

EUROPEAN ECONOMY

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

No 3 - March 1982

Supplement A

Recent economic trends

Still no clear signs of an upturn in industrial output. — With industrial production down by 1,3%, December failed to show evidence of the expected recovery in activity in industry. However the rise in unemployment slowed down further in January and the trend improvement of the trade balance continued. Despite the fall of short-term interest rates in the US the dollar strengthened further against the ECU in February and the ECU depreciated in effective (weighted) terms by 1,1%.

Fall in industrial production in December. — Industrial production in the Community, seasonally adjusted, fell by 1,3% in December after small declines in the two previous months; the trend, estimated as the three-month moving average, thus fell back to the level of October. The fall in industrial production in December was partly due to the early winter in the north of Europe, and notably in the UK, where a decline of 1,3% was recorded. In Germany, however, the fall of 0,9% appears to be due largely to economic factors, while the 6,0% drop in Italy, following a rise of 7,1% in November may reflect difficulties in adjusting for the large but irregular seasonal variations in the industrial output there.

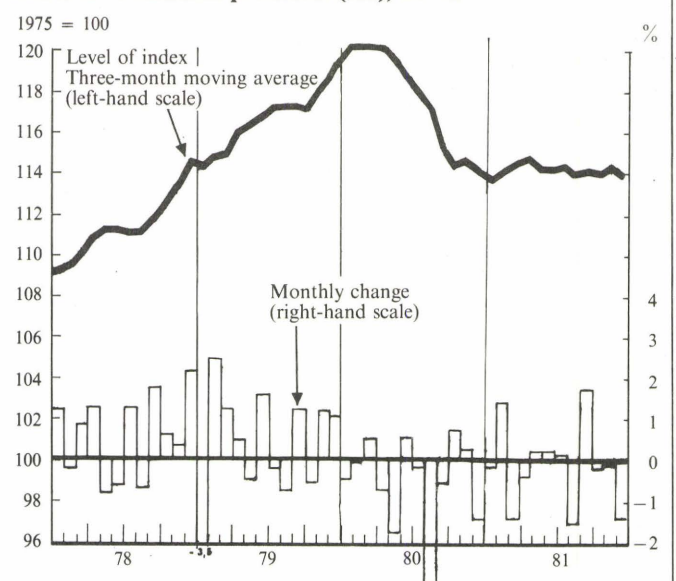
Slowdown of the rise in unemployment. — Unemployment in the Community rose in January to 9,2% of the active population, 0,1% point up from the level of December. The slowdown of the monthly increases suggested by the December figure was thus pursued. The rate of unemployment fell in Italy and rose only a little in Germany and in France. In Belgium, Denmark, Ireland, the Netherlands and the United Kingdom the rate of unemployment rose in accordance with trends, though in some cases this was due to the bad weather in the early weeks of the year.

Some easing in price trend. — Although the month-to-month rise in Community prices at 1,0% in January was higher than that recorded in December (0,7%), the six-month trend rate (seasonally adjusted) moderated slightly to 12,2%. Severe weather inflated prices of seasonal foods in the United Kingdom (the month-to-month rise in this category being 7,8%) and an increase of nearly 7% was also recorded in food prices in Germany. This factor was also important in the Benelux countries. In Greece, on the other hand, food prices had a dampening effect on inflation which slowed to 1,1% on a month-to-month basis. The winter sales influenced the index favourably here and also in the Netherlands and Denmark where falls in clothing prices were recorded. Energy costs, particularly gas and electricity, boosted prices in a number of countries, in addition to the increase in controlled rents in Belgium and Italy, the adjustment of public utility charges in Greece and increases in certain public service charges in France.

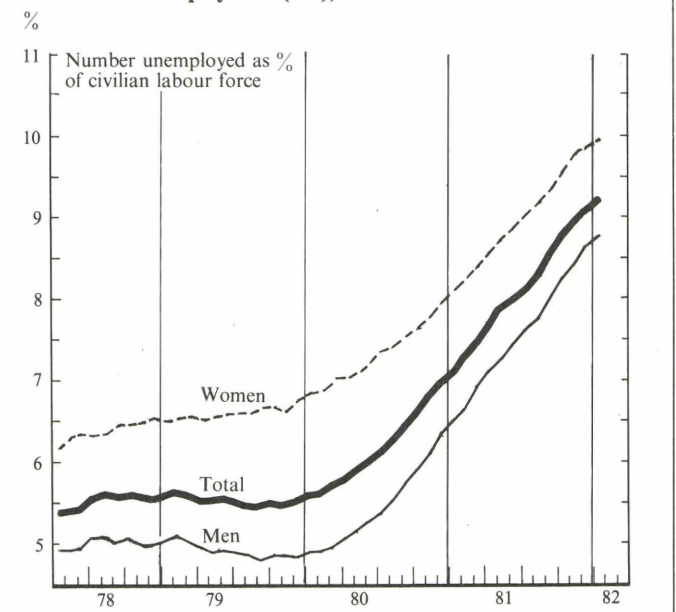
Hesitant trend in retail sales. — After an increase of 3,1% in October, the volume of retail sales in the Community (seasonally adjusted) would seem likely — on the basis of available data — to show a relatively sharp decline in November. Large falls were recorded in Denmark and in Germany while more moderate declines were registered in France, Ireland and the United Kingdom. The figures available for December show a new upturn in Denmark and France but data are still too scattered to allow a judgment with respect to the overall development in the fourth quarter of the year.

Continuing improvement in the trade balance. — Preliminary estimates suggest that the Community's trade deficit will be around 1 500 million ECU in December. The trend, as shown by the three-month moving average, has therefore continued to improve (see Graph 4). For the fourth quarter as a whole, the Community's deficit may be around 4 000

GRAPH 1: Industrial production (s.a.), EC 10



GRAPH 2: Unemployment (s.a.), EC 9



million ECU against almost 9 000 million ECU the preceding quarter. Nevertheless, in December, the foreign balance deteriorated in France while in the Netherlands the positive balance declined, albeit following a large surplus in November. In Italy, the deficit was slightly reduced. Initial results available for January indicate a fall in the Danish trade deficit although the Irish one has widened slightly. The German surplus in January remained above 1 000 million ECU.

Slowdown of money-supply growth. — Monetary expansion slowed down in November, the monthly growth rate of money supply standing at +0,3%, the lowest figure achieved this year. Money supply fell -0,1% in France such that its level has been virtually unchanged since the end of August. In the Netherlands, it also fell by 0,1%. First figures available for January indicate that this slowdown may come to an end. The increase in M3 in Germany was high (1,5%). Sterling M3 in the United Kingdom rose strongly, due to a large expansion of bank credit to the private sector, and money supply rose by 1,8% in Ireland.

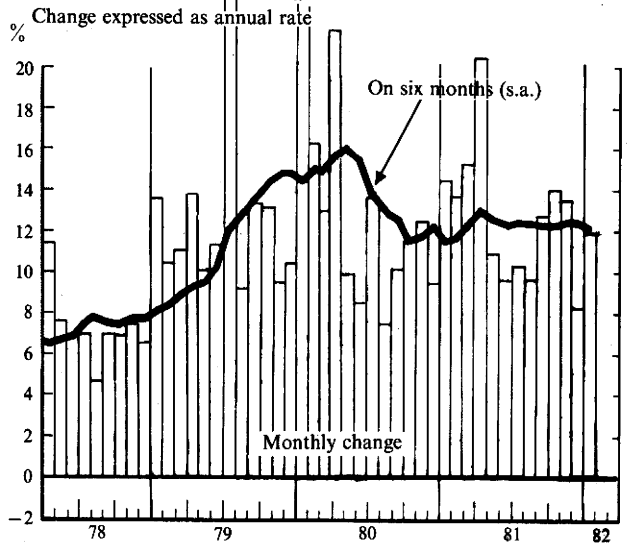
Fall in short-term interest rates. — Short-term interest rates continued to fall in February throughout the Community except Ireland, the Community average falling three-tenths of a point from the previous month to 14%. The monetary authorities of several Member States, in particular in France and the United Kingdom, initiated this easing. The fall in interest rates on 3-month US Treasury bonds reflects a certain movement on the part of the Federal Reserve to contain the rise in US interest rates which has occurred over the first three weeks of the month. In January, the yield on public sector bonds in the Community remained at 15%.

Rise in the dollar. Devaluation of Belgian franc and Danish krone. — February saw feverish activity on the exchange markets. The dollar moved up strongly over the period as a whole despite a short period in the middle of the month when it fell back somewhat and on average it gained 3,2% against the ECU. The yen fell sharply against the US currency and also fell back against the European currencies (-1,5%). In Europe, the notable event was the monetary alignment within the EMS on 21 February involving a devaluation of 8,5% of the Belgian franc and 3% of the Danish krone (see extract from the Council communiqué). Prior to this date, the Belgian franc had been under serious downward pressure and had been supported regularly by the Belgian National Bank. The bilateral margins between the other countries in the EMS exchange rate system remained stable in February while the pound sterling continued its upward movement, gaining more than 1% against the ECU.

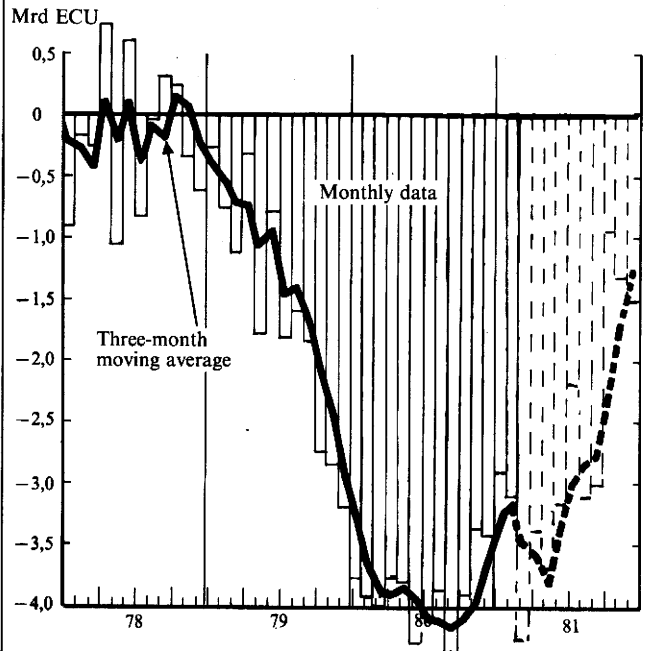
8 March 1982.

Corrigendum: In Graph 6 of the February 1982 issue of Supplement A, the labels DK (Denmark) and IRL (Ireland) should be inverted.

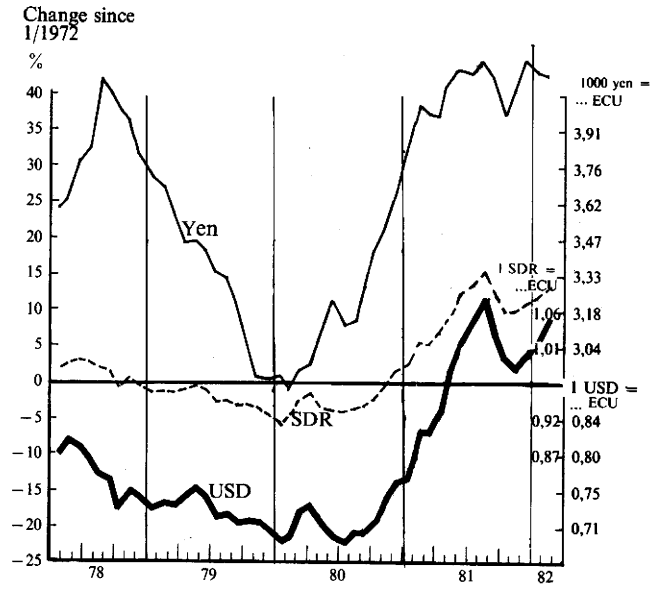
GRAPH 3: Consumer prices EC 10



GRAPH 4: Trade balance (s.a.), EC 9



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



The exchange-rate realignment of 21 February within the European Monetary System

(Extract from the Council communiqué)

On 21 February 1982 the Ministers and Central Bank Governors of EEC member countries have by mutual agreement, in a common procedure comprising the Commission and after consulting the Monetary Committee, decided to adjust the central rates within the European Monetary System as follows:

- the Belgian franc and the Luxembourg franc, on the one hand, and the Danish krone, on the other, are devalued by 8½% and 3% respectively *vis-à-vis* all other participating currencies;
- the bilateral central rates between the other participating currencies remain unchanged;
- [the new ECU central rates (in units of national currency per ECU) are as indicated in Table 1 with the new bilateral central rates and the compulsory intervention rates in Table 2].

Notwithstanding any provision to the contrary, the Member States participating in the EMS for which monetary compensatory amounts will be created or amended as a result of these realignments, will not ask for, and the Commission will not propose, any changes in the compensatory amounts so created before the conclusion of the present agricultural price-fixing procedure, recalling that such negotiations should normally be completed by 1 April. [The new monetary compensatory amounts resulting from the realignment are given in Table 3.]

The agreement reached on the Belgian franc was recognized as part of the measures being taken by the Belgian Government to deal with the structural problems of the Belgian economy. Other Member States wished to express their solidarity with Belgium in this effort, the success of which would contribute to the stability of the EMS as well as to the strengthening in the Community of the Belgian economy. Despite considerable differences in the underlying economic conditions, the Luxembourg Government accepted the need to follow the devaluation of the Belgian franc, in view of its long-standing monetary association with Belgium.

Ministers confirmed their intention to return at the next meeting of the ECO/FIN Council on 15 March to those measures for the strengthening of the EMS which they identified at their February meeting of the ECO/FIN Council. These were greater convergences through coordination of economic policies, improvements in the mechanisms of the System and wider use of the ECU. The Council will also consider the role of the Community loan facility, and of the New Community Loan Instrument, in the adjustment process.

TABLE 1: Monetary adjustments of 21 February 1982

	Former central rates (5.10.81 to 21.1.82)	New central rates (from 22.2.82)	Revaluation (+) or devaluation (-) of the ECU <i>vis-à-vis</i> each currency in %	Weighted change in parities against members of the EMS exchange rate system, % ⁽¹⁾	
				Realignment of 22.2.82	Cumulative since 13.3.79
	1	2	3	4	5
BFR/LFR	40,7572	44,6963	+9,7	-8,4	-10,2
DKR	7,91117	8,18382	+3,4	-2,5	-12,3
DM	2,40989	2,41815	+0,34	+1,8	+11,9
FF	6,17443	6,19564	+0,34	+1,9	-1,8
IRL	0,684452	0,686799	+0,34	+1,3	0
LIT	1300,67	1305,13	+0,34	+0,8	-10,3
HFL	2,66382	2,67296	+0,34	+2,3	+5,8
UKL	(0,601048)	(0,557037)	(-7,3)		

(1) Weighted average of change in bilateral parities against currencies participating in the EMS exchange rate system; weight: share of imports/exports to each of the other Member States.

TABLE 3: Monetary compensatory amounts

Country	Former m.c.a. (in force on 21.2.1982)	New m.c.a. (from 1.3.1982)
B/L	0	-8,1
DK	0	-1,8
D	8,3	8
GR	0	0
F	0	0
IRL	0	0
I	-1	-2,3
UK	4,3	4
NL	9,5	8,1

TABLE 2 — Bilateral central rates and intervention margins for currencies participating in the EMS exchange rate mechanism as from 22 February 1982

		Amsterdam in HFL	Brussels in BFR	Frankfurt in DM	Copenhagen in DKR	London in UKL	Dublin in IRL	Paris in FF	Rome in LIT
HFL 100	+2,25% central rate	100	1710,25	92,525	313,140		26,279	237,06	51845,0
	-2,25%		1672,16	90,4673	306,171	*	25,6944	231,789	48827,2
			1634,95	88,455	299,36		25,1228	226,63	45985,0
BFR/LFR 100	+2,25% central rate	6,1165	100	5,533	18,726		1,57155	14,177	3100,5
	-2,25%	5,98027		5,41018	18,3098	*	1,53659	13,8616	2920,0
		5,847		5,290	17,903		1,50241	13,5535	2750,0
DM 100	+2,25% central rate	113,05	1890,35	100	346,13		29,0480	262,05	57308,0
	-2,25%	110,537	1848,37		338,433	*	28,4018	256,212	53972,2
		108,0775	1807,30		330,91		27,7700	250,50	50831,0
DKR 100	+2,25% central rate	33,405	558,60	30,22	100		8,58300	77,42	16933,0
	-2,25%	32,6615	546,154	29,5497		8,39216	75,706	15947,7	
		31,935	534,00	28,890		8,20550	74,02	15020,0	
UKL 1	central rate	*	*	*	*	1	*	*	*
IRL 1	+2,25% central rate	3,9805	66,56	3,601	12,187			9,2265	2017,75
	-2,25%	3,8919	65,0792	3,5209	11,9159	*	1	9,02098	1900,31
		3,8055	63,6315	3,443	11,6509			8,8205	1789,71
FF 100	+2,25% central rate	44,125	737,80	39,920	135,09		11,3375		22367,0
	-2,25%	43,1428	721,415	39,0302	132,09	*	10,8387	100	21065,3
		42,1825	705,35	38,160	129,16				19839,5
LIT 1000	+6% central rate	2,17450	36,365	1,967	6,6580		0,55875	5,0405	
	-6%	2,04804	34,2466	1,85281	6,2705	*	0,52623	4,74714	1000
		1,92875	32,255	1,745	5,9056		0,49560	4,4710	
1 ECU	central rate	2,67296	44,6963	2,41815	8,18382	(0,557037)	0,686799	6,19564	1305,13

* Does not participate in the exchange mechanism.

TABLE 6: Money supply⁸ - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1980				1981				1981				1982	Change over 12 months % ²	
						IV	I	II	III	IV	July	August	Sept.	Oct.	Nov.	Dec.	Jan.			
B (M2)	9,9	9,6	6,2	2,7	.	1,0	0,9	3,6	0,2	5,8
DK (M2)	9,8	6,7	9,9	10,9	10,8	5,3	2,3	2,6	1,4	4,1	-0,2	3,6	-2,0	0,7	2,0	.	1,4	.	10,8	
D (M3)	11,1	11,0	6,0	6,2	4,8	2,5	1,3	2,3	1,1	0,3	0,4	0,3	0,3	-0,5	0,4	0,4	.	1,5	5,7	
F (M2)	13,9	12,2	14,4	9,7	.	2,4	3,7	3,9	2,6	.	1,6	1,5	-0,5	0,8	-0,1	.	.	.	12,1	
IRL (M3)	16,3	28,7	19,0	16,9	13,7	3,8	4,5	1,8	6,4	0,5	3,2	4,0	-0,8	-1,0	0,4	1,1	.	1,8	13,1	
I (M2)	21,8	22,8	20,4	12,3	.	5,3	2,1	1,5	1,0	.	0,0	0,0	1,0	0,2	0,7	.	.	.	8,8	
NL (M2)	3,6	4,2	7,0	3,6	.	0,6	4,1	0,8	1,4	.	1,3	-0,3	0,4	1,2	-0,1	.	.	.	7,2	
UK (EM3)	9,3	13,3	11,7	19,6	13,9	4,9	1,7	4,2	5,2	2,1	2,2	1,0	1,9	1,6	0,4	0,2	.	1,6	14,9	
EC 8 ⁹	12,7	13,3	11,7	10,6	.	3,3	2,2	2,9	2,3	.	1,1	0,9	0,5	(0,5)	(0,3)	.	.	.	(9,6)	
USA (M2)	10,8	8,3	8,8	9,6	10,0	1,5	2,7	2,3	2,1	2,4	0,5	1,0	1,2	1,6	1,1	0,7	.	0,9	10,9	
JAP (M2)	11,1	13,1	9,1	7,2	(11,0)	2,1	2,3	3,7	2,1	(3,0)	0,9	0,9	0,2	1,8	0,6	(0,7)	.	.	(11,5)	

TABLE 7: Short-term interest rates¹⁰

	1977	1978	1979	1980	1981	1980				1981				1981				1982	Change over 12 months % ²
						IV	I	II	III	IV	August	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.		
B	7,3	7,3	10,9	14,2	15,6	13,1	17,0	15,3	16,0	16,0	16,0	16,0	15,8	15,0	16,0	15,3	15,3	.	2,3
DK	14,5	15,4	12,5	16,9	14,9	12,0	15,2	18,1	20,6	11,6	17,0	20,6	17,4	8,8	11,6	13,9	10,5	.	-0,4
D	4,3	3,7	6,9	9,5	12,3	10,2	13,4	13,0	12,3	10,8	12,9	12,3	11,7	10,8	10,8	10,3	10,2	.	-4,3
F	9,1	7,8	9,7	12,0	15,3	11,1	12,5	17,8	18,6	15,1	17,1	18,6	15,3	15,4	15,1	15,0	14,4	.	1,1
IRL	8,4	9,9	16,0	16,2	16,6	13,6	14,6	15,8	18,9	18,8	17,8	18,9	18,3	18,5	18,8	18,5	19,4	.	4,4
I	14,0	11,5	12,0	17,2	19,7	17,7	19,7	20,0	20,3	20,8	20,3	20,3	20,5	20,6	20,8	20,9	.	.	4,6
NL	4,8	7,0	9,6	10,6	11,8	9,4	10,3	11,8	12,9	10,9	13,8	12,9	12,9	11,2	10,9	10,2	9,7	.	-1,6
UK	8,0	9,4	13,9	16,8	14,2	14,9	12,6	12,7	16,9	15,8	14,1	16,9	16,5	15,1	15,8	14,5	14,0	.	1,4
EC 8 ⁹	8,1	7,7	10,3	13,3	(14,8)	12,7	14,1	15,4	16,4	(14,8)	15,6	16,4	15,3	14,5	14,7	14,3	14,0	.	0,3
USA	5,3	7,4	10,8	11,6	13,9	13,6	12,5	13,9	14,7	11,6	15,6	14,7	13,0	10,6	11,6	13,4	11,9	.	-2,4
JAP	6,2	5,1	5,9	10,7	(7,4)	9,4	7,4	7,3	7,2	(6,9)	7,3	7,2	7,3	7,3	(6,9)	.	.	.	(-2,6)

TABLE 8: Long-term interest rates¹¹

	1977	1978	1979	1980	1981	1980				1981				1981				1982	Change over 12 months % ²
						IV	I	II	III	IV	July	August	Sept.	Oct.	Nov.	Dec.	Jan.		
B	8,8	8,5	9,7	12,2	13,8	13,0	13,6	14,2	14,0	14,0	14,0	14,1	14,0	13,8	13,9	14,0	14,3	.	1,1
DK	16,2	16,8	16,7	18,7	19,3	18,6	18,6	19,5	20,4	19,5	20,2	20,3	20,4	19,2	19,0	19,5	19,8	.	1,9
D	6,2	5,7	7,4	8,5	10,4	8,9	10,3	10,9	11,1	9,7	11,0	11,2	11,1	10,4	10,0	9,7	9,9	.	0,8
F	11,0	10,6	10,9	13,7	16,3	14,3	15,0	17,3	17,1	16,5	17,1	17,0	17,1	16,9	16,8	16,4	17,2	.	2,6
IRL	12,9	12,8	15,1	15,4	17,2	15,6	16,1	17,2	18,2	18,2	17,4	17,6	18,2	18,2	18,0	18,2	19,1	.	2,9
I	14,6	13,7	14,1	16,1	20,6	16,9	18,4	21,8	22,4	21,4	22,0	22,2	22,4	21,7	21,7	21,4	21,1	.	3,8
L	7,0	6,6	6,8	7,4	8,6	7,9	8,0	8,7	9,2	9,3	8,9	9,0	9,2	9,2	9,2	9,2	9,3	.	1,5
NL	8,5	8,1	9,2	10,7	12,2	11,2	12,1	12,3	13,1	11,8	12,4	13,0	13,1	12,7	12,4	11,8	11,7	.	1,2
UK	12,5	12,6	13,0	13,9	14,8	13,8	13,4	14,7	16,1	15,8	15,0	15,2	16,1	16,0	15,1	15,8	14,9	.	1,0
EC 9 ⁹	10,4	10,1	10,9	12,6	14,8	13,0	13,8	15,4	15,8	15,0	15,5	15,6	15,8	15,4	15,0	15,0	15,0	.	2,2
USA	7,1	7,9	8,7	10,8	13,1	11,9	12,2	14,8	14,1	13,1	13,1	13,6	14,1	14,1	12,7	13,1	13,3	.	1,6
JAP	7,3	6,1	7,7	9,2	8,7	9,4	8,3	8,8	9,0	7,9	8,9	9,2	9,0	8,8	8,2	7,9	.	.	-1,5

TABLE 9: Value of ECU — 1 ECU = units of national currency or SDRs

	1977	1978	1979	1980	1981	1980				1981				1981				1982	Change over 12 months % ²
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.		
BFR/LFR	40,88	40,06	40,17	40,60	41,29	41,07	41,61	41,42	41,07	41,10	41,15	40,76	40,81	41,02	41,47	41,61	42,39	.	1,7
DKR	6,86	7,02	7,21	7,83	7,92	7,86	7,97	7,98	7,88	7,88	7,91	7,81	7,84	7,87	7,93	7,99	8,05	.	1,0
DM	2,65	2,56	2,51	2,53	2,51	2,56	2,57	2,54	2,51	2,44	2,52	2,49	2,44	2,44	2,45	2,44	2,44	.	-5,3
DR	42,04	46,80	50,78	59,24	61,62	60,36	61,43	61,83	61,47	61,74	61,62	61,17	61,48	61,82	61,93	62,70	62,99	.	2,5
FF	5,61	5,74	5,83	5,87	6,04	5,92	5,98	6,03	5,99	6,15	6,02	5,96	6,10	6,17	6,19	6,21	6,21	.	3,7
IRL	0,654	0,664	0,669	0,676	0,691	0,684	0,695	0,694	0,688	0,688	0,689	0,683	0,687	0,690	0,688	0,692	0,694	.	-0,4
LIT	1 007	1 080	1 138	1 189	1 263	1 213	1 233	1 263	1 254	1 302	1 252	1 255	1 293	1 306	1 308	1 309	1 307	.	6,2
HFL	2,80	2,75	2,75	2,76	2,78	2,77	2,81	2,81	2,79	2,69	2,80	2,76	2,70	2,68	2,68	2,68	2,68	.	-4,9
UKL	0,654	0,664	0,646	0,598	0,553	0,562	0,534	0,536	0,562	0,578	0,553	0,582	0,589	0,577	0,568	0,565	0,559	.	6,4
USD	1,141	1,274	1,371	1,391	1,116	1,340	1,233	1,116	1,033	1,090	1,007	1,057	1,086	1,099	1,084	1,067	1,033	.	-14,4
YEN	305,8	267,1	300,5	315,0	245,4	282,1	253,1	245,0	239,1	244,4	235,1	242,4	251,1	245,3	236,9	239,4	243,1	.	-1,9
SDR	0,977	1,018	1,061	1,068	0,946	1,042	0,992	0,943	0,911	0,938	0,898	0,925	0,941	0,942	0,931	0,925	0,912	.	-6,9

TABLE 10: Effective exchange rates: export aspect¹² - Percentage change on preceding period

	1977	1978	1979	1980	1981	1980				1981				1981				1982	Change over 12 months % ²
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.		
B/L	6,1	3,5	1,5	-0,4	-6,0	-2,8	-2,9	-1,4	-0,9	1,0	0,1	1,8	0,7	-0,4	-1,4	-0,5	-2,4	.	-4,6
DK	-0,3	0,0	-0,7	-8,0	-7,5	-3,0	-4,0	-2,4	-0,1	2,0	-0,7	3,5	0,9	-0,6	-1,4	-1,0	-1,4	.	-3,1
D	8,5	6,5	5,2	0,5	-6,2	-3,6	-3,1	-1,1	-1,1	5,1	-0,5	2,9	3,6	0,1	-0,7	-0,1	-0,6	.	3,1
F	-4,7	-1,3	0,7	0,4	-8,5	-2,8	-3,3	-3,1	-1,1	-1,7	-1,1	2,3	-1,7	-1,2	-1,0	-0,5	-0,5	.	-7,1
IRL	-3,1	1,2	0,4	-2,5	-9,9	-5,2	-5,2	-2,2	0,5	2,1	-0,1	3,8	0,6	-1,1	-0,6	-1,1	-1,1	.	-1,3
I	-7,7	-5,9	-3,2	-3,7	-12,2	-3,0	-4,1	-5,1	-1,3	-2,6	-0,4	1,0	-2,2	-1,1	-0,7	-0,3	-0,4	.	-9,8
NL	5,8	2,9	1,7	0,1	-4,8	-2,0	-3,0	-2,0	-0,5	5,0	-0,1	2,2	3,1	0,8	-0,3	-0,1	-0,5	.	2,4
UK	-4,8	0,9	6,5	10,0	-0,9	3,9	2,0	-3,9	-7,5	-0,9	-1,4	-3,5	0,2	2,2	0,9	0,3	0,4	.	-10,9
ECU	0,9	2,5	5,9	2,3	-15,2	-5,0	-5,9	-5,7	-4,4	3,0	-1,5	3,3	2,0	-0,3	-1,4	-0,4	-1,1	.	-8,3
USA	-1,3	-9,8	-2,6	0,0															

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

	1977	1978	1979	1980	1981	1980				1981				Change over 12 months % ²			
						IV	I	II	III	IV	June	July	Aug.		Sept.	Oct.	Nov.
B	0,4	2,4	4,3	-1,0	:	-4,0	2,4	0,4	-1,5	:	1,4	-5,2	1,8	2,2	2,8	:	5,9
DK	0,8	2,3	3,6	0,2	0,1	-1,6	2,3	-0,7	3,2	-3,7	5,3	3,3	-5,9	6,7	-5,6	0,5	-1,7
D	2,8	2,0	5,5	-0,8	-1,0	-0,9	0,9	-0,9	0,9	-0,9	-1,9	0,9	0	0,9	0	-0,9	-0,9
GR	1,5	7,5	6,0	0,9	:	-1,6	-3,1	3,2	0,5	:	0,2	-2,4	1,6	1,8	-2,1	4,1	:
F	1,6	1,6	4,7	-0,8	(2,3)	-2,7	-1,0	0,8	0	1,5	0,8	1,5	0	1,6	0	0	1,5
IRL	7,6	8,4	6,2	-1,0	:	-1,4	3,3	1,9	1,6	:	-0,6	2,2	-1,2	1,3	-3,9	4,2	:
I	0	2,1	6,7	5,0	-2,5	5,2	1,1	-2,8	-4,1	5,3	0,2	3,0	-15,7	18,8	-2,8	7,1	-6,0
L	0,5	3,2	3,4	-3,3	-6,8	-1,3	-4,9	1,6	1,1	1,2	-1,8	-1,2	1,8	-0,7	4,9	-1,3	-8,1
NL	0	0,9	2,8	-0,9	-1,8	4,0	0,3	-3,0	-2,2	1,9	-0,9	2,8	-4,5	-1,9	5,8	-1,8	0,9
UK	4,7	3,3	3,8	-6,7	-4,1	-2,1	-1,0	0,3	0,6	1,1	1,6	-0,4	0	0,7	2,4	-2,0	-1,3
EC 10	2,3	2,4	4,9	-0,9	-2,1	-1,2	0,3	-0,2	-0,2	0	0,2	0,1	-1,6	1,8	-0,2	-0,1	(-1,3)
USA	6,5	5,7	4,4	-3,6	2,7	4,7	2,0	0,5	0,3	-4,4	0,1	0,7	-0,2	-1,3	-1,7	-1,8	-2,1
JAP	4,1	6,2	8,3	7,0	3,0	1,6	1,6	-0,3	1,6	2,6	2,6	1,0	-2,6	3,8	1,7	-0,3	-0,7

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

	1977	1978	1979	1980	1981	1980				1981				1982	Change over 12 months % ²			
						IV	I	II	III	IV	July	August	Sept.			Oct.	Nov.	Dec.
B	7,8	8,4	8,7	9,4	11,5	10,1	10,6	11,3	12,0	12,5	11,8	12,0	12,2	12,3	12,5	12,7	13,0	23,5
DK ³	5,8	6,5	5,3	6,2	8,3	7,3	8,0	8,3	8,3	8,8	8,1	8,5	8,6	8,8	8,9	8,8	8,8	(9,3)
D	4,0	3,9	3,4	3,4	4,9	3,8	4,2	4,6	5,1	5,8	5,0	5,1	5,2	5,5	5,8	6,1	6,1	49,0
F	4,8	5,2	6,0	6,4	7,8	6,6	7,1	7,5	7,9	8,4	7,8	7,8	8,1	8,3	8,4	8,5	8,6	21,0
IRL	9,2	8,4	7,4	8,3	10,3	9,4	9,9	10,3	10,6	10,9	10,5	10,5	10,8	10,8	10,9	11,1	11,3	17,2
I	6,4	7,1	7,5	8,0	8,9	8,1	8,3	8,6	8,8	9,5	8,8	8,8	8,9	9,3	9,4	9,6	9,6	(13,4)
L	0,5	0,7	0,7	0,7	1,0	0,8	0,9	0,9	1,0	1,1	0,9	0,9	1,1	1,1	1,1	1,2	1,2	32,9
NL	4,1	4,1	4,1	4,8	7,3	5,6	6,2	6,9	7,7	8,4	7,5	7,6	7,8	8,2	8,4	8,8	8,9	42,4
UK	5,7	5,7	5,3	6,9	10,5	8,3	9,4	10,3	11,1	11,7	10,7	11,0	11,4	11,6	11,6	11,7	11,8	26,9
EC 9	5,3	5,5	5,5	6,2	8,1	6,8	7,3	7,8	8,3	8,9	8,2	8,3	8,5	8,8	8,9	9,1	9,2	26,1
USA	7,0	6,0	5,8	7,1	7,6	7,5	7,4	7,4	7,4	8,3	7,2	7,3	7,6	8,0	8,3	8,8	8,5	16,4
JAP ⁴	2,0	2,2	2,1	2,0	2,2	2,2	2,2	2,3	2,2	2,2	2,2	2,1	2,2	2,3	2,2	2,2	2,2	6,5

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

	1977	1978	1979	1980	1981	1980				1981				1982	Change over 12 months % ²			
						IV	I	II	III	IV	July	August	Sept.			Oct.	Nov.	Dec.
B	7,1	4,5	4,5	6,6	7,6	2,2	2,2	0,8	2,6	2,1	1,6	0,5	0,9	0,4	1,0	0,6	1,0	8,3
DK	11,1	10,1	9,6	12,3	11,7	1,9	2,6	4,3	2,4	2,2	0,7	0,4	0,9	0,5	1,2	0,5	0,8	12,4
D	3,7	2,7	4,1	5,5	5,9	0,8	2,2	1,8	1,2	1,2	0,4	0,3	0,5	0,3	0,5	0,3	0,9	6,3
GR	12,2	12,5	19,0	24,9	24,5	7,8	7,3	5,4	1,9	7,5	-0,5	-0,8	4,3	2,6	2,1	2,1	1,1	20,9
F	9,5	9,3	10,7	13,6	13,4	2,8	2,9	3,3	3,9	3,2	1,7	1,3	1,2	1,2	0,9	0,6	1,0	13,8
IRL ⁵	13,6	7,6	13,2	18,2	19,7	3,1	6,2	3,9	5,6	5,9	(1,9)	(1,9)	(1,9)	(1,9)	(1,9)	:	:	23,3
I	17,0	12,2	14,8	21,2	19,6	5,3	5,2	4,4	3,0	4,6	0,6	0,9	1,4	1,7	1,8	1,1	1,3	17,5
L	6,7	3,1	4,5	6,3	8,1	1,9	2,4	2,2	2,0	1,6	0,5	0,4	0,9	0,3	0,6	0,6	1,4	8,7
NL	6,4	4,2	4,3	7,0	6,9	1,5	1,5	2,3	1,6	2,0	0,7	0,3	1,2	0,9	0,3	0	0,5	7,3
UK	15,9	8,3	13,4	18,0	11,9	1,9	2,4	4,9	1,7	2,5	0,5	0,7	0,6	0,9	1,1	0,6	0,6	12,0
EC 10	10,5	7,6	10,2	14,1	12,6	2,7	3,2	3,6	2,5	3,0	0,8	0,7	1,0	1,1	1,1	0,7	1,0	12,5
USA	6,5	7,6	11,5	13,5	10,2	2,6	2,6	2,3	2,8	1,3	1,2	0,7	0,9	0,2	0,3	0,2	:	8,7
JAP	8,1	3,8	3,6	8,0	4,9	1,0	1,1	1,6	0,3	1,2	-0,3	-0,6	1,6	0,4	-0,3	0,3	0	3,3

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

	1977	1978	1979	1980	1981	1980				1981				1982	Change over 12 months % ²			
						IV	I	II	III	IV	June	July	August			Sept.	Oct.	Nov.
B	1,2	2,3	3,9	1,2	:	-0,4	-3,3	1,6	-1,2	:	5,5	-3,0	-0,4	-0,8	3,7	:	:	-1,2
DK	1,1	-2,4	2,2	-1,5	-0,6	0,4	-0,3	0,1	0,6	-1,2	-3,9	8,5	-5,2	-1,8	2,5	-6,2	3,2	0,9
D	3,1	2,8	2,6	0,3	:	0,2	-1,7	-2,2	1,2	:	-1,5	4,6	-1,8	-0,7	3,6	-4,4	:	-2,8
GR	:	:	:	2,9	:	-3,4	:	:	:	:	:	:	:	:	:	:	:	:
F	0,1	2,1	2,3	-0,4	0,9	2,0	-1,8	0,5	0,6	2,4	2,0	3,0	3,4	1,7	2,9	-1,4	1,4	2,1
IRL	4,9	8,8	3,4	-0,8	:	4,1	0	1,2	1,3	:	0,2	3,6	7,8	-18,0	3,9	-0,4	:	-6,8
I	2,9	2,6	7,3	3,1	:	-0,5	0,8	-0,3	0,3	:	0,2	1,1	1,1	-0,9	4,2	:	:	2,7
NL	4,7	4,7	-0,3	-4,1	:	-1,8	0,2	-1,3	-1,6	:	-2,3	7,3	-9,0	0,6	4,8	:	:	-4,3
UK	-1,7	5,6	4,8	0,6	1,7	0,2	3,4	-1,4	-0,7	0,6	1,0	-1,8	1,2	-0,4	1,3	-0,9	-0,5	2,3
EC 9 ⁶	1,5	3,2	3,6	0,5	:	0,4	-0,2	-0,9	(0,3)	:	0,3	2,1	-1,4	-0,3	3,1	:	:	(3,3)
USA	6,5	3,3	0,3	-4,6	0,7	0,1	2,5	-1,3	0,5	-2,6	1,8	-0,8	0,8	-0,8	-2,6	0,5	0,1	-0,9
JAP	8,2	6,5	-4,1	-8,4	:	-1,6	-2,9	-2,9	0,4	:	1,1	3,4	-0,4	-3,2	-1,7	(-0,1)	:	(-9,3)

TABLE 5: Trade balance - fob/cif, million ECUs (s.a.)

	1977	1978	1979	1980	1981	1980				1981				1982	Change over 12 months % ²			
						IV	I	II	III	IV	July	August	Sept.			Oct.	Nov.	Dec.
B/L	-2 526	-2 890	-3 020	-5 172	:	-1 391	-1 960	-1 367	-1 759	:	- 641	- 870	- 247	- 225	- 354	:	:	- 30
DK	-2 801	-2 198	-2 904	-1 911	-1 485	- 313	- 270	- 333	- 313	- 453	- 184	- 21	- 108	- 106	- 133	- 212	- 134	- 63
D	14 514	15 934	8 933	3 545	11 220	501	169	2 365	3 149	5 194	1 690	395	1 063	1 672	1 577	1 945	1 106	+1 063
GR	-3 588	-3 347	-4 187	-3 906	:	-1 131	- 562	-1 108	-1 113	:	- 527	- 289	- 297	- 320	- 374	:	:	- 39
F	-6 117	-4 097	-6 195	-16952	-17283	-4 764	-4 321	-4 068	-4 263	-5 410	-1 607	- 785	-1 871	-1 620	-1 546	-1 974	:	- 389
IRL	- 876	-1 132	-1 955	-1 898	-2 471	- 553	- 593	- 583	- 743	- 575	- 307	- 168	- 268	- 189	- 234	- 152	- 223	- 54
I	-2 444	- 336	-4 103	-15696	-13945	-4 654	-3 953	-4 757	-3 548	-2 168	- 773	-1 238	-1 537	- 529	- 887	- 752	:	+ 480
NL	-1 687	-2 240	-2 619	-2 184	1 311	- 710	- 149	- 259	311	1 332	69	- 10	252	341	665	327	:	+ 595
UK	-5 246	-5 548	-8 705	-3 590	:	779	:	:	:	(132)	:	(-566)	(475)	(-463)	(+207)	:	:	(-280)
EC 9 ⁷	-7 184	-2 508	-20804	-43859(-30900)	-10751	(-10500)	(-10600)	(-8950)	(-3750)	(-2 200)	(-3 150)	(-3000)	(-950)	(-1300)	(-1 500)	:	:	(+1900)
USA	-31907	-31014	-27146	-26113	-35547	- 5 387	-7 210	-8 989	-9 529	-10536	-1 416	-5 676	-2 437	-4 853	-4 013	-1 670	-1 101	-4 817
JAP	8 488	14 285																

Major economic policy measures — February 1982

Community (EC)

15.2 The Council (Economy/Finance) at the end of a discussion on the development of the European Monetary System, noted that the work done so far has highlighted a series of possible extension measures, and which can be achieved on a technical level without going beyond the existing institutional framework. These measures should cover each of the 4 areas indicated by the Commission and which are currently being studied by the Monetary Committee and the Committee of Governors of the Central Banks:

- *the mechanisms of the System*: acceptance limits and issuing conditions of the ECU, techniques of intra-marginal interventions;
- *opening of the System to the outside*: conditions for non-Community institutions to hold ECU, efforts to stabilize relations between the ECU and third currencies;
- *private use of the ECU*: encourage the European institutions to issue loans denominated in ECU, raise national barriers to private issues denominated in ECU;
- *strengthening convergence*: coordination of economic policies, active use of Commission responsibilities for recommending economic policies and monitoring of recommendations.

21.2 The EMS central rates for the Belgian franc and the Danish krone are devalued by 8,5 and 3% respectively (see extract from the Council Communiqué).

Belgium (B)

1.2 The ceiling for the short-term advances which the Banque Nationale can grant the Treasury through the Fonds des Rentes (Securities Stabilization Fund) was raised from BFR 150 000 million to BFR 170 000 million.

20.2 The decrees introducing an initial series of measures under the special powers recently taken by the Government were published. The main measures are the following:

- VAT on residential construction (building work and the supply) of new houses is reduced from 17 to 6%;
- the tax on capital gains realized on the resale of undeveloped property is abolished;
- young people starting up in business in 1982 will not be required to pay tax in advance during the first three years of their activity;
- small and medium-sized firms (i.e. those with fewer than 100 employees) that recruit new staff are exempt from tax on the provision made to cover a possible liability for payments in the event of subsequent redundancy;
- VAT on works of art, antiques and collectors' items is henceforth to be charged only on the difference between the selling and purchase price;
- VAT on the purchase of gold normally used for investment purposes has been fixed at 1%;
- introduction for all taxpayers of a system of rebates for advance payment of income tax on total income;
- improvements in the social security scheme for seasonal and part-time workers.

20.2 The Government adopted a number of price and wage measures:

- a temporary modification of the system for linking wages and salaries to the consumer price index. Except for the statutory minimum wage (BFR 26 821 per month), indexation is suspended until 31 May 1982. From 1 June to 31 December 1982, there will be a flat-rate increase of BFR 536 each time the increase in the index exceeds the trigger point of 2%. These arrangements apply to both public sector and private sector workers;
- a general price freeze at the 15 February level until 31 May 1982; exceptions may be made as from 1 April;
- a cut of some 9,3% in industrial gas and electricity charges;
- action to influence the formation of various categories of non-wage incomes, notably by freezing directors' fees at their 1981 level, by limiting the extent to which doctors and those providing ancillary medical services may increase their fees and by introducing a solidarity levy on self-employed persons;
- measures to promote employment: employer's social security contributions are waived for six months when a young unemployed person is taken on; 40 000 persons are to be employed in the non-market sector (taking on of long-term unemployed persons; extension of the obligation to recruit trainees; measures to facilitate short-time working).

23.2 The Banque Nationale reduced the interest rate on Treasury certificates in four stages. The rate on one-month certificates was cut from 14,85% at the end of January to 14,0% on 23 February.

Denmark (DK)

23.2 The Parliament adopted the budget for 1982 thus nullifying the provisional budget voted last November. Compared to the budget for 1981 central government revenue will rise by 1,2% to 119 500 million kroner and expenditure by 20,0% to 157 100 million kroner resulting in a deficit on the current, investment and lending account of 47 600 million kroner.

Federal Republic of Germany (D)

3.2 The Federal Government adopted the 1982 annual economic report (Jahreswirtschaftsbericht) which sets out the framework of economic and budgetary policy. At the same time as the presentation of its annual economic report the Federal Government proposed a set of measures to create employment, the main features of which are:

- (a) A 10% investment subsidy to be paid to enterprises on account of the value of investment in equipment, ordered or undertaken in 1982, that exceeds the average value of investment in the preceding three years.
- (b) Capital market interest rate to be subsidized by 1% for investment and innovation projects undertaken by small and medium-sized enterprises. For this purpose the equity capital of the Federal-owned Kreditanstalt für Wiederaufbau is raised by DM 300 million in both 1982 and 1983.

- (c) The Federal State takes over a part of the European Recovery Programme (ERP) assets. The funds of DM 465 million to be used to finance a programme amounting to DM 1 600 million for environmental protection.
- (d) An amount of DM 800 million to be made available for energy saving in Federal Government construction work.
- (e) The existing laws relating to the renting of property to be relaxed in order to encourage investment in housing.
- (f) Certain agreed cuts in public investment to be withdrawn.
- (g) Funds of DM 400 million to be made available during 1982-85 for youth training programmes.
- (h) With effect from 1.7.1983 the VAT to be increased by 1% to 14%.
- (i) From 1.1.1984 old-age pensioners to contribute to the cost of their sickness insurance.
- (j) By 1.1.1983 the taxable values of building-sites to be increased.
- (k) The increase in VAT to be offset by a reduction in personal income tax with effect from 1.1.1984.

Greece (GR)

29.1 The first measures were taken to impose ceilings on price rises for certain categories of industrial products, in particular coffee-beans, plastic containers, bottles, leather, socks and plant health products, and for educational costs. Where increased costs necessitate a price rise of more than 10% for the current year, special authorization is henceforth required, irrespective of whether domestic or imported products are involved.

12.2 The first arbitration ruling on private sector wages and salaries has led to an increase of 37% in the minimum daily wage and to one of 42,5% in the minimum salary. These increases are calculated on the basis of the present levels and are backdated to 1 January 1982. The same decision provides for a 41-hour working week and four weeks paid leave per year.

France (F)

3.2 France and Algeria signed an agreement for the annual supply of 9 150 million m³ of gas at a price above the world market level.

10.2 The Minister for Economic Affairs and Finance introduced three types of loan scheme to enable firms to obtain bank loans at reduced rates outside the bond market. These are:

- (a) special investment loans granted for the industrial exploitation of innovation (FF 1 000 million), the efficient use of energy and raw materials (FF 2 000 million), external trade (FF 3 500 million), the automation of production (FF 2 500 million), employment and competitiveness (FF 2 000 million) - i.e. a total of FF 11 000 million at a rate of 13,5%;
- (b) loans to assist firms which are not eligible for the special investment loans. A total of FF 5 000 million, at a rate of 15,5%, has been allocated for this type of loan;
- (c) loans on capital market terms, granted to firms which do not normally have access to that market and made on terms as favourable as those enjoyed by firms which are able to issue bonds. FF 8 000 million have been allocated for this purpose.

These off-market loans therefore total FF 24 000 million.

12.2 The family allowances paid to two-child families are to be increased by 25%, backdated to 1 February.

13.2 The new draft nationalization law, finally adopted by the National Assembly on 5 February, was published in the *Journal Officiel*. Nationalization covers a total of five industrial companies, 39 banks and two financial companies.

20.2 Several agreements on the reduction of working hours or early retirement were signed by employers' organizations and trade unions, particularly in the metalworking industries.

25.2 With effect from 1 March, the minimum wage (SMIC) will go up by 2,6% so that the hourly rate rises from FF 18.15 to FF 18.62.

Ireland (IRL)

None.

Italy (I)

4.2 Applying the new method for establishing the prices of oil products, the Interministerial Committee on Prices reduced the prices for petrol.

20.2 The Government announced its intention of taking over part of the burden of manufacturing firms' social security contributions until 30 June 1982. This measure is also to be applied, under certain conditions, to road haulage firms, shipowners and agricultural undertakings.

Luxembourg (L)

10.2 Parliament adopted the draft law extending until 31 December 1982 the law conferring special economic and financial powers on the Grand Duke (Government). Since the end of the last war, the Government has each year asked for these special powers to be renewed.

22.2 The Government decided, with immediate effect, to freeze prices at their 19 February 1982 level.

Netherlands (NL)

26.2 In view of the downward trend of interest rates on money markets, the Nederlandsche Bank abolished the interest surcharge of ½% imposed on banks for large operations.

United Kingdom (UK)

None.

Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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