.1	6.8	7.1	6.8	6.9	7.3	7.1	6.8	6.7	6.9	:	-0.3				
<b>P</b>	6.9	5.7	5.0	4.6	4.0	4.0	4.0	4.2	4.1	4.4	4.1	4.1	4.1	4.3	4.4	4.5	4.7	1.0				
<b>UK</b>	10.4	8.5	7.1	7.0	9.1	8.1	8.9	9.6	9.9	10.3	9.8	10.0	10.1	10.2	10.3	10.4	10.5	1.8				
<b>EUR 12</b>	10.3	9.8	8.9	8.3	8.8	8.4	8.7	9.0	9.1	9.2	9.1	9.1	9.2	9.2	9.3	9.3	9.4	0.8				
<b>USA(g)</b>	6.2	5.5	5.3	5.5	6.7	6.5	6.8	6.8	7.0	7.2	6.9	6.9	7.1	7.1	7.3	7.3	:	0.6				
<b>JAP(g)</b>	2.8	2.5	2.3	2.1	2.1	2.1	2.1	2.2	2.1	2.1	2.0	2.1	2.1	2.1	2.0	2.1	0.0	:				

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

	1987	1988	1989	1990	1991	1991				1992				1991				1992				Change over 12 months (%) (b)
						I	II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	April					
<b>B</b>	1.6	1.2	3.1	3.4	3.2	0.6	0.3	1.1	0.5	0.4	0.4	0.3	-0.2	0.3	0.3	0.0	0.1	2.8				
<b>DK</b>	4.0	4.5	4.8	2.6	2.4	0.0	0.9	0.3	0.8	0.2	0.2	0.4	-0.3	-0.2	0.5	0.4	(0.2)	(2.5)				
<b>D</b>	0.2	1.3	2.8	2.7	3.5	0.8	0.9	1.5	0.7	1.2	0.3	0.4	0.1	0.4	0.6	0.4	(0.3)	(4.6)				
<b>GR</b>	16.4	13.5	13.7	20.4	19.5	2.4	5.9	2.3	6.3	2.7	1.9	1.6	1.7	0.1	0.3	2.0	1.5	16.0				
<b>E</b>	5.3	4.8	6.8	6.7	6.0	1.3	0.7	2.1	1.4	2.2	0.6	0.2	0.1	1.5	0.7	0.4	-0.1	6.5				
<b>F</b>	3.1	2.7	3.6	3.4	3.2	0.5	0.7	0.8	0.8	0.7	0.4	0.3	0.1	0.3	0.3	0.3	(0.3)	(3.1)				
<b>IRL(h)</b>	3.1	2.2	4.1	3.3	3.1	0.8	0.8	1.3	0.6	0.9	0.2	0.2	0.3	0.3	0.3	0.2	0.2	3.6				
<b>I</b>	4.7	5.1	6.2	6.5	6.4	1.8	1.4	1.2	1.5	1.4	0.6	0.6	0.3	0.6	0.3	(0.4)	(0.4)	(5.2)				
<b>L</b>	-0.1	1.4	3.4	3.7	3.1	0.3	0.2	1.1	0.9	0.7	0.3	0.6	0.0	0.4	0.0	0.4	0.2	3.6				
<b>NL</b>	-0.4	0.9	1.1	2.4	4.0	0.7	1.0	2.0	1.0	0.2	0.4	0.2	-0.1	-0.3	0.4	0.6	0.4	4.4				
<b>P</b>	9.4	9.6	12.7	13.2	10.9	3.3	2.3	1.7	1.5	2.7	0.6	0.5	0.6	0.9	1.3	0.9	1.6	9.7				
<b>UK</b>	4.1	4.9	7.8	9.5	5.9	0.6	2.1	0.4	1.0	0.5	0.4	0.4	0.1	-0.1	0.5	0.3	1.5	4.3				
<b>EUR 12</b>	3.2	3.6	5.1	5.6	5.0	1.0	1.3	1.2	1.1	1.1	0.4	0.4	0.1	0.4	0.5	(0.4)	(0.5)	(4.7)				
<b>USA</b>	3.7	4.1	4.8	5.4	4.2	0.8	0.6	0.8	0.8	0.7	0.1	0.3	0.1	0.1	0.4	0.5	0.1	3.2				
<b>JAP</b>	0.1	0.7	2.3	3.1	3.3	0.5	1.0	0.0	1.2	-0.4	1.1	0.2	-0.5	-0.2	-0.1	0.5	(1.1)	(2.4)				

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

	1987	1988	1989	1990	1991	1991				1992				1991				1992				Change over 12 months (d)
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March					
<b>B/L</b>	-580	-2543	-2107	-5655	-7295	-1412	-1635	-2259	-1970	:	-696	-563	-648	-759	-449	-888	-1143	-666				
<b>DK</b>	98	925	1225	1951	2318	393	572	636	674	779	238	136	285	253	254	333	192	-54				
<b>D(i)</b>	56961	60935	64055	44036	9245	3092	-1493	1136	3241	:	90	458	1171	1612	116	945	1416	658				
<b>GR</b>	-5692	-5825	-7783	-9228	-10342	-2465	-2222	-2035	-3387	-2391	-768	-815	-1510	-1062	-893	-872	-626	126				
<b>E</b>	-8749	-11974	-19802	-19232	-21285	-4644	-4943	-5837	-5624	-6014	-1920	-1768	-2053	-1803	-2252	-1568	-2194	-888				
<b>F</b>	-12471	-11855	-13986	-17275	-13811	-4667	-3213	-4130	-2083	-1770	-1088	-119	-548	-1416	-253	-655	-862	433				
<b>IRL</b>	2046	2741	3049	2505	2701	539	523	618	890	:	238	326	324	240	418	494	316	153				
<b>I</b>	-7429	-8388	-11098	-9273	-10439	-1285	-3187	-3540	-2311	2219	-1334	-1157	-1097	57	377	-1126	-716	-1183				
<b>NL</b>	1087	1296	2895	-329	-2913	-276	-1128	-1101	-715	:	-521	-210	32	-537	-51	-27	-436	-563				
<b>P</b>	-2955	-3473	-5033	-6239	-7492	-1749	-1882	-1968	-1922	:	-679	-638	-580	-704	-438	-585	-874	-301				
<b>UK</b>	-20890	-42384	-41826	-30906	-22327	-6318	-5210	-5552	-4974	-6375	-2315	-1471	-2080	-1423	-1764	-2473	-2138	304				
<b>EUR 12(i)</b>	1423	-20548	-30416	-49647	-81642	-18604	-23807	24003	-18108	:	-8758	-5764	-6649	-5695	-4973*	-6685*	-7047	-2002				
<b>USA</b>	-132116	-100208	-99430	-79511	-52379	-12307	-11746	-15887	-12439	-11814	-5361	-4846	-3270	-4323	-4479	-2608	-4726	-1333				
<b>JAP</b>	69636	65441	58691	41167	62943	12735	15367	16979	17862	22166	6032	5684	6064	6114	6471	8260	7436	2114				

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

	1987	1988	1989	1990	1991	1991				1992				1991				1992				Change over 12 months (e)
						I																

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

	1987	1988	1989	1990	1991	1991				1992		1991					Change over 12 months (c)		
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April		May	
B	7.1	6.7	8.7	9.8	9.4	9.7	9.2	9.2	9.5	9.6	9.5	9.7	9.5	9.6	9.7	9.6	9.6	9.6	0.5
DK	9.9	8.3	9.4	10.8	9.5	10.0	9.5	9.4	9.3	9.8	9.1	9.3	9.8	9.8	9.8	9.9	10.0	0.4	
D	4.0	4.3	7.1	8.4	9.2	9.1	9.0	9.2	9.4	9.6	9.4	9.5	9.5	9.6	9.7	9.7	9.7	0.7	
GR	14.9	15.9	18.7	19.9	22.7	25.5	19.8	21.2	24.5	24.5	26.1	28.6	22.7	26.8	24.1	16.7	.	-2.2	
E	15.8	11.6	15.0	15.2	13.2	14.5	13.0	12.6	12.8	12.7	12.7	12.9	12.9	12.8	12.6	12.6	12.5	-0.4	
F	8.3	7.9	9.4	10.3	9.6	9.8	9.4	9.5	9.7	10.1	9.5	10.1	10.0	10.1	10.1	10.0	10.0	0.7	
IRL	11.1	8.1	9.8	11.4	10.4	11.1	10.3	10.0	10.3	10.5	10.2	10.5	10.5	10.5	10.6	10.5	10.1	-0.3	
I	11.4	11.3	12.7	12.3	12.2	13.2	11.7	11.9	12.0	12.2	11.8	12.7	12.1	12.2	12.3	12.4	12.4	0.8	
NL	5.4	4.8	7.4	8.7	9.3	9.2	9.2	9.3	9.5	9.6	9.4	9.7	9.6	9.6	9.6	9.5	9.5	0.4	
P	13.9	13.0	14.8	16.9	17.7	17.5	17.5	17.9	17.8	17.4	17.7	17.8	17.8	17.4	16.9	16.3	16.5	-0.4	
UK	9.7	10.3	13.9	14.8	11.5	13.2	11.6	10.8	10.6	10.5	10.5	10.8	10.7	10.4	10.6	10.6	10.1	-1.5	
EUR 12 (n)	8.4	8.2	10.6	11.4	10.8	11.4	10.6	10.5	10.7	10.8	10.6	11.0	10.8	10.8	10.9	10.8	10.7	0.2	
USA	5.9	6.9	8.4	7.8	5.5	5.9	5.7	5.5	4.7	4.0	4.7	4.2	3.9	3.9	4.1	3.9	3.7	-1.9	
JAP	3.9	4.0	5.4	7.7	7.4	8.1	7.9	7.2	6.2	5.1	6.2	6.1	5.2	5.2	5.0	4.7	4.7	-3.1	

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

	1987	1988	1989	1990	1991	1991				1992		1991					Change over 12 months (c)	
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April		May
B	7.8	7.9	8.7	10.1	9.3	9.5	9.2	9.3	9.1	8.8	9.2	9.0	8.7	8.7	8.9	8.9	8.8	-0.3
DK	11.9	10.6	10.2	11.0	10.1	10.4	10.1	10.1	9.9	9.8	10.0	9.9	9.8	9.8	10.0	9.9	9.9	-0.1
D	5.8	6.1	7.0	8.9	8.6	8.7	8.5	8.8	8.6	8.1	8.6	8.5	8.1	8.1	8.1	8.2	8.3	-0.2
GR	17.4	16.6	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
E	12.8	11.8	13.8	14.7	12.4	14.0	12.1	11.9	11.8	11.4	11.8	11.9	11.6	11.3	11.3	11.2	11.2	-0.7
F	9.4	9.0	8.8	9.9	9.0	9.3	9.0	9.0	8.8	8.5	8.9	8.7	8.4	8.4	8.8	8.7	8.5	-0.4
IRL	11.3	9.4	9.0	10.1	9.2	9.3	9.1	9.3	9.0	8.7	9.1	8.9	8.8	8.6	8.7	8.9	8.7	-0.4
I	11.3	12.1	12.9	13.4	13.0	13.6	12.8	12.8	12.6	12.7	12.5	12.7	12.7	12.7	12.8	12.8	12.8	0.1
L	8.0	7.1	7.7	8.6	8.2	8.2	8.2	8.1	8.1	7.6	8.1	8.1	7.7	7.5	7.7	7.9	.	-0.2
NL	6.4	6.3	7.2	9.0	8.9	9.1	8.8	9.0	8.9	8.5	8.9	8.9	8.6	8.4	8.5	8.5	8.5	-0.4
P	15.4	14.2	14.9	16.8	17.1	16.8	17.3	17.4	17.9	16.4	16.6	20.0	16.9	16.5	15.9	14.6	14.5	-3.2
UK	9.5	9.3	9.6	11.1	9.9	10.0	10.2	9.8	9.7	9.4	9.7	9.6	9.3	9.2	9.7	9.1	8.8	-1.4
EUR 12 (n)	9.0	9.0	9.7	10.9	10.2	10.5	10.1	10.1	10.0	9.7	10.0	9.9	9.7	9.6	9.8	9.7	9.6	-0.5
USA	8.7	9.0	8.5	8.6	8.1	8.2	8.3	8.2	7.9	7.8	7.9	7.7	7.6	7.9	8.0	8.0	7.9	-0.4
JAP	4.7	4.7	5.2	7.5	6.7	6.9	7.1	6.8	6.1	5.7	6.2	6.0	5.6	5.8	5.7	5.9	5.8	-1.3

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

	1987	1988	1989	1990	1991	1991				1992		1991					Change over 12 months (b)	
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April		May
BFR/LFR	43.04	43.43	43.38	42.43	42.22	42.22	42.35	42.26	42.06	42.05	42.06	41.96	42.00	42.08	42.06	42.13	42.29	-0.1
DKR	7.88	7.95	8.05	7.86	7.91	7.88	7.90	7.93	7.92	7.92	7.93	7.93	7.92	7.93	7.93	7.94	7.94	0.7
DM	2.07	2.07	2.07	2.05	2.05	2.05	2.06	2.05	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.05	2.06	-0.2
DR	156.1	167.5	178.8	201.3	225.2	219.2	224.4	226.2	231.0	235.9	231.1	233.5	235.4	236.1	236.3	239.4	243.4	8.1
PTA	142.2	137.6	130.4	129.4	128.5	128.3	127.6	128.5	129.4	128.9	129.1	130.0	129.2	128.4	129.0	129.0	128.5	0.8
FF	6.93	7.04	7.02	6.91	6.97	6.97	6.97	6.98	6.97	6.95	6.98	6.96	6.96	6.96	6.94	6.93	6.91	-1.0
IRL	0.775	0.776	0.777	0.768	0.768	0.769	0.769	0.768	0.765	0.766	0.765	0.765	0.766	0.766	0.766	0.768	0.769	0.0
LIT	1495	1537	1511	1522	1533	1536	1528	1532	1537	1536	1538	1541	1537	1536	1536	1542	1547	1.2
HFL	2.33	2.34	2.34	2.31	2.31	2.31	2.32	2.31	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.31	2.31	-0.3
ESC	162.5	170.1	173.4	181.1	178.7	180.6	179.3	176.5	178.3	176.2	178.0	180.7	176.6	175.9	176.0	175.0	171.1	-4.4
UKL	0.705	0.664	0.673	0.714	0.701	0.702	0.695	0.699	0.708	0.713	0.708	0.713	0.714	0.711	0.713	0.707	0.700	0.8
USD	1.154	1.183	1.102	1.271	1.238	1.339	1.186	1.177	1.256	1.262	1.258	1.300	1.294	1.262	1.230	1.242	1.268	5.7
YEN	166.5	151.5	151.8	183.6	166.4	179.0	164.2	160.6	162.6	162.2	163.0	166.6	161.9	161.0	163.5	165.8	165.7	0.1
DTS	0.892	0.880	0.860	0.937	0.905	0.947	0.887	0.881	0.907	0.909	0.908	0.924	0.918	0.908	0.901	0.906	0.913	2.3

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

	1987	1988	1989	1990	1991	1991				1992		1991					Change over 12 months (b)	
						I	II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April		May
B/L	4.1	-1.3	-0.9	5.2	-0.3	0.2	-2.2	0.1	1.4	0.2	0.9	0.8	-0.3	-0.4	-0.2	0.0	-0.1	1.2
DK	4.2	-1.9	-2.7	7.6	-1.9	-0.5	-3.1	-0.6	1.5	0.3	0.8	0.9	-0.1	-0.5	-0.3	0.2	0.3	0.9
D	6.9	-0.8	-1.3	5.7	-1.1	-0.2	-3.6	0.2	2.1	0.4	1.5	1.2	-0.4	-0.7	-0.3	0.2	0.0	2.2
GR	9.9	-7.2	-7.5	8.0	-11.5	-4.5	-4.7	-1.0	1.0	-1.9	-0.4	-0.3	1.0	-0.6	-0.3	-1.0	-1.3	-6.3
E	0.2	3.1	4.1	5.1	-0.3	1.0	-2.3	-0.9	0.6	0.7	1.0	0.2	0.3	0.2	-0.8	0.3	0.7	0.5
F	1.1	-2.3	1.3	6.1	-2.1	-1.2	-2.8	-0.2	1.4	0.7	1.1	1.1	-0.2	-0.4	0.1	0.6	0.7	2.8
IRL	-2.1	-1.4	-1.3	5.8	-1.3	-0.5	-2.6	0.1	1.7	0.2	1.1	0.8	-0.3	-0.4	-0.2	-0.2	0.1	1.4
I	1.1	-3.5	0.4	3.7	-2.0	0.2	-2.5	0.5	1.1	0.3	0.6	0.7	0.0	-0.3	-0.3	-0.1	0.1	0.4
NL	5.1	-0.4	-1.0	3.9	-0.7	0.0	-2.2	0.1	1.3	0.3	0.9	0.8	-0.2	-0.4	-0.2	0.0	-0.1	1.4
P	-7.1	-5.1	3.2	-1.3	0.6	0.1	-1.4	1.6	0.0	1.5	-0.4	-0.8	2.2	0.1	-0.3	0.8	2.5	6.0
UK	-1.0	5.7	-3.4	-0.8	0.4	-0.4	-2.9	-0.9	0.4	-0.3	0.7	0.3	-0.5	0.0	-0.9	1.4	1.7	1.2
EUR 12	7.0	1.6	-3.0	11.5	3.3	-0.8	-7.4	-0.6	3.4	0.8	2.7	2.2	-0.7	-1.0	-0.8	0.9	1.1	4.1
USA	-12.1	-6.1	4.9	-6.2	-0.7	1.6	7.4	0.0	-4.7	0.5	-2.0	-1.7	-0.1	2.2	2.6	-0.5	-1.4	-3.1
JAP	8.2	10.4	-4.4	-10.2	8.6	-1.3	1.9	1.8	2.4	1.0	-0.7	-0.1	2.8	-0.7	-2.9	-0.9	1.2	3.8

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

(a) Excluding construction. Data are adjusted for working days.

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

(c) Difference of rates with respect to the corresponding month of the previous year.

(d) Absolute value of change on corresponding month in previous year; seasonally adjusted.

(e) Percentage change over 12 months in the s.a. figure

(f) Number of unemployed estimated by Eurostat on the basis of the results of Community labour force survey; annual average and quarterly average.

(g) National source: quarterly and monthly figures of the Netherlands; USA and Japan: as % of the total labour force.

(h) Monthly figures calculated by linear interpolation.

(i) Before January 1991, West-Germany.

(j) The deseasonalized series for EUR 12 is the result of a deseasonalization of the gross export and import figures of the Member States.

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

(l) Average of monthly changes s.a. weighted by GDP at 1985 prices and purchasing power. Belgium: monthly figure obtained by linear interpolation of quarterly data.

(m) National sources; three-month interbank rate except: Belgium, up to end 1989, 3 month treasury certificates; Denmark, daily money market rate; Portugal: 3 month treasury. Annual, quarterly and monthly averages.

(n) Weighted geometric mean; weights: gross domestic product at current prices and ECU.

(o) Yield on public sector bonds, Portugal starting from 1990 before tax. Annual and quarterly averages. Monthly average for Germany, Spain, France, Italy, Luxembourg, the Netherlands, Portugal, USA; end of month for the other countries.

(p) Weighting coefficients are calculated taking into account not only bilateral trade but also competition on third markets and on the domestic market of the exporting country.

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

## Principal economic policy measures — May/June 1992

### Community (EUR-12)

- 2.5 Treaty on the European Economic Area (EEA) is signed by the EC and EFTA countries in Porto.
- 6.5 Preliminary draft budget for 1993 is approved by the Commission.
- 8/9.5 Possible initiatives for economic revival discussed at informal Ecofin meeting in Porto.
- 19.5 Ecofin Council discusses and endorses Germany's convergence programme.
- 19.5 Ecofin Council examines the implementation of Italy's convergence programme and underlines the need for decisive measures to address the serious budgetary situation.
- 21.5 Agriculture Council reaches agreement on a radical reform of the Common Agricultural Policy (CAP).
- 27.5 Commission services present their Spring economic forecasts for the years 1992 and 1993.
- 9.6 Ecofin Council discusses and endorses Spain's convergence programme.
- 27.6 European Summit in Lisbon.

### Belgium (B)

None.

### Denmark (DK)

- 8.5 The Folketing (Parliament) decides on measures to reduce unemployment by 70 000.

### Germany (D)

None.

### Greece (GR)

- 12.5 By decision of the Minister for Industry and Commerce, price controls on most goods (except pharmaceuticals, baby food and some fruit and vegetables) are removed.
- 31.5 The Treasury issues three series of bills with a maturity of three, six and twelve months. The interest rate of the 3- and 6-month bills is reduced by 0.5 of a percentage point to 17% and 20% respectively whereas the interest rate on 12-month bills is cut by 1 percentage point to 21%.
- 1.6 A special 2% insurance premium on sales of vegetable products will be payable to the EL.G.A (Greek Agricultural Insurance Organization).
- 3.6 The Government tables before Parliament a bill transposing into Greek law Community Directive 89/646/EEC, and containing measures to further liberalize the domestic financial system.
- 10.6 By joint ministerial decision, the Treasury issues a new series of floating-rate bonds for an amount of DR 121 billion. This is the third in a series of issues aimed at consolidating the public sector debt.
- 11.6 The Bank of Greece reduces by 2 percentage points the minimum lending rates for working and fixed capital to 18% and 17% a year respectively.
- 16.6 Under a Bank of Greece decision, the liberalization of long-term capital movements introduced in relation to EC countries in May 1991 is now extended to third countries. This involves the export of capital for the purchase of stocks, bonds and real estate.
- 19.6 Parliament approves a law incorporating the major tax reform announced in January. Main features of the reform are the reduction in the rates of income tax and tougher measures to combat tax evasion.
- 19.6 The production and sale of bread is fully liberalized.

### Spain (E)

- 12-13.5 The upper and lower houses of parliament approve the programme of convergence with the Community while introducing some minor amendments to the government's proposal.
- 27.5 The Governor of the Bank of Spain announces that the target range for money supply growth for 1992, originally set at 8%-11%, has been reduced to 8%-9%.
- 5.6 The Government approves a bill allowing oil companies freedom to set prices, although upper limits will continue to apply on a temporary basis.

### France (F)

- 4.5 Agreement between government, social security funds and medical profession on a growth target for medical expenses (7.0% in 1992).
- 7.5 Bank of France reduces bank reserve requirement.
- 11.5 The Prime Minister sets the growth rate of budget expenditures in 1993 at 3.5%.
- 30.6 The statutory minimum wage (SMIC) is increased by 2.3%.

### Ireland (IRL)

None.

### Italy (I)

- 4.6 The Bank of Italy raises the rate it charges to banks for fixed term advances from 12.5% to 13.5%. According to the statement issued by the Bank, the move is necessitated by the tensions that have developed on European foreign exchanges and the financial markets. The discount rate is kept unchanged at 12%.

### Luxembourg (L)

None.

### Netherlands (NL)

None.

### Portugal (P)

- 1.5 The Minister of Finance decides to extend the ban on non-residents purchasing floating-rate bonds until the end of June.
- 22.5 The Bank of Portugal frees interest rates on sight deposits (previously subject to a 4.7% ceiling), six-month to one-year time deposits and home ownership saving contracts (minimum rates of 14% and 15.5% respectively).
- 28.5 The government adopts a law aimed at increasing mobility within the civil service and at cutting back the numbers employed in certain departments. The law envisages the creation of a class of surplus staff with a reduced salary, measures to encourage early retirement and the taking of unpaid leave on personal grounds.
- 17.6 The Bank of Portugal liberalizes residents' purchases of financial assets in foreign currencies (in particular money market instruments) and the granting of foreign currency loans and, in certain cases, escudo loans to non-residents.

### United Kingdom (UK)

- 5.5 The government prompts a cut of ½% to 10% in bank base rates. This was followed by several leading building societies cutting their standard mortgage rates by 0.3% to 10.65%.
- 16.6 The Government announces that the National Economic Development Council, a national economic forum of government, business, union and independent members, with its permanent secretariat and research staff, the National Economic Development Office, is to be abolished. A few functions will be transferred to the Department of Trade and Industry, but there will no longer be any standing arrangement for discussion of economic affairs including both government and unions.

### Prices (excluding VAT) in Luxembourg

	Ecu	
'European Economy' (4 issues per year)	84	The annual subscription runs from 1 January to 31 December of each year.
<b>Supplements</b>		
Single copy	5	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series A — 'Economic trends' (11 issues per year)	34	
Series B — 'Business and consumer survey results' (11 issues per year)	34	These are surface mail rates; for air subscription rates please apply to the agents.
Complete series of supplements	68	
Combined subscription — 'European Economy' and supplements	126	

