

EUROPEAN ECONOMY

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

No 1 — January 1981

Supplement A

Recent economic trends

Slowdown of the decline in activity. — Provisional estimates indicate that real gross domestic product in the Community in the third quarter of 1980 fell by 1.7% (seasonally adjusted, annual rate) compared with a decline of about 5% the previous quarter. For the first time since the beginning of 1978 the real external balance actually gave a positive contribution to growth, as the sharp drop in inventory formation was reflected in a further decline in imports. Final domestic demand (excluding stockbuilding) showed a small increase attributable to a rise in private consumption following the sharp decline in the second quarter. The fall in gross fixed investment, on the other hand, seems to have continued rather unabated.

Major supply and demand components, EC total

Percentage change on preceding quarter, seasonally adjusted annual rates, real terms

	GDP	Imports	Exports ¹	Foreign balance ²	Domestic demand	Change in stocks ²	Gross fixed investment	Private consumption
1977 1	1.6	-1.4	1.7	0.7	0.9	1.7	2.1	-1.4
2	-0.5	-2.1	9.0	2.6	-3.1	-4.6	-3.3	3.4
3	2.1	2.6	6.8	1.0	1.5	-1.7	-2.6	5.7
4	3.9	0.1	0.4	0.1	3.2	0.4	2.0	2.6
1978 1	2.9	7.9	7.6	0.1	3.4	-1.8	5.1	5.1
2	6.4	7.2	4.8	-0.5	6.8	1.4	8.2	5.1
3	2.2	10.5	2.7	-1.7	3.9	1.3	1.9	3.3
4	4.9	13.8	8.8	-1.0	5.9	1.9	5.2	3.4
1979 1	0.9	9.8	0.4	-2.2	3.4	1.0	-7.0	5.7
2	6.6	16.0	15.6	0.0	6.7	-1.4	16.6	7.0
3	1.9	13.0	4.9	-1.9	3.6	4.0	10.2	-4.3
4	4.8	6.6	2.9	-0.9	5.8	0.0	9.6	5.6
1980 1	4.9	14.8	13.6	-0.3	4.9	-0.6	2.5	7.5
2	-5.3	-10.5	-12.7	-0.6	-4.5	-1.1	-3.4	-5.4
3	-1.7	-3.1	-1.1	0.5	-1.9	-2.7	-2.6	1.7

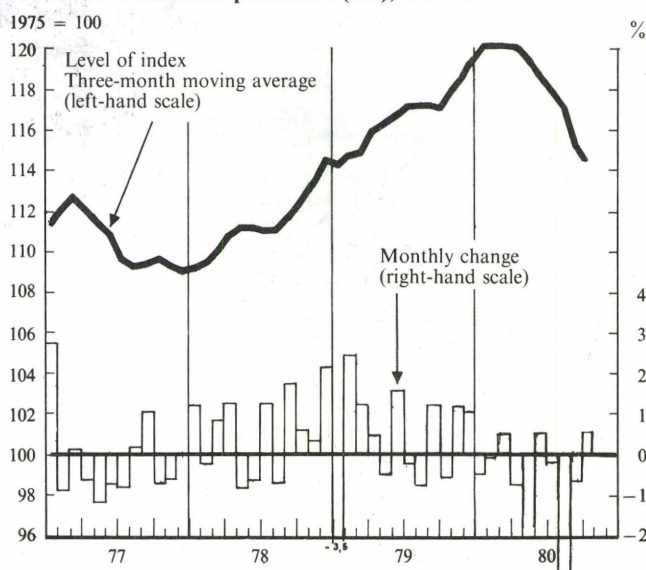
¹ Goods and services, including intra-EC trade.

² Change on previous quarter, as % of previous quarter's GDP.

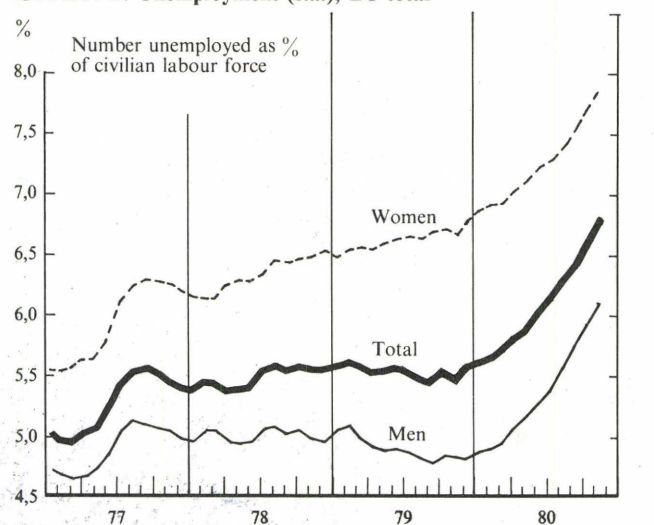
Source: Estimates by the Commission services based on national accounts data for the Federal Republic of Germany, France, Italy and the United Kingdom.

Industrial production up in October. — Industrial production in the Community (seasonally adjusted by Eurostat) rose by 0.6% in October, the first rise since June. All Member States for which data are available registered an increase with the largest rises occurring in the Netherlands (3.8%), France and Luxembourg (2.3%) and Belgium (2.2%). As a result, the downward trend in the three-monthly moving average of industrial production slowed slightly, but given the uncertainty attaching to the results for a single month it is still too early to say whether this month's figures are the first signs of an upturn or just a temporary phenomenon. Results from the Community business surveys offer no clear signals on this point either, an increase in business confidence in October being followed by renewed pessimism in November. However, the production expectations of enterprises have approximately been stabilized since mid-year (see Supplement B).

GRAPH 1: Industrial production (s.a.), EC total



GRAPH 2: Unemployment (s.a.), EC total



No slowdown in unemployment rise. — With a further increase of 0,2 percentage points in November to 6,8% or nearly 7,5 million people, the seasonally-adjusted rate of unemployment in the Community is showing no signs of slowing down. The number of unemployed in November was some 25% higher than a year ago compared with 21% in October. The rate of change over 12 months increased sharply in all Member States between October and November. As a result, two Member States, Ireland and Belgium, now have unemployment rates over 10%, and are closely followed by the United Kingdom (8,3%), Italy (8,1%) and Denmark (7,5%). All sectors of the labour market are affected by this situation and the continuing downward trend in unfilled vacancies suggests that the deterioration in the employment situation may not have come to an end.

Inflation trend still uncertain. — Consumer prices in the Community rose by 1% in November, following a rise of 0,9% in October (Table 3). The lowest increase was in the Netherlands, with 0,3%, a sharp rise occurred in the Federal Republic of Germany (0,6%), followed by France (0,7%) and the United Kingdom (0,8%). The year-on-year rise in the index of consumer prices in the Community as a whole rose marginally to 13,4%, and the six-monthly average (s.a.) also rose again slightly. According to preliminary estimates price increases are unlikely to have slowed in December.

Improvement of the Community's trade balance. — After hesitant movement since the record level of June, the Community's trade deficit fell significantly in October. In large part, this result is due to the sharp reversal in the trade balance of the United Kingdom, which has improved by 1 549 million ECU over 12 months (monthly rate). Some improvement also occurred in Denmark, Ireland and the Netherlands, while in Italy it widened further and the German surplus fell slightly. Preliminary results for November indicate, moreover, a deterioration in the balance for this latter country and for Ireland, while confirming the improvement in the balance in Denmark.

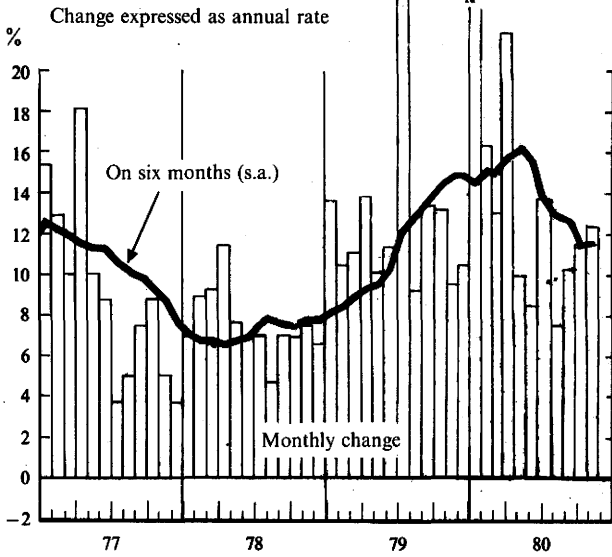
Money supply trend hesitant. — According to a new seasonally-adjusted series, money supply in the Community rose only 0,5% in September against 1,1% and 1,3% in July and August respectively. Month-to-month fluctuations are however seriously influenced by the large variations in monetary expansion in the United Kingdom following the abolition of the corset (supplementary special deposits scheme) in July. Data on developments since September indicate a rapid growth in Denmark, Ireland and the United Kingdom, compared with virtual stability in the Federal Republic of Germany (Table 7).

Inverse movements in short- and long-term interest rates. — The fall in short-term interest rates which began in August continued in December but at a slower rate, and with some divergence between Member States, the Federal Republic of Germany and the Netherlands registering a fall after the temporary rise in November, while in the United Kingdom the opposite occurred. Contrary to the trend in short-term rates, long-term rates turned up again in December, such that their average is above that of short-term rates for the first time since September 1979. All Member States except France shared this movement, and even in this latter country the level remained above that seen in mid-1980.

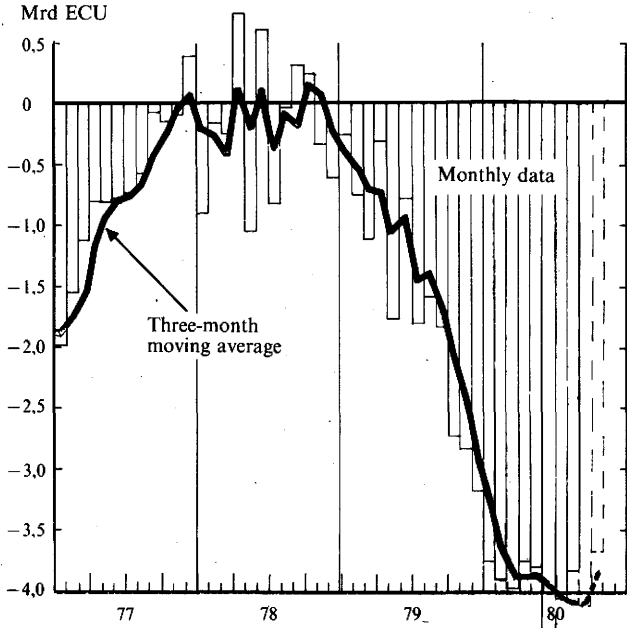
Relative stability in Community currencies. — Although on a monthly average the dollar rose against the ECU again in December, the European currencies recovered against the dollar in the second half of the month. The yen continued to rise steadily. Within the EMS, no notable change in the relative position of currencies occurred in December; the pound sterling did gain slightly against the ECU. The central rates remained unchanged in 1980, the last change taking place in November 1979. Comparing the annual average rates in ECU of Community currencies in 1980 and 1979, quite large variations occurred in two of them: the Danish crown which depreciated by 8% and the pound sterling which gained by 8%; the Italian lira occupies a middle position having lost a little more than 4% while the other currencies all varied by less than 1%.

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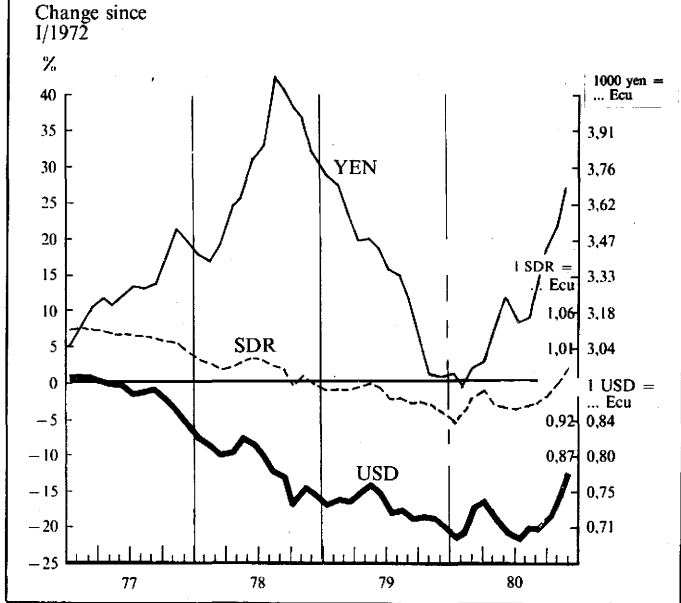
GRAPH 3: Consumer prices, EC total



GRAPH 4: Trade balance (s.a.), EC total



GRAPH 5: Value of USD, yen and SDR in ECUs



Economic situation of Greece at the moment of accession

Greece. — At the moment of accession to the Community the Greek economy is in a phase of stagnation of activity with a marked improvement of the trade balance but with a persistently high rate of inflation.

In contrast to the trend in the rest of the Community, industrial production in Greece has kept up reasonably well in 1980, with the level of August being slightly higher than at the beginning of the year, although still some 2 1/2% lower than a year earlier (see Table 11). The trend, as measured by the three-monthly moving average has been relatively stable since the second quarter of 1979 (Graph 6).

Consumer price rises accelerated sharply in 1979 and the first half of 1980 as a result partly of the external price shock resulting from the rise in the price of oil and other raw materials (aggravated by the depreciation of the drachma) and partly of an upwards adjustment of agricultural and food prices with the aim of beginning to align them with Community prices and reducing the weight of budget subsidies. A temporary slowdown was seen in the third quarter of 1980 but in October and November consumer prices rose by 2,6 and 3,3% respectively bringing the rise over 12 months to 26% (Table 11). Moreover, the continued pronounced increase in wholesale prices and in hourly earnings suggests that the underlying cost push remains strong.

The trade balance, which deteriorated in the course of 1979 under influence of deterioration in terms of trade, improved considerably already in the first quarter of 1980. The improvement is mainly attributable to a decline in domestic demand, resulting from a marked slowdown in the growth of real wages and a tightening of budgetary policy.

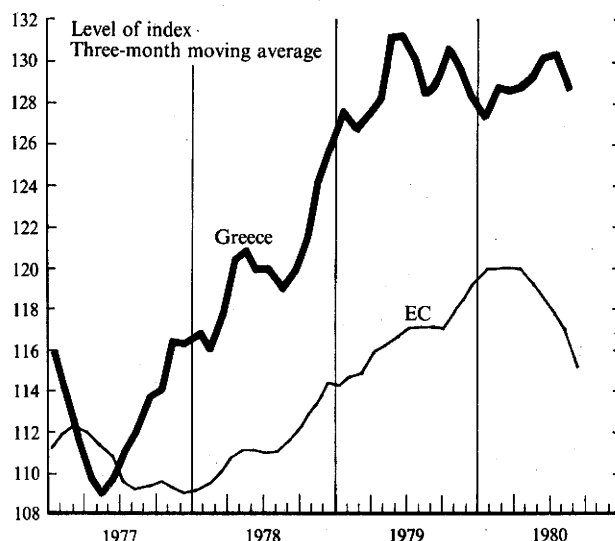
Due to the existence of extensive controls in money and capital markets and to the inconvertibility of the drachma in the period up to accession to the Community (for more details see the chapter on Greece in *European Economy No 7*, November 1980) statistical data in this field are not fully comparable with data for other Member States. The only available money supply series is limited to the M1 definition and thus does not take account of the development of near-money. Short-term interest rates have been increased substantially in recent years but have remained very low in real terms.

No data have been presented for unemployment. Available unemployment statistics refer only to the urban and semi-urban population and do not cover first job-seekers. In addition, the incentive to register as unemployed is very low. Consequently the official rate of unemployment represents a considerable underestimation of unemployment by comparison with other Member States and cannot be expected to provide appropriate evidence of its fluctuations.

The inclusion of series on Greece in the normal reporting in Tables 1 to 10 in this publication will take place in the course of the coming months.

GRAPH 6: Industrial production (s.a.)

1975 = 100



GRAPH 7: Consumer prices (s.a.)

%

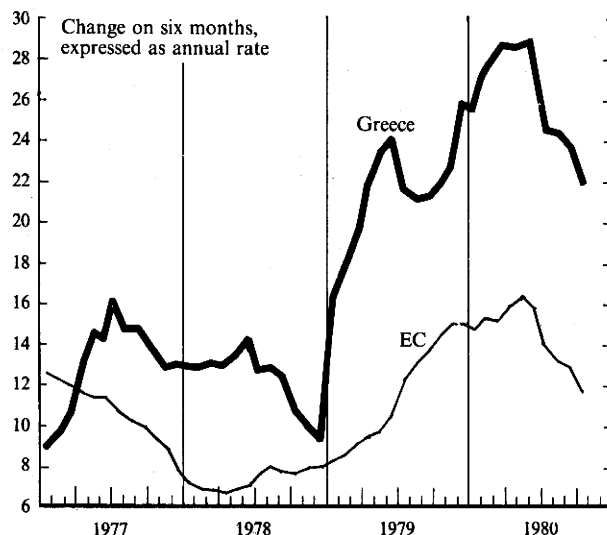


TABLE 11: Economic indicators for Greece

	1975	1976	1977	1978	1979	1979				1980			Latest month	Change over 12 months % ¹
						I	II	III	IV	I	II	III		
Industrial production ²	4,4	10,6	2,0	7,5	6,1	2,4	3,7	-0,8	-2,0	0,7	1,1	:	-2,3 Aug.	-2,5
Consumer price index ²	13,4	13,3	12,2	12,5	19,0	6,5	5,3	2,7	6,8	7,0	7,0	1,8	3,3 Nov.	26,0
Wholesale price index ²	8,3	14,0	13,7	10,3	21,0	8,0	5,2	5,5	4,9	8,9	6,9	:	1,5 July	30,3
Hourly wages in industry ²	24,6	28,6	20,9	23,6	20,6	5,3	6,5	1,3	7,8	10,9	4,8	:	:	26,9 ³
Trade balance (fob/cif) ⁴	-2 446	-2 978	-3 231	-3 405	-4 507	-776	-826	-1 275	-1 165	-910	-914	:	-254 July	+86
Money supply ^{2 5}	15,6	24,1	16,9	22,2	15,7	0,1	7,4	4,7	3,6	10,9	:	:	1,3 May	16,6
Short-term interest rates ^{6 7}	9,0	8,5	8,5	11,5	15,0	11,0	11,0	15,0	15,0	:	:	:	:	:
Value of the ECU in drachma	39,99	40,88	42,04	46,78	50,77	49,39	49,54	51,15	53,02	55,39	59,80	61,34	59,96 Nov.	-19,54 ⁸

For the most recent figure given in the Table.

% change over previous period (s.a.).

Corresponding quarter of previous year.

Million ECU.

M1.

End of period.

Interest on bank deposits with three months' notice.

% change from 2 January 1979 of value of DRA in ECU.

Source: Ministry of Coordination, Athens; Bank of Greece, Eurostat and Commission Services.

TABLE 6: Trade balance - fob/cif, million E (s.a.)

	1975	1976	1977	1978	1979	1979		1980			1980						Change over 12 months %
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.	Nov.
DK	-1 359	-2 954	-2 801	-2 198	-2 806	-782	-810	-868	-616	-394	18	-348	-232	-20	-140	-92	-82
D	12 224	12 243	14 514	15 934	8 933	1 779	987	1 122	558	835	96	121	384	184	266	221	90
F	-1 700	-7 732	-6 117	-4 097	-6 490	-1 806	-2 073	-4 053	-4 446	-4 565	-1 809	-1 415	-1 779	-1 251	-1 534	-1 652	-712
IRL	-461	-772	-876	-1 132	-1 955	-539	-503	-567	-379	-390	-168	-73	-154	-106	-130	-65	-204
I	-2 882	-5 981	-2 444	-336	-4 151	-778	-2 012	-3 210	-3 431	-5 285	-996	-1 169	-1 534	-1 786	-1 968	-2 077	-2 064
NL	203	317	-1 687	-2 240	-2 619	-798	-1 138	-576	-857	-820	-177	-501	-316	-300	-204	-131	-314
B/L	-1 626	-2 375	-2 526	-2 890	-3 022	-391	-884	-1 468	-941	..	-252	-525	-336	-262	..	..	-90
UK	-7 617	-8 664	-5 246	-5 548	-8 695	-1 927	-1 970	-2 096	-1 901	-553	-452	-541	-139	-301	-112	360	1 511
EC ⁸	-3 216	-15 919	-7 184	-2 508	-20 804	-5 240	-8 758	-11 641	-11 907	(-12 100)	-3 797	-4 351	-4 069	-3 795	(-4 100)	(-3 700)	(-950)
USA	-3 017	-13 189	-31 907	-31 014	-27 206	-6 844	-7 292	-9 449	-5 697	-3 198	-2 747	-1 602	-1 285	-751	-1 162	-1 343	(1 149)
JAP	-1 700	2 171	8 488	14 285	-5 574	-2 356	-3 505	-3 257	-3 289	-1 179	-491	-1 307	-1 234	-146	+ 201	(-389)	(183)

TABLE 7: Money supply⁹ - Percentage change on preceding period (s.a.)

	1975	1976	1977	1978	1979	1979		1980			1980						Change over 12 months %
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.	Nov.
DK (M2)	25,5	11,4	9,8	6,7	9,9	1,5	2,9	1,8	0,7	2,0	0,2	1,3	-0,8	1,1	1,7	1,5	7,7
D (M3)	8,5	8,4	11,1	11,0	6,0	0,6	1,2	2,1	0,6	0,9	0,6	0,4	0,2	0,5	0,2	0,0	5,0
F (M2)	15,7	12,8	13,9	12,2	14,4	2,8	3,7	3,1	1,4	2,3	1,1	1,0	0,4	1,4	0,5	0,8	10,5
IRL (M3)	19,1	14,3	16,3	28,7	19,0	-0,4	4,8	1,5	3,3	6,0	-0,6	2,3	1,8	2,6	1,5	1,7	20,1
I (M2)	23,5	20,8	21,8	22,8	20,4	4,3	6,4	1,4	3,0	2,2	0,2	1,6	1,2	1,7	0,8	..	13,7
NL (M2)	5,7	22,7	3,6	4,2	7,0	-0,4	3,0	-0,2	2,5	0,8	2,3	-0,3	-0,4	1,0	0,2	..	6,3
B (M2)	17,2	13,4	9,9	9,7	6,1	0,4	1,2	0,5	0,4	0,4	..	..	..	..	..	..	2,6
UK (EM3)	7,8	11,3	9,3	13,3	11,7	2,9	2,9	2,0	3,3	8,7	2,2	0,8	5,0	3,0	0,6	1,9	19,2
EC ¹⁰	12,9	12,9	12,3	12,7	11,0	1,9	2,9	2,0	1,7	2,6	1,0	0,7	1,1	1,3	0,5	..	9,8
USA (M2)	12,8	14,1	10,8	8,3	8,8	2,5	1,5	1,8	2,1	3,5	0,8	1,5	1,5	1,4	0,7	0,8	9,5
JAP (M2)	14,5	13,5	11,1	13,1	9,1	3,2	0,7	2,9	1,5	0,9	0,2	0,3	0,2	1,9	-1,1	0,9	7,3

TABLE 8: Short-term interest rates¹¹

	1976	1977	1978	1979	1980	1979		1980			1980						Change over 12 months %
						IV	I	II	III	IV	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
DK	10,3	14,5	15,4	12,5	..	16,5	19,1	18,9	17,9	..	18,9	17,8	18,1	17,9	15,5	10,3	..
D	4,2	4,4	3,7	6,7	9,5	9,6	9,8	9,9	9,2	9,1	9,9	9,3	9,0	9,2	9,2	9,7	9,1
F	8,8	9,3	8,1	9,5	12,4	12,6	13,8	12,5	12,6	11,4	12,5	11,6	12,2	12,6	11,4	11,4	11,4
IRL	11,8	8,4	9,9	15,9	16,3	18,5	19,0	17,6	13,6	13,6	17,6	16,6	14,8	13,6	13,3	13,7	13,6
I	17,6	14,5	11,3	11,5	..	16,5	15,8	15,6	14,8	..	15,6	16,0	16,0	14,8	17,0	17,0	..
NL	7,1	4,8	6,6	9,5	10,6	13,0	11,2	10,5	10,3	9,4	10,5	9,5	10,7	10,3	9,3	10,0	9,4
B	10,0	7,6	7,3	10,1	14,2	14,5	17,5	14,0	12,6	13,0	14,0	13,0	12,6	12,6	12,5	13,0	13,0
UK	10,6	8,1	8,3	13,7	16,8	17,1	18,5	17,1	15,9	14,9	17,1	15,9	16,9	15,9	16,9	14,6	14,9
EC ¹⁰	7,5	8,0	7,2	9,6	(12,7)	13,1	13,7	12,9	12,3	(11,9)	12,9	12,2	12,5	12,3	12,3	12,0	(11,9)
USA	5,0	5,3	7,2	10,1	..	12,0	13,6	7,4	10,5	..	7,4	7,9	10,0	10,5	12,5	(14,3)	..
JAP	..	6,2	5,1	5,9	..	8,0	12,7	10,9	11,5	..	10,9	11,5	10,9	11,5	9,6	9,8	..

TABLE 9: Long-term interest rates¹²

	1975	1976	1977	1978	1979	1979		1980			1980						Change over 12 months %
						III	IV	I	II	III	May	June	July	August	Sept.	Oct.	Nov.
DK	13,1	13,6	16,6	16,7	15,9	16,6	17,1	19,3	19,3	18,9	19,6	19,3	18,7	20,0	18,9	17,7	18,0
D	8,5	7,8	6,2	5,7	7,4	7,5	7,9	9,4	8,2	8,1	8,7	8,2	7,9	7,8	8,1	8,3	8,7
F	10,3	10,5	11,0	10,6	10,0	11,6	12,6	14,4	13,3	13,9	13,5	13,3	13,4	13,5	13,9	14,3	14,2
IRL	14,0	14,7	12,9	12,8	14,9	15,7	16,3	16,8	14,6	14,6	15,8	14,6	14,1	14,5	14,6	14,8	14,9
I	10,4	12,5	15,2	14,2	14,3	14,4	15,3	16,2	15,4	..	15,8	15,4	16,1	16,3	..	..	..
NL	8,8	9,0	8,1	7,7	8,8	8,7	9,4	11,5	10,0	10,3	10,0	10,0	9,7	9,7	10,3	10,3	10,5
B	8,5	9,0	8,8	8,5	9,7	9,9	11,1	12,5	11,8	12,4	12,3	11,8	11,8	12,1	12,4	12,6	12,6
L	6,7	7,2	7,0	6,6	6,8	6,8	6,8	7,3	7,5	7,5	7,4	7,5	7,5	7,5	7,5	7,6	7,7
UK	14,4	14,4	12,7	12,5	13,0	12,6	14,7	14,6	13,8	13,3	14,0	13,8	13,1	13,9	13,3	13,2	13,4
EC ¹⁰	10,3	10,4	10,1	9,7	10,3	10,7	11,6	12,9	11,9	(12,1)	12,2	11,9	11,7	11,9	(12,1)	(12,2)	(12,4)
USA	7,0	6,8	7,1	7,9	8,7	8,7	9,6	11,9	9,4	10,9	9,8	9,4	9,8	10,5	10,9	11,2	..
JAP	9,2	8,7	7,3	6,1	7,7	7,9	8,6	10,0	8,6	9,2	8,8	8,6	8,9	9,1	9,2	..	..

TABLE 10: Value of ECU — 1 ECU = units of national currency or SDRs

	1976	1977	1978	1979	1980	1979		1980			1980						Change over 12 months %
						IV	I	II	III	IV	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
DKR	6,76	6,86	7,02	7,21	7,83	7,42	7,80	7,84	7,81	7,86	7,81	7,79	7,82	7,83	7,85	7,87	7,86
DM	2,82	2,65	2,56	2,51	2,53	2,48	2,50	2,52	2,53	2,56	2,51	2,52	2,53	2,53	2,55	2,56	2,56
FF	5,34	5,61	5,74	5,83	5,87	5,82	5,85	5,85	5,86	5,92	5,85	5,84	5,86	5,88	5,89	5,93	5,93
IRL	0,622	0,654	0,664	0,669	0,676	0,670	0,675	0,675	0,671	0,684	0,674	0,671	0,670	0,672	0,678	0,685	0,687
LIT	930	1 007	1 080	1 138	1 189	1 154	1 162	1 182	1 200	1 213	1 188	1 198	1 197	1 204	1 210	1 214	1 215
HFL	2,96	2,80	2,75	2,75	2,76	2,76	2,75	2,76	2,75	2,77	2,76	2,75	2,75	2,75	2,76	2,78	2,78
BFR/LFR	43,17	40,88	40,06	40,17	40,60	40,22	40,54	40,36	40,44	41,07	40,27	40,27	40,44	40,60	40,85	41,14	41,22
UKL	0,622	0,654	0,664	0,646	0,598	0,652	0,626	0,608	0,597	0,562	0,609	0,607	0,596	0,589	0,573	0,557	0,555
USD	1,118	1,141	1,274	1,371	1,391	1,405	1,411	1,391	1,423	1,340	1,423	1,441	1,413	1,415	1,385	1,335	1,299
YEN	331,2	305,8	267,1	300,5	315,0	335,8	343,1	321,9	312,8	282,1	310,0	318,3	316,5	303,6	289,7	284,3	272,3
SDR	0,968	0,977	1,018	1,061	1,068	1,080	1,082	1,071	1,078	1,042	1,078	1,085	1,076	1,073	1,059	1,041	1,025

⁸ The seasonally-adjusted net balance for the Community does not tally with the total of the net balances of the Member States; this is because it is obtained by seasonally adjusting the total of the gross export and import figures for the various countries.

⁹ National sources for the Federal Republic of Germany, France, Ireland and the United Kingdom; seasonally adjusted by Eurostat for Denmark, Italy, the Netherlands and Belgium.

¹⁰ Average weighted by 1978 GDP at current prices and current exchange rates. The monthly variation is calculated using linear interpolation of quarterly data for Belgium.

¹¹ National sources; EC excluding Luxembourg; three-month interbank rate except: Denmark, call-money rates on the money market (monthly average); Italy, yield of three-month Treasury bills (monthly average); Belgium, yield at issue of four-month certificates issued by the Fonds des Rentes. Annual average, end of quarter and end of month.

¹² Yield of public-sector bonds. Annual average and average of last month of the quarter, monthly average except for France: end of quarter and end of month.

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

TABLE 1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1975	1976	1977	1978	1979	1979		1980			April	1980						Change over 12 months % ²
						III	IV	I	II	III		May	June	July	August	Sept.	Oct.	
DK	-5.7	9.3	0.8	2.3	3.6	0.6	6.0	-0.2	-4.1	-1.1	-1.6	3.7	2.1	3.7	-9.6	5.8	0.5	-6.6
D	-6.2	7.4	2.8	2.0	5.5	1.3	0.5	1.6	-2.3	-2.4	-0.8	-2.3	-0.8	2.4	-1.6	-0.8	0.8	-3.0
FR	-8.9	9.7	1.6	1.6	4.7	3.8	-2.2	0.5	-2.2	0	0	-3.7	0	2.3	0	-5.2	2.3	-2.8
IRL	-6.1	9.0	8.1	9.4	6.7	0.9	0.4	0.7	-1.0	:	0.6	1.4	-4.8	-0.7	0.3	:	:	-2.8
NL	-8.8	11.6	0	2.1	7.7	1.4	8.6	4.1	-3.0	-7.4	0.7	-8.0	2.9	-1.1	-13.7	12.8	1.2	-3.1
UK	(-4.8)	8.0	0	0.9	2.8	0.6	-0.6	3.0	-3.2	-3.9	-3.4	0.9	-1.8	0	-2.7	-1.9	3.8	0
USA	-9.8	8.1	0.4	2.4	4.5	-0.1	-0.5	3.3	-2.8	-2.7	-4.6	1.0	2.0	-4.6	3.4	-5.7	2.2	-1.8
AP	-21.9	3.8	0.5	3.2	3.4	-1.3	2.0	1.8	-2.4	-7.5	-0.1	-3.4	-2.7	-0.3	-6.1	-1.0	2.3	-5.5
	-4.8	2.7	4.8	3.1	3.7	-2.6	0	-2.2	-3.0	-3.1	-1.5	-0.3	0.2	-0.7	-3.0	-1.4	0.5	-8.9
EC	-6.6	7.4	2.4	2.3	4.9	0.8	1.1	0.5	-1.4	-2.5	-0.8	-1.6	0.6	-0.1	-3.3	-0.7	0.6	(-3.3)
USA	-8.2	10.2	6.5	5.7	4.4	0.2	0.1	0	-5.2	-1.8	-2.5	-2.9	-1.7	-0.8	1.0	1.3	(1.9)	(-4.1)
AP	-11.0	11.1	4.1	6.2	8.3	2.0	2.6	4.1	0.1	-2.3	1.8	-1.2	-0.9	0.5	-4.5	3.9	(0.8)	(-4.8)

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

	1975	1976	1977	1978	1979	1979		1980			May	1980						Change over 12 months % ²
						III	IV	I	II	III		June	July	August	Sept.	Oct.	Nov.	
DK	4.6	4.7	5.8	6.5	5.3	5.1	4.7	5.0	5.5	6.2	5.4	5.8	5.6	6.3	6.6	7.0	7.5	62.7
D	4.2	4.1	4.0	3.9	3.4	3.3	3.2	3.1	3.3	3.5	3.2	3.4	3.5	3.5	3.6	3.7	3.8	21.1
FR	3.9	4.3	4.8	5.2	6.0	6.1	6.2	6.3	6.3	6.4	6.3	6.3	6.3	6.4	6.4	6.5	6.6	9.5
IRL	8.5	9.5	9.4	8.7	7.9	7.8	7.5	7.6	8.2	9.2	8.2	8.6	8.9	9.2	9.6	9.9	10.1	35.8
NL	5.3	5.6	6.4	7.1	7.5	7.4	7.5	7.7	8.0	7.9	8.0	8.0	7.8	7.9	8.0	8.0	8.1	10.3
UK	4.0	4.3	4.1	4.1	4.1	4.2	4.1	4.1	4.4	4.9	4.4	4.6	4.8	4.8	5.1	5.4	5.7	41.6
USA	5.3	6.8	7.8	8.4	8.7	8.8	8.8	8.8	9.0	9.5	9.0	9.1	9.3	9.5	9.8	9.9	10.0	15.5
AP	0.2	0.3	0.5	0.7	0.7	0.7	0.7	0.7	0.6	0.7	0.6	0.7	0.7	0.7	0.7	0.8	0.8	14.3
	3.8	5.3	5.7	5.7	5.3	5.2	5.3	5.6	6.2	7.1	6.1	6.4	6.8	7.1	7.5	7.9	8.3	59.6
EC	4.3	4.9	5.3	5.5	5.5	5.5	5.5	5.6	5.9	6.3	5.9	6.0	6.1	6.3	6.4	6.6	6.8	25.4
USA	8.5	7.7	7.0	6.0	5.8	5.8	5.9	6.1	7.5	7.6	7.8	7.7	7.8	7.6	7.5	7.6	7.5	(30.0)
AP	1.9	2.0	2.0	2.2	2.1	2.1	2.1	1.9	2.0	2.1	2.0	1.9	2.1	2.1	2.0	2.2	2.3	9.0

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

	1975	1976	1977	1978	1979	1979		1980			May	1980						Change over 12 months % ²
						III	IV	I	II	III		June	July	August	Sept.	Oct.	Nov.	
DK	9.6	9.0	11.1	10.1	9.6	5.1	2.6	2.5	3.1	2.8	1.4	0.2	1.8	0.4	0.5	0.7	0.9	10.7
D	5.9	4.3	3.7	2.7	4.1	1.3	0.8	1.8	1.8	0.7	0.4	0.5	0.2	0.1	0	0.2	0.6	5.3
FR	11.7	9.6	9.5	9.3	10.7	3.2	2.8	3.9	3.2	3.2	0.9	0.6	1.5	1.0	0.9	1.1	0.7	13.6
IRL	20.9	17.9	13.7	7.7	13.2	4.1	3.7	3.8	7.4	2.9	2.4	1.0	1.0	0.9	1.0	1.0	1.0	18.2
NL	17.0	16.8	17.0	12.2	14.8	3.5	5.6	6.5	3.9	4.3	1.0	0.9	1.8	1.2	1.9	(1.7)	(2.0)	(21.1)
UK	9.9	9.0	6.4	4.2	4.3	0.8	2.0	1.8	2.5	1.1	0.4	-0.1	0.7	0.3	0.7	0.6	0.3	7.1
USA	12.8	9.2	7.1	4.5	4.5	1.7	1.4	2.4	0.8	1.8	0.3	0.2	1.2	0.3	0.6	0.9	1.0	7.6
AP	10.7	9.8	6.7	3.1	4.5	1.4	1.7	1.7	1.6	1.0	0.6	0.2	0.4	0.3	0.1	0.8	0.9	6.3
	24.2	16.5	15.9	8.3	13.4	6.7	2.8	4.7	5.8	2.1	0.9	0.9	0.8	0.3	0.6	0.6	0.8	15.3
EC	13.3	10.8	10.5	7.5	9.9	3.6	2.8	4.0	3.6	2.5	0.8	0.7	1.0	0.7	0.8	(0.9)	(1.0)	13.4
USA	9.1	5.8	6.5	7.6	11.5	3.4	2.8	3.9	3.6	1.9	1.0	1.1	0.1	0.6	0.9	0.9	(0.9)	(12.6)
AP	10.2	9.3	8.1	3.8	3.6	1.0	1.7	2.1	3.3	1.3	0.9	0.3	0.3	-0.2	1.5	0.1	(0.2)	(2.4)

TABLE 4: Wholesale price index - Percentage change on preceding period

	1975	1976	1977	1978	1979	1979		1980			May	1980						Change over 12 months % ²
						III	IV	I	II	III		June	July	August	Sept.	Oct.	Nov.	
DK	5.7	8.2	7.9	4.4	9.0	3.4	3.8	6.3	3.7	:	0.4	1.1	0	:	1.1	1.0	1.1	14.6
D	1.2	5.8	1.8	-0.8	6.9	1.7	1.1	3.9	1.7	-0.2	0.8	0.2	0.4	-1.0	-0.9	2.4	:	5.5
FR	1.0	10.1	6.5	4.6	11.8	2.5	3.3	:	:	:	:	:	:	:	:	:	:	13.1
IRL	24.2	19.6	17.2	8.9	(12.5)	1.5	0.4	4.7	4.1	:	-0.3	0.4	0.5	0.5	:	:	:	9.4
NL	8.5	22.9	17.4	8.4	15.4	4.3	5.6	6.6	3.5	:	0.8	1.1	0.3	0.9	1.2	0.7	:	16.6
UK	6.8	6.9	5.4	2.0	(2.9)	2.0	1.3	4.3	1.4	:	0.8	-0.1	0.9	-0.2	:	:	:	7.4
USA	1.2	7.1	2.4	-1.9	6.3	1.2	1.5	3.4	-0.5	-0.1	-0.8	-0.1	0.2	-0.7	1.5	0.7	1.3	5.4
AP	24.1	16.4	19.2	10.5	12.1	5.0	3.1	5.2	4.0	2.4	1.2	1.0	0.9	0.4	0.4	0.4	0.3	13.5
EC	7.4	12.0	9.3	4.4	10.3	3.0	2.7	:	:	:	:	:	:	:	:	:	:	:
USA	9.2	4.6	6.1	7.8	12.5	3.1	3.5	4.6	1.9	(3.1)	0.5	0.6	1.7	1.2	-0.2	(0.8)	:	(11.9)
AP	3.0	5.5	1.9	-2.5	7.3	4.9	4.3	6.5	4.8	0.7	-0.2	-0.1	0.4	0.7	-0.3	-0.7	0.1	11.7

TABLE 5: Gross hourly wages in industry⁷ — Percentage change

	On preceding period										On corresponding quarter of preceding year							
	1976	1977	1978	1979	1980	1979		1980				1979		1980				
						III	IV	I	II	III	IV	III	IV	I	II	III	IV	
DK	11,7	9,1	12,0	12,0	:	3,4	3,3	2,7	2,7	:	:	10,6	13,5	14,8	12,6	:	:	
D	6,4	7,1	5,3	5,7	:	2,0	0,1	0,4	4,1	2,7	:	5,4	5,5	4,9	6,6	7,4	:	
FR	15,1	14,7	12,3	12,2	13,7	2,1	2,3	3,4	3,9	4,3	3,6	11,9	12,2	11,8	12,1	14,5	16,0	
IRL	18,9	16,7	14,7	15,1	:	4,2	7,9	3,0	6,4	:	:	11,6	18,0	18,5	23,2	:	:	
NL	20,8	26,7	20,6	17,9	:	7,1	5,1	4,8	3,8	6,8	:	20,2	24,8	24,3	22,6	22,2	:	
UK	11,3	7,9	8,3	6,5	7,4	1,4	0,7	4,2	0,8	1,5	0	6,7	6,5	8,2	7,3	7,4	6,6	
USA	13,6	10,1	6,6	6,7	8,4	1,0	2,5	1,5	3,3	1,6	2,1	5,7	8,0	7,0	8,6	9,3	8,7	
AP	13,9	10,4	7,7	4,0	:	-1,2	-1,2	4,2	4,0	:	:	3,9	4,6	5,2	5,8	:	:	
	16,7	9,4	12,5	14,4	:	6,8	1,5	3,1	6,2	5,8	:	17,5	16,3	18,7	18,6	17,5	:	
EC	13,6	12,3	11,4	11,8	:	4,2	2,0	2,8	4,5	(4,3)	:	12,8	13,5	14,0	14,2	(13,8)	:	
USA	7,9	9,2	8,6	8,4	:	2,0	2,2	1,8	1,9	2,7	:	8,7	7,8	7,4	8,0	8,8	:	
AP	12,3	8,5	5,9	7,4	:	3,0	0,4	1,8	3,2	2,5	:	8,4	8,0	7,9	8,8	8,3	:	

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

National sources, except in the cases of the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in the methods of seasonal adjustment, the change in the EC index, adjusted by Eurostat and given in Table 1, may differ from the change in the EC index obtained by aggregation of the national indices. The figures are corrected for the number of working days. Excluding building and construction and, in the case of France, the foodstuffs and beverages industry.

For the most recent figure given in the Table.

From January 1979: new series.

As percentage of the total labour force.

National source.

Excluding Luxembourg; weighted average.

United States and Japan: manufacturing industry. Japan: quarterly figures s.a.

Major economic policy measures — December 1980

Community (EC)

15.12 The Economics/Finance Council adopted the Decision adopting the annual report and laying down the economic policies guidelines for 1981. Concluding an exchange of views on the Commission communication concerning energy and economic policy, the Council recognized the relevance of the issues and requested the Commission to give the matter further consideration and to submit a further communication during the first quarter of 1981. Furthermore, the Council adopted the Decision extending the medium-term financial aid mechanism until 31 December 1982, unless the definitive phase of the European Monetary System should be implemented before that date.

Denmark (DK)

18.12 The Parliament adopted the central government budget for 1981 showing a deficit of DKR 21 100 million against DKR 17 000 million in 1980. Current expenditure will rise by 11,5% to DKR 139 200 million.

FR Germany (D)

17.12 The German Cabinet released the Federal budget proposal for 1981. Total expenditure is planned to increase by 4,3%. The net borrowing requirement amounts to DM 27 440 million.

France (F)

4.12 With effect from 1 December, the statutory minimum wage (SMIC) was raised to FF 14,79 an hour, or FF 2 563,55 a month on the basis of a 40-hour week. This represents a 3,5% increase since 1 September and a 14,4% increase since 1 December 1979. SMIC purchasing power has gone up by a little under 1% in a year.

5.12 An additional appropriation of FF 4 110 million was released to maintain the purchasing power of farmers in 1980. To finance this exceptional aid a sum of FF 3 700 million was written into the second draft budget for 1980, and the balance, some FF 400 million, into the 1981 budget.

9.12 With effect from 1 January 1981, families with at least three children will receive a new differential allowance, calculated to bring the guaranteed level of their total monthly income to FF 4 200, plus FF 500 for the fourth and every additional child. Families with incomes below the SMIC or irregular incomes will receive a fixed allowance of FF 210 a month.

17.12 Parliament finally adopted the finance law for 1981. Expenditure is forecast to reach FF 611 000 million (16,4% up on the last 1980 amending finance law), while the deficit will be FF 29 400 million (as against FF 35 800 million).

18.12 The minimum old-age allowance was raised from FF 15 600 to FF 17 000 a year with effect from 1 January. The measure affects 1 800 000 people, and brings the monthly allowance to FF 1 417 for one person (FF 47,20 a day).

23.12 Parliament adopted the two amending finance laws for 1980 which increase the budget deficit to FF 35 800 million (as against an initial amount of FF 31 200 million).

24.12 The benefit of old-age insurance was extended to mothers of three and more children. The decision is likely to concern 550 000 people. All in all, 1 800 000 mothers will be insured. The income ceiling was raised and aligned with the ceiling set for the family supplement (some FF 8 000 a month for a family with three children).

30.12 The social security ceiling wage, used as the basis for calculating old-age insurance contributions and the employer's contribution to the health insurance fund was raised, with effect from 1 January 1981 and for the whole year, by 14,5%, a rate which corresponds to the rise in the average wage for all wage-earners between October 1979 and October 1980. The monthly ceiling wage thus goes up from FF 5 010 to FF 5 730.

Ireland (IRL)

17.12 Responsibility for the Department of the Public Service was transferred from the Minister for Labour to the Minister for Finance.

Italy (I)

1.12 Publication of a draft law under which some LIT 40 000 000 million, indexed to the trend of prices, is to be allocated to supporting the Mezzogiorno economy over the next ten years; the draft law is part of a process of redefining Italian regional policy, and more especially the role of the 'Cassa del Mezzogiorno', whose mandate expires on 31 December 1980.

5.12 Postal charges were increased with effect from 1 January 1981 (e.g. by 17,6% for an ordinary letter). They will be raised again (by 50%) on 1 October.

11.12 The Government decided on the following measures:

- a substantial increase in the price of petroleum products, justified by the appreciation of the dollar and by the need to finance the reconstruction of the south of Italy (the price of premium grade petrol was increased from LIT 775 to LIT 850 a litre);
- an increase in the tax on motor vehicles (up 50%);
- the postponement to 1982 of the plan to reset tax brackets.

16.12 The Italian Exchange Office (UIC) repealed the exchange control measures adopted on 28 September 1980. As a result, anticipatory payment can again be made of commercial debts in foreign currencies, and the rule that 50% of the four-month credits granted to foreign purchasers must be financed immediately in foreign currency no longer applies.

17.12 Repeal of the measure of 28 September, which cut to 10 days the period for converting into lire the amounts paid on foreign currency accounts. The 15-day period is thus restored.

30.12 The interministerial Economic Planning Committee(CIPE) approved the 1981-83 medium-term plan, the main objectives of which are to bring the inflation rate down to 12% in 1983 (as compared to a trend increase of 18% in the absence of appropriate policy measures) and to increase employment by 500 000 units.

Netherlands (NL)

17.12 In addition to the measures already taken to restrain wages in 1981 (a 2% reduction, for January, in the automatic index-linking of wages to price rises, and a 0,5% reduction in the holiday allowance) the Government reserved the right to intervene in collective agreements should excessive increases in real wages run counter to the restraint desired.

24.12 For 1981, the expansion of long-term bank lending (to the private and public sectors) and short-term lending (to the private sector) was limited to 6% (1980: 8%; 1979: 9%). The limit relates exclusively to loans which are not financed by long-term resources.

Belgium (B)

23.12 The Government approved a number of draft royal decrees to implement the 'plan for socio-economic recovery' which it had presented to Parliament on 24 October. They concern: extending the special temporary service in the public departments, an amendment of the statutory early retirement system, lengthening the 'waiting period' for the young unemployed after the end of their studies, granting certain employers adaptation and readaptation payments, the provisional raising of wage ceilings for the levying of social security contributions, and granting additional advantages to small and medium-sized enterprises (BFR 1 500 million). The Government also introduced eight draft laws into Parliament embodying different points in the programme; these are, notably, general income restraint (see the Belgian measures in *European Economy Supplement A No 11-1980*), a solidarity contribution imposed on public service employees, and tax measures.

25.12 Publication of the law extending the rent legislation by one year. The increase authorized for 1981 is 6% (as against 5% in 1980).

25.12 Publication of the law containing interim protective and transitional measures with respect to the moderation of all incomes, pending the voting of the various draft laws on this subject. It applies from 1 January to 15 February 1981.

31.12 Publication of the law increasing from two to four years the period for payment of VAT owed by property developers for unsold buildings, built by them or on their behalf.

Luxembourg (L)

22.11 The Government and the two sides of industry reached an overall agreement on the measures to be taken to assist the steel industry. The overall budget for official aid granted as investment subsidies, contributions to social expenditure and participation in certain costs of the crisis is some LFR 7 250 million for the period 1980-84. This tripartite agreement for the steel industry extends the agreement of 19 March 1979.

1.12 The Government tabled amendments to the draft budget for 1981. They incorporate the commitments entered into when the tripartite agreement for the steel industry was being negotiated, and re-estimate certain receipts and expenditure in the light of the outturn for the second half of 1980.

17.12 The draft central government budget for 1981 was approved by the Chamber of Deputies. It provides for an 11,8% increase in expenditure over the final 1980 budget.

United Kingdom (UK)

None.

PRICES

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