

EUROPEAN ECONOMY

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

Supplement A — No 2 — February 1983

Economic trends

Output falls, inflation slows

Industrial production hits new low. — The index of industrial production in the Community (seasonally adjusted) fell by 1,2% in November—the sixth consecutive monthly fall—to reach its lowest level for almost 5 years (see Table A1). The underlying trend in industrial production, as measured by the three-monthly moving average, was also down again in November to a level last reached in the first quarter of 1978. The declines in November were particularly marked in the United Kingdom (−1,5%) and in the Federal Republic of Germany (−1,0%) and industrial production was stagnant in France and the Netherlands. On the other hand there was a substantial rise in Italy, compensating for an equivalent fall in October. Industrial production in the Community in November was 4,7% lower than twelve months earlier, with particularly large declines seen in Germany (−6,4%), Greece (−14,4%), Italy (−7,5%) and the Netherlands (−5,9%).

Continued rise in unemployment. — The rate of unemployment in the Community (seasonally adjusted) is estimated to have risen a further 0,1 percentage points in December to reach 10,4% of the civilian labour force (this figure includes Eurostat estimates of the rate of unemployment in the UK, see Supplement A for January 1983). Unemployment in the Community now totals some 11,7 million. The average rate of unemployment for the year 1982 reached 9,7%, compared to 8,1% for 1981. By December 1982 unemployment in the Community was 17,2% higher than a year previously, with a particularly rapid increase in the Netherlands (up 38% on last year to 11,5% in December). In France, by contrast, unemployment remained virtually stable over the second half of the year, largely due to the effects of special labour market measures. The rate of unemployment is highest in Belgium (14,7%). As a result of a change in the method of adjustment for seasonal fluctuations, the series on unemployment in Italy in Table A2 have changed rather substantially for past periods.

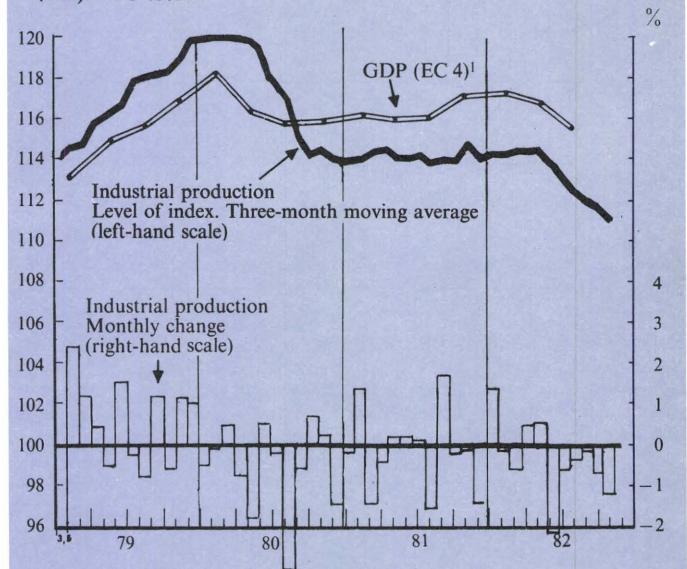
Slowdown of inflation in the fourth quarter. — The consumer price index in the Community—which shows the change in prices of a fixed basket of goods and services—suggests that the slowdown of inflation apparent in previous months continued in the last month of the year: the monthly rate of increase in December fell to 0,4% or only half the value of the previous two months and the trend, as estimated by the seasonally adjusted changes over six months, fell by 0,6 points from 8,8% in November to 8,3% in December (Graph 2).

In several Member States, the trend rate of inflation measured as indicated above, fell markedly towards the end of last year. The

*This month:
Revised economic forecasts for 1983*

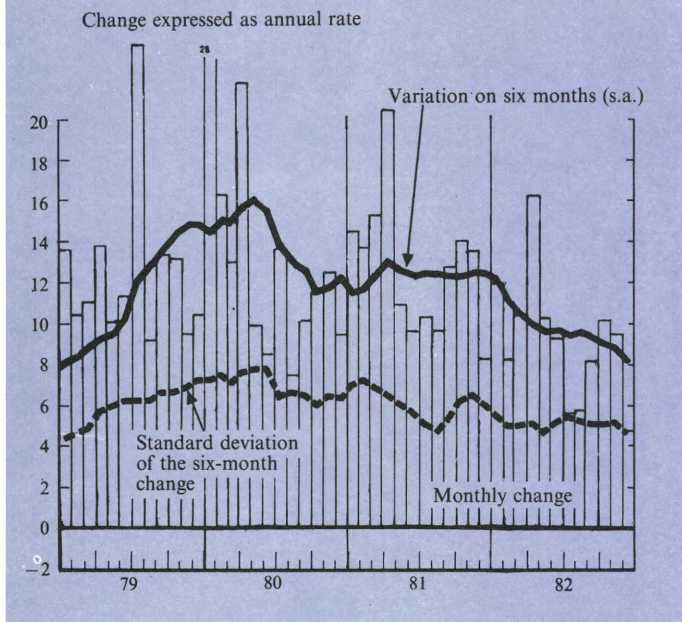
seasonally adjusted rate of increase had, thus, by December 1982 fallen to 3% in the Netherlands, 3,5% in the United Kingdom, 4% in Germany and 6,5% in Belgium. Italy recorded only a modest slowdown and the trend rate of inflation in December at 17,8% was, in fact, 1,8 points higher than a year earlier (against a decline of 4,4 points for the Community on average). In France the trend rate rose somewhat between October and December 1982 but was nevertheless in the latter month at 7,2% lower than in December 1981 largely as a reflection of the price freeze in force during the summer months of 1982. In November and December the French consumer prices in fact rose by about 1% after increases of 0,5% or less during the four preceding months. The Greek inflation performance improved markedly during the second half of 1982, with the trend rate down to 15,5% by December.

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



¹ France, Germany, Italy and UK; quarterly figures

GRAPH 2: Consumer prices EC 10



The recent deceleration of inflation has not yet been fully reflected in the 12 month increase, which in December stood at 9,4% on average for the Community (see Table A3). The degree of divergence of inflation within the Community as measured by the standard deviation of the seasonally-adjusted increase over 6 months has been broadly maintained in the course of 1982, with a rise in the summer months (Graph 2). The fact that the standard deviation has failed to decline in line with the fall in the average rate of inflation reflects the fact that the improvement of the inflation performance has been particularly pronounced in the low-inflation countries. The *relative price divergence*—as measured by the coefficient of variation (standard deviation divided by the mean)—in December 1982 was actually substantially higher than in December 1981.

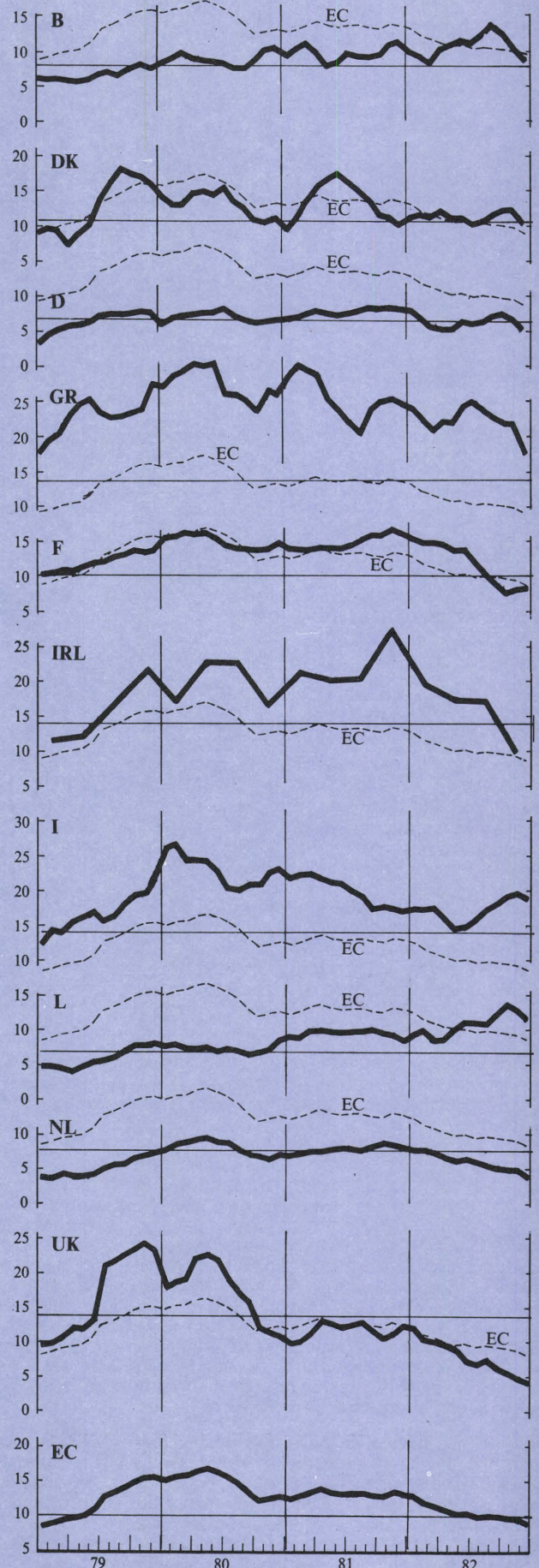
The Community's price performance in 1982 has been strikingly worse than that of the United States and Japan. While on average for the five years 1977 to 1981 the rate of increase in the index of consumer prices in the United States was about 1 percentage point less than in the Community the difference for 1982 over 1981 was 4,5 points and by December 1982 this had increased to 5,5 points. The spread between Community and Japan rose from 5,3 points in the 1977-1981 period to 8,1 points in 1982 but by December 1982 had fallen to 7,4 points (see Table 1).

TABLE 1: Consumer price developments (% change in the consumer price index)

	1977	1978	1979	1980	1981	Average 77/81	1982	Dec. 81 to Dec. 82
	% change over previous year							
EC	10,5	7,6	10,2	14,1	12,6	11,0	10,7	9,4
US	6,5	7,6	11,3	13,5	10,3	9,8	6,2	3,9
Japan	8,1	3,8	3,6	8,0	5,0	5,7	2,6	2,0

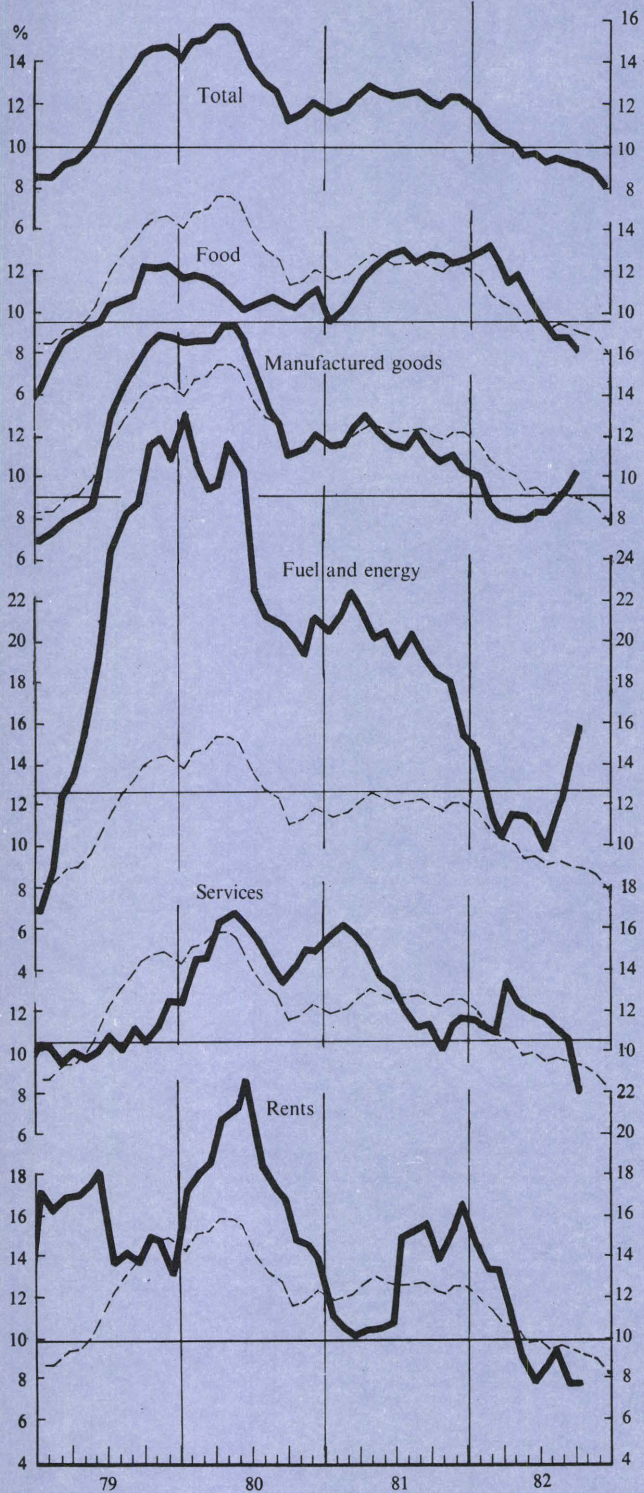
Divergent movements of consumer prices by category. — The breakdown of the consumer price developments by broad commodity category (Graph 4) shows that while on average for the Community the rate of increase of food prices, prices of services and rents slowed down considerably in the course of 1982 (data are available up to October only) the rate of price increases for manufactured products and, notably, fuel and energy accelerated in the summer and early autumn. The acceleration of price increases for manufactured products and energy was probably to a large extent due to the fact that the fall in world market prices on commodities and fuels was not reflected in the Community's import prices in ECU terms due to the rise in the dollar against the ECU.

GRAPH 3: Consumer price trends¹ in EC Member States



¹ Change over 6 months, annual rate (s.a.). The horizontal line indicates the average rate of change from 1970 to 1980.

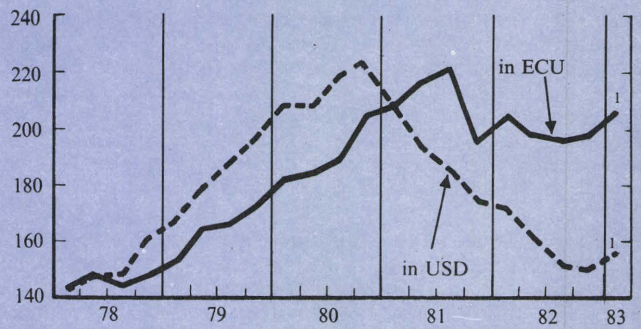
GRAPH 4: Consumer price trends by commodity group, EC total



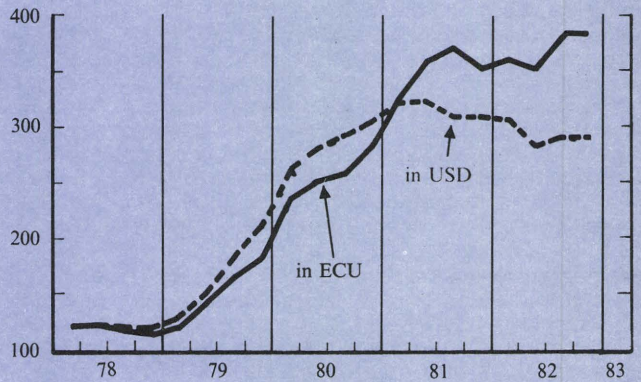
¹ The dotted line indicates the overall trend in consumer prices and the horizontal line the average rate of change from 1970 to 1980.

Source: Eurostat, OECD and Commission services.

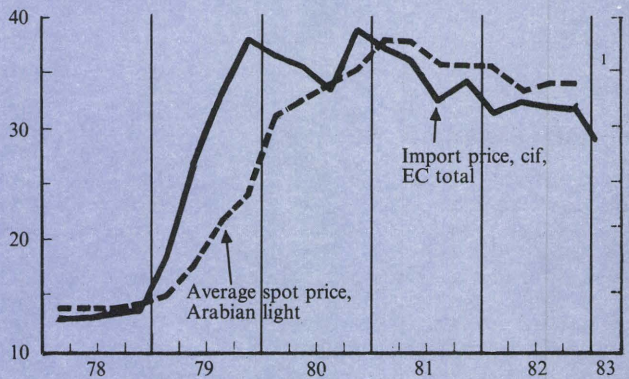
GRAPH 5: Commodity prices
(The Economist's index, all items)
1975 = 100



GRAPH 6: Import price (cif) of crude oil
1975 = 100



GRAPH 7: Price of crude oil, USD per barrel



¹ Provisional estimate, based on the prices on 8 February 1983.

Community import prices strongly influenced by exchange-rate movements. — The strong influence of exchange movements on the Community's import prices is illustrated in Graph 5 and 6 which show respectively the world market price for non-oil commodities and the Community's average price for non-oil commodities in ECU. As seen the strong decline in dollar price for commodities since the fourth quarter of 1980 was almost fully compensated by the depreciation of the ECU against the dollar.

Non-oil commodity prices in ECU terms thus in the fourth quarter of 1982 were approximately the same as in the fourth

quarter of 1981. In the first two months of 1982 there has been a rise in commodity prices both in dollar and in ECU terms, suggesting that some increase in input prices for the manufacturing industry in the Community may take place in the next few months.

As regards the price of crude oil some rise took place in ECU terms in the second half of 1982 as a result of exchange-rate movements and despite some decline in the oil price in dollar terms (see Graph 6). Judged on the basis of the spot price for oil (Graph 7) some further decline in the Community's import price for oil may take place in the first quarter of 1983 in dollar terms.

Continued improvement in visible trade balance in November. — The Community's deficit on visible trade, seasonally adjusted, narrowed again in November to 1 645 million ECU, but it is perhaps still too early to see a strongly improving trend in the figures. For most Member States the trend over recent months and quarters appears to have been rather flat, with marked month-to-month fluctuations. However, the trend in Belgium's visible trade seems to have been improving quite markedly, despite a sharp deterioration in the month of November, while in the United Kingdom the strongly deteriorating trend in evidence in the first half of 1982 appears to have been, at least temporarily halted. In the Netherlands, by contrast, the large visible trade surpluses recorded in the first half of 1982 were reduced in the second half.

Monetary expansion boosted in September and October. — The expansion of the money stock accelerated in September in many Member States with the effect that the monthly rate of increase for the Community reached 1,1%. The average rate of money creation remained high in October (+1%), but this was mainly because of the strong increases, resulting from exceptional factors, recorded in France and the United Kingdom. The expansion of the money stock in the Netherlands, boosted by foreign-currency inflows, showed a further acceleration in October. In the same month M3 fell in the Federal Republic of Germany as a result of weak domestic credit expansion. This movement was carried further in November, in which month the money stock also fell, as a result of foreign-currency outflows, in Denmark. First figures available for December point to a recovery of monetary expansion in the Federal Republic of Germany, a reduction in M3 in Ireland following a marked bulge in November induced by seasonal factors, and a slight pick-up in monetary expansion in the United Kingdom.

Divergent movements in short-term interest rates. — The average short-term rate of interest in the Community was broadly stable in January (11,5% against 11,4% in the previous month), but the average masked divergent movements as between Member States. In one group, numbering Denmark, Ireland and the

United Kingdom, money-market rates were substantially raised with the aim, especially in the latter two countries, of supporting the exchange rate. Elsewhere, the fall in rates generally continued, although it was of a very limited nature in Belgium, France, Italy and the Netherlands; in these four countries it did not exceed one-tenth of a point. The fall was bigger (half a point) in the Federal Republic of Germany, where the monetary authorities increased the bank's re-discount facilities. In the United States the yield on three-month Treasury bills at the end of January was at the same level as at the end of the previous month. In December, long-term rates turned down in most Member States and the Community average fell by three-tenths of a point to reach 12,9%.

Fluctuation in ECU/USD exchange. — The US dollar fluctuated sharply on a day-to-day basis against the ECU during January. It ended the month on a strong note, but its average value for the month was down by 0,7%, following a bigger fall of 4,1% in December (see Table A4). By contrast, the trend of the Japanese yen has been firmly upwards over the last three months, its average value in January being 12,6% higher, in terms of ECU, than its average value in October. The pound sterling continued to fall against the ECU in January, its average January value being down by 10,2% from its October value. Within the exchange-rate mechanism of the EMS, the Dutch guilder was at the top of the narrow fluctuation-band from early in January. The French franc and the Deutschmark moved in parallel throughout the month. The Belgian franc and the Irish pound alternated at the bottom of the band. Intervention by the Belgian National Bank was less heavy in the second half of the month, and the financial franc's discount, which had risen during the first half of the month, fell back in the second half. On a trade-weighted basis both the ECU and the dollar fell somewhat while the yen staged an increase of 3,5% (Table A10).¹

¹ Supplement A, No 1, January 1983, page 5, note 1 — The first phrase of the note should read as follows: 'The drachma's value was changed from 71 to 84 drachmas to one dollar...'

Revised forecasts for 1983

The last forecasts published by the Commission date from October 1982 and were summarized in the Economic Brief attached to the October 1982 number of Supplement A of *European Economy*. They also featured in the Annual Economic Report and Review published in the November 1982 edition of *European Economy*. These forecasts have now been revised during January and early February.

The new forecast takes into account a sharper fall in economic activity recorded in the third quarter of 1982 than was known last October. The overall result for the EC's gross domestic product in 1982 is expected to be virtual stagnation in volume terms: +0,2% compared to +0,3% forecast last October. The new forecasts carry this weaker evolution of late 1982 over into 1983: a growth of +0,4% is now expected compared to +1,1% forecast last October.

The profile of trends through 1983 is still expected to show a slow recovery in the second half of the year.

The oil price assumption underlying the forecast is very cautious; only a slight price decrease is taken into account. In recent days some substantial price reductions have occurred and to this extent there is a chance that the overall results in 1983 for the European economy could turn out better than the present forecasts.

As to the different demand components, there is hardly any growth to be expected in 1983 for private consumption (+0,1% as in 1982), the combined effect of a quasi-stagnation of real disposable income and relatively high household savings. Similarly, little stimulus can be expected from government consumption (+0,6%). Fixed investment will probably decline for the third consecutive year (-0,4%), but the turning point is expected to occur during the year, with investment as the most dynamic component in the second half of 1983 (+2,7%). Stockbuilding, which gave a large negative impulse to overall growth in the second half of last year, is expected to contribute noticeably to the recovery during 1983. Exports (goods and

TABLE 2: Gross domestic product at constant and current prices, and deflator of GDP (percentage change on preceding year, EC countries, EC, 1981-1983)

	at constant prices			GDP deflator			at current prices		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
B	-1,7	-0,7	-0,4	5,4	7,7	6,6	3,6	6,9	6,2
DK	0,1	2,3	0,9	10,9	10,3	7,7	10,9	12,8	8,6
D	0,1	-1,0	-0,2	4,2	4,8	3,9	4,2	3,7	3,6
GR	-0,7	0,4	0,8	19,7	18,1	20,9	18,9	18,5	21,9
F	0,3	1,4	0,8	11,7	11,3	10,3	12,0	13,4	11,2
IRL	1,1	1,4	1,5	17,8	18,5	12,5	19,0	20,2	14,2
I	-0,2	-0,2	-0,3	17,6	17,6	15,0	17,4	17,5	14,7
L	-1,8	-1,6	-1,1	8,1	8,6	8,5	6,1	6,9	7,3
NL	-1,2	-1,5	0,1	5,6	5,9	1,7	4,3	4,3	1,8
UK	-2,0	1,2 ¹	1,5	12,1	8,2	5,8	9,9	9,5	7,4
EC	-0,4	0,2	0,4	10,6	10,5	8,6	10,1	10,7	9,1

¹ Expenditure-based measure. The compromise estimate which also takes into account the output and income measures of GDP is expected to rise by 0,75%.
Source: Commission services.

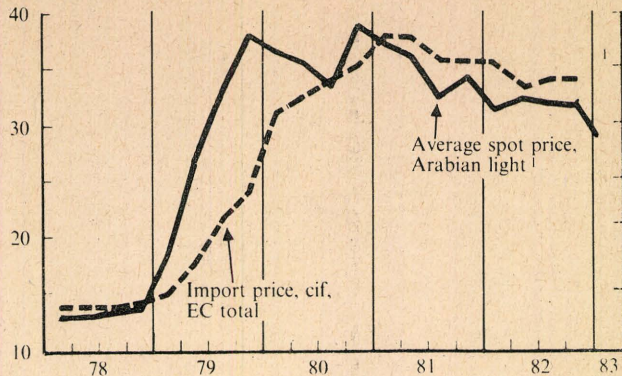
TABLE 3: Components of demand (percentage change on preceding period at constant prices, EC, 1981-1983)

				half years ¹			
	1981	1982	1983	82/1	82/2	83/1	83/2
Private consumption	0,2	0,1	0,1	-0,1	0,3	0,1	0,2
Government consumption	1,5	0,8	0,6	1,7	-0,4	0,7	0,9
Fixed capital formation	-4,7	-3,0	-0,4	-2,9	-3,7	0,0	2,7
GDP	-0,4	0,2	0,4	1,2	-2,0	0,8	2,1

¹ Half-yearly figures at annual rates, seasonally adjusted (82/01: first half 1982, etc.).
Source: Commission services.

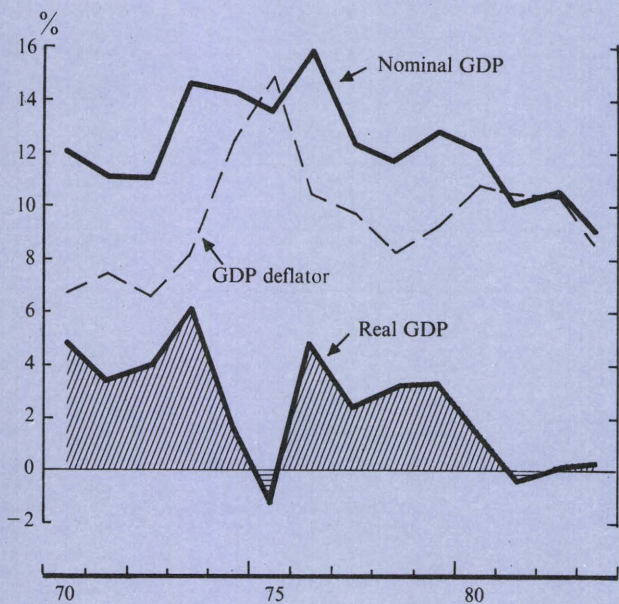
CORRIGENDUM: In Graph 7 the text of the two curves has been inverted. The correct version of the Graph is reprinted below.

GRAPH 7: Price of crude oil, USD per barrel



¹ Provisional estimate, based on the prices on 8 February 1983.

GRAPH 8: Nominal GDP, deflator of GDP, real GDP
(percentage change on preceding year, EC, 1970-1983)¹



¹ 1982: estimate, 1983: forecast.
Source: Commission services.

services) will grow by 1.5% in 1983, and imports by 1%, both on a rising trend during the year. These figures compare with an expansion of world trade in volume of about 1% in 1983.

As to the performance of individual countries, the United Kingdom and Ireland have the highest growth rates of GDP in 1983 (+1.5%). Four Member States will probably suffer a decline of real GDP.

The growth of GDP in nominal terms (Graph 8) has been on a downward trend since the middle of the 1970s. This trend will continue in 1983, the new forecast for the EC as a whole being 9.1%, compared to the 10% forecast last October.

Unemployment. — Total employment is likely to decline for the fourth consecutive year in 1983. Since the total labour force will probably keep on rising at a relatively high rate, unemployment will increase in 1983 on average from around 11 million people in 1982 to about 12 million, the corresponding unemployment rate going up from 9.6% to 10.6% (Table 4). While no country is an exception to the upward trend from 1982 to 1983, there is considerable variation between countries. The lower figures for the level of unemployment in the United Kingdom reflect new statistical definitions applied in that country.

Wages. — The forecast suggests that the increase of wages per employee in the EC will slow down to about 8.5% in 1983, two percentage points lower than in 1982.

Inflation. — The slowdown of inflation is expected to continue in 1983. The average rise of the private consumption deflator will probably settle at 8.6%, a fall of two percentage points from last year (Table 4). The process of disinflation is expected to continue throughout the year. Some progress is being made towards convergence within the Community: Germany and the Netherlands continue to be the low inflation countries, and a large group with moderate inflation between 7 and 9% is taking shape. (Belgium, Luxembourg, Denmark, France, United Kingdom). Ireland¹ and Italy are also seen to reduce inflation markedly, only Greece experiencing a high and rising rate of consumer prices (affected by the recent devaluation of the drachma).

Much of the slowdown of inflation is due to slackening import prices of goods. Their rate of increase in ECU for the EC on average is expected to fall from 14% in 1981 to about 5% in 1983, and, as mentioned oil prices could fall more than assumed. However, internal costs and incomes will also make a considerable contribution to the deceleration, as may be seen from the lower rise of the GDP deflator expected for 1983 (from 10.5% in 1982 to 8.5% in 1983, Table 2 and Graph 8).

Foreign balance. — Progress is also being made in restoring foreign balance for the Community as a whole. The trade balance will benefit in 1983 from the relative development of export and import volumes as well as from an improvement of the terms of trade. The Community's current balance will probably remain in deficit this year, but is on a falling trend since the record deficit of 1.4% of Community GDP in 1980. The deficit is expected to amount to 0.3% of GDP in 1983 (Table 4). However, some countries remain in heavy deficit (Greece, Denmark, Belgium, Ireland; the latter two, however, are clearly improving their position over the two years 1981 to 1983).

Government finance. — Due to the effects of the recession net borrowing of general government as a percentage of GDP rose to 5.0% in 1982 for the EC on average and is not expected to change this year, despite policy steps in a number of EC countries to curtail public expenditure (Table 4). In five countries the share of the government deficit in GDP is expected to decline from 1982 to 1983, in the other five this proportion is likely to rise.

Money supply. — The strict monetary policy pursued by most European central banks in the last few years is reflected in a decreasing trend growth rate of the money supply in the Community, which fell from 14% in 1978 to an expected 10.5% in 1983 (Table 4). However this is in 1983 two percentage points above the expected growth rate of nominal GDP, which implies increasing liquidity in the economy.

Technical assumptions

- the assumed dollar/ECU exchange rate (annual average) is 1982: 1,022; 1983: 1,046;
- the dollar price of crude oil is assumed to fall by 4.3% in 1982 and slightly in 1983;
- no substantial changes have been made to the forecasts for the USA and Japan since October 1982. World trade volume growth has been reduced further since October to -1.8% in 1982. and +1.1% in 1983.

14 February 1983

¹ Before taking into account the indirect tax increases in the February 1983 budget.

TABLE 4: Main economic aggregates (EC countries, EC, 1981-1983)

	Unemployment rate ¹			Private consumption prices ²			Balance on current account in % of GDP			General government net borrowing in % of GDP			Money supply M2/M3 ³		
	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983	1981	1982	1983
B	11.7	13.9	15.4	9.1	8.8	7.4	-5.4	-3.8	-3.1	13.3	13.2	12.3	6.6	5.8	6.0
DK	8.4	9.1	10.0	12.1	9.9	8.0	-3.1	-4.5	-3.8	7.1	9.2	9.7	9.6	12.0	9.0
D	4.7	6.8	8.9	6.0	5.3	3.7	-1.1	0.5	0.6	4.0	3.9	4.1	5.0	7.1	6.5
GR	4.0	5.0	5.2	24.4	21.3	22.0	-2.1	-5.7	-4.7	10.1	8.7	8.9	34.3	27.8	26.0
F	7.3	8.3	8.9	12.5	11.2	8.9	-1.8	-2.4	-1.7	1.5	2.8	3.1	11.4	12.5	10.5
IRL	10.5	12.1	14.7	19.6	17.5	12.0	-13.2	-8.0	-5.9	15.4	15.0	13.0	17.4	14.2	16.1
I	8.8	10.4	11.3	19.0	16.5	14.0	-2.3	-1.5	-0.7	11.9	12.0	10.5	16.0	19.0	17.0
L	1.0	1.2	1.8	7.7	10.0	9.0	31.0	30.2	29.8	0.7	1.7	1.6	:	:	:
NL	7.5	10.5	13.3	6.5	5.5	3.0	2.4	3.3	4.4	4.6	6.0	6.2	5.2	7.6	5.2
UK	9.7	11.4	12.2	10.9	8.5	7.0	2.4	1.5	0.3	2.1	1.0	0.9	14.6	10.3	10.3
EC	7.9	9.6	10.6	11.8	10.5	8.6	-0.8	-0.5	-0.3	4.8	5.0	5.0	10.8	11.5	10.4

¹ Number of unemployed as percentage of civilian labour force (SOEC definition), except GR (national definition); UK: new definition in 1982.

² Percentage change on preceding year.

³ Percentage change at end of year on twelve months earlier; F, NL: M2; D, GR, IRL, I: M3; B, DK: M2H; UK: UKL M3. (For definitions see *European Economy* No 14, page 183).

Source: Commission services.

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

	1977	1978	1979	1980	1981	1981			1982			1982					Change over 12 months % ²	
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.		Nov.
B	0.4	2.4	4.3	-1.0	-3.0	-1.0	1.1	0.3	1.8	-2.5	2.2	-0.2	-2.3	-3.8	5.3	3.5	:	3.3
DK	0.8	2.3	3.6	0.2	0.3	3.2	3.2	3.4	2.4	-3.3	-4.6	9.7	-8.9	-0.4	4.9	-8.1	:	-3.9
D	2.8	2.0	5.5	-0.8	-1.4	0.9	0.9	0.9	-0.9	-3.7	-0.9	-1.9	-3.8	4.0	-1.9	-1.0	-1.0	-6.4
GR	1.5	7.5	6.0	0.9	-0.6	1.9	0.3	-0.6	-4.6	:	-1.5	-2.8	-1.7	-4.2	:	:	:	-14.4
F	1.6	1.6	4.7	-0.7	-2.3	0.3	1.2	-2.3	0.8	-3.6	1.6	-0.8	-3.9	0	0.8	1.6	0	-1.4
IRL	7.6	8.4	6.2	-1.0	1.9	1.3	-1.0	0	1.5	-1.1	0	-1.0	1.4	-3.2	0.9	2.9	:	5.5
I	0	2.1	6.7	5.0	-2.2	-1.9	10.6	-5.5	-3.1	-4.7	-1.3	-4.7	3.0	-8.3	5.1	-2.7	3.8	-7.5
L	0.5	3.2	3.4	-3.3	-6.8	1.1	1.2	0.5	-4.7	-0.1	3.3	-1.4	-0.6	1.6	-2.0	6.5	:	-2.8
NL	0	0.9	2.8	0	-1.8	-1.5	3.1	-1.2	-3.0	-2.8	-2.8	-0.9	1.9	-4.7	1.0	1.0	0	-5.9
UK	4.9	3.4	3.8	-6.6	-3.9	0.1	1.2	-0.6	0.4	-0.2	0.3	-1.4	0.6	0	0.4	-0.2	-1.5	-1.6
EC 10	2.3	2.5	4.9	-0.8	-2.2	0	0.1	0.3	-0.2	-2.0	0.6	-2.0	-0.6	-0.4	-0.1	(-0.7)	(-1.2)	(-4.7)
USA	6.5	5.7	4.4	-3.6	2.7	0.3	4.4	-3.1	-1.7	-0.9	-0.7	-0.4	0.1	-0.3	-0.8	(-0.9)	(-0.4)	(-7.3)
JAP	4.1	6.2	8.3	7.0	3.1	2.1	2.0	-0.9	-1.7	-1.5	-1.7	2.4	0.6	-0.4	1.2	-3.1	(3.0)	(-0.7)

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

	1978	1979	1980	1981	1982	1981				1982				Change over 12 months % ²				
						IV	I	II	III	IV	June	July	Aug.		Sept.	Oct.	Nov.	Dec.
B	8.4	8.7	9.4	11.6	13.8	12.5	13.2	13.5	14.0	14.5	13.8	13.8	14.0	14.1	14.3	14.5	14.7	16.4
DK ³	6.5	5.3	6.1	8.3	(8.9)	8.9	8.9	9.0	8.5	(8.9)	8.8	8.0	8.7	8.8	9.0	8.9	(8.9)	(2.6)
D	3.9	3.4	3.4	4.8	6.9	5.8	6.3	6.9	7.3	7.8	7.0	7.1	7.2	7.6	7.7	7.8	7.9	30.5
GR	5.2	6.0	6.4	7.8	8.7	8.5	8.6	8.8	8.9	8.9	8.9	8.9	8.8	8.9	8.9	8.9	8.9	5.8
IRL	8.4	7.4	8.3	10.4	12.6	11.0	11.5	12.1	12.9	13.7	12.3	12.6	12.9	13.1	13.4	13.6	14.0	27.5
I	7.1	7.5	8.0	8.8	10.4	9.4	9.7	10.3	10.5	11.0	10.4	10.4	10.5	10.7	10.8	11.1	11.2	18.9
L	0.7	0.7	0.7	1.0	1.3	1.1	1.2	1.2	1.2	1.4	1.2	1.2	1.2	1.3	1.4	1.4	1.4	26.1
NL	4.1	4.1	4.7	7.2	10.0	8.3	8.9	9.6	10.4	11.2	9.9	10.2	10.3	10.7	10.9	11.2	11.5	36.0
UK	5.7	5.3	6.9	10.6	(12.3)	11.8	12.0	12.2	12.4	(12.9)	2.2	12.2	12.4	12.7	12.8	(12.9)	(12.9)	(12.0)
EC 9	5.5	5.5	6.2	8.1	9.7	9.0	9.3	9.7	9.9	(10.3)	9.8	9.7	9.8	10.1	10.2	(10.3)	(10.4)	(16.7)
USA	6.0	5.8	7.1	7.6	:	8.4	8.8	9.5	9.9	:	9.5	9.8	9.8	10.1	10.4	10.8	:	32.3
JAP ⁴	2.2	2.1	2.0	2.2	2.4	2.2	2.3	2.4	2.4	2.4	2.5	2.4	2.3	2.4	2.5	2.4	2.4	13.4

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

	1978	1979	1980	1981	1982	1981				1982				Change over 12 months % ²				
						IV	I	II	III	IV	June	July	Aug.		Sept.	Oct.	Nov.	Dec.
B	4.5	4.5	6.6	7.6	8.7	2.1	1.9	2.3	2.5	1.9	0.9	0.7	0.6	1.2	0.8	0.1	-0.1	8.1
DK	10.0	9.6	12.3	11.7	10.1	2.2	2.1	2.4	2.6	2.5	0.8	0.8	0.6	1.1	1.2	0.8	-0.5	9.0
D	2.7	4.1	5.5	5.9	5.3	1.2	1.5	1.4	1.1	0.7	1.0	0.2	-0.2	0.3	0.3	0.2	0.2	4.6
GR	12.5	19.0	24.9	24.5	21.0	7.5	4.2	7.0	1.6	5.6	2.6	-0.5	-1.3	2.7	2.4	2.1	1.5	19.1
F	9.1	10.7	13.6	13.4	11.6	3.2	2.8	3.1	1.4	1.9	0.7	0.3	0.3	0.5	0.5	1.0	0.9	9.8
IRL ⁵	7.6	13.2	18.2	20.4	17.2	5.9	2.3	5.8	2.1	1.6	(0.7)	(0.7)	(0.7)	(0.5)	(0.5)	(0.5)	:	12.3
I	12.2	14.8	21.2	19.6	16.4	4.6	4.0	3.0	4.1	4.5	1.0	1.3	1.8	1.5	1.7	1.4	0.7	16.2
L	3.1	4.5	6.3	8.1	9.4	1.6	2.7	2.0	2.9	2.5	1.1	1.0	0.5	0.7	1.1	0.9	0.3	10.4
NL	4.2	4.3	7.0	6.9	5.9	1.9	1.1	1.6	0.8	0.8	0.2	0.3	0.1	0.7	0.5	-0.1	-0.3	4.2
UK	8.3	13.4	18.0	11.9	8.6	2.5	1.7	3.2	0.5	0.7	0.3	0	0	0.5	0.5	-0.2	5.4	
EC 10	7.6	10.2	14.1	12.6	10.7	3.1	2.5	2.9	1.8	2.2	0.8	0.5	0.5	0.7	0.8	0.8	0.4	9.4
USA	7.6	11.3	13.5	10.3	6.2	1.4	0.8	1.5	1.9	0.2	1.2	0.6	0.2	0.2	0.3	-0.2	-0.4	3.9
JAP	3.8	3.6	8.0	5.0	2.6	1.2	0	1.0	0.4	1.0	0	-0.7	0.7	1.8	0.3	-1.1	0	2.0

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

	1977	1978	1979	1980	1981	1981			1982			1982					Change over 12 months % ²	
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.		Nov.
B	1.2	2.3	3.9	1.2	-3.3	-1.2	0.4	-0.7	-1.4	0.3	-6.6	0.5	3.2	-0.3	-2.0	-0.7	:	-6.0
DK	1.1	-2.4	2.2	-1.5	-0.6	0.6	-1.2	1.9	2.0	-2.1	-1.7	0.1	-0.9	-2.3	2.5	-2.3	:	-2.2
D	3.1	2.8	2.6	0.3	-2.6	1.2	0.2	-2.3	-2.4	-0.9	-4.7	-0.4	0.8	0.8	-1.0	-1.6	3.6	-1.4
GR	5.9	4.9	-2.1	-3.0	-3.3	1.2	11.5	-15.2	-1.2	3.7	1.2	-1.4	1.7	0.6	6.1	:	:	-0.6
F	0.1	2.1	2.3	-0.4	0.7	0.6	1.7	0.6	-0.2	-1.7	-4.5	6.3	-3.6	0.5	-2.7	5.1	1.8	1.9
IRL	4.9	8.7	3.3	-0.7	-0.7	1.3	-4.9	0	-2.6	-2.1	-9.8	1.9	-3.1	3.4	3.2	:	:	3.5
I	2.9	2.6	7.3	3.1	2.0	0.2	2.4	1.0	3.0	-2.4	-3.2	0.9	2.5	-4.6	-3.9	:	:	-2.4
NL	4.7	4.7	-0.3	-4.1	-5.2	-1.2	-3.6	-0.4	0.3	0.9	-4.5	0.7	4.6	-4.3	1.1	-1.7	:	-5.7
UK	-1.7	5.5	4.3	0.1	1.1	0.7	0	1.1	-0.4	2.3	0	0.9	0.7	1.4	-0.1	0.1	0.5	3.7
EC 9 ⁶	1.5	3.2	3.4	0.2	-0.4	0.5	0.6	-0.1	-0.2	-0.7	-3.5	1.7	0.3	-0.6	-1.6	:	:	(-1.9)
USA	3.7	3.1	-0.1	-6.2	-1.1	-1.6	-2.7	-0.7	1.2	-1.7	1.9	-4.3	1.0	-1.2	0.8	0.3	2.4	1.3
JAP	2.9	4.4	5.5	-0.2	-2.8	0.4	-1.1	-0.8	-1.7	-1.2	3.0	-1.3	-2.5	2.6	-1.2	0.6	:	-3.3

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

	1977	1978	1979	1980	1981	1981			1982			1982					Change over 12 months % ²	
						III	IV	I	II	III	May	June	July	Aug.	Sept.	Oct.		Nov.
B/L	-2523	-2890	-2064	-4993	-5418	-1758	-722	-1446	-1388	-343	-429	-363	-115	-369	142	323	-373	-19
DK	-2809	-2198	-3022	-2116	-1475	-313	-451	-420	-413	-445	-113	-129	-68	-221	-156	-151	-151	-18
D	14520	15967	8939	3615	11239	2983	5204	5168	5542	5872	2168	2113	1956	1934	1982	1258	1978	375
GR	-3589	-3340	-4162	-3853	-3951	-943	-1212	-2000	-1296	-1163	-495	-315	-232	-335	-596	-338	:	-26
F	-6128	-4081	-6194	-16948	-17283	-4276	-5136	-4771	-6043	-6243	-1141	-2679	-1939	-1849	-2455	-1771	-2155	-610
IRL	-876	-1137	-1947	-1893	-2467	-742	-573	-627	-353	-333	-98	-40	-94	-181	-58	-62	-116	118
I	-2239	-319	-3893	-15307	-13554	-3460	-1980	-3724	-2909	-2968	-947	-1108	-649	-1060	-1259	-1027	-768	106
NL	-1680	-2198	-2622	-2981	1320	317	1342	1823	1039	524	356	283	26	246	252	265	:	-78
UK	-5516	-5588	-7998	-3353	-446	-1645	-334	-1270	-1943	-810	-742	-741	-134	-209	-467	-318	100	641
EC10 ⁷	-10840	-5782	-22961	-47829	-32034	-9167	-3877	-7671	-8352	-5698	-1538	-3404	-1430	-1681	(-2587)	(-1818)	(-1645)	(168)
USA	-31907	-31014	-27146	-														

TABLE A.6: Money stock⁸ - Percentage change on preceding period (s.a.)

	1978	1979	1980	1981	1982	1981				1982				Change over 12 months % ²			
						IV	I	II	III	IV	June	July	Aug.		Sept.	Oct.	Nov.
B (M2)	9,6	6,2	2,7	5,9	:	1,2	0,8	2,0	3,1	:	:	:	:	:	:	:	7,3
DK (M2)	8,6	10,5	8,0	9,1	:	2,9	2,6	2,9	2,4	:	1,2	1,6	0,4	0,4	0,0	-0,5	9,3
D (M3)	11,0	6,0	6,2	4,8	7,1	0,3	3,0	2,3	1,3	0,4	1,3	0,2	0,0	1,2	-0,1	-0,4	7,1
GR (M3)	26,0	18,4	24,7	34,7	:	8,9	5,6	9,7	5,0	:	5,1	1,8	1,0	2,1	1,4	:	30,6
F (M2)	12,2	14,4	9,7	11,4	:	0,7	4,3	3,9	2,6	:	1,0	1,4	0,8	0,3	1,8	:	13,6
IRL (M3)	28,7	19,0	18,0	18,8	12,8	3,2	2,1	1,7	4,9	2,7	0,2	2,2	0,9	1,7	0,7	3,5	-1,4
I (M2)	22,8	20,4	12,3	10,0	:	4,4	1,5	3,3	4,3	:	0,8	1,3	1,2	1,8	1,0	:	15,1
NL (M2)	4,2	7,0	3,6	5,6	:	-0,4	5,0	1,6	1,9	:	0,3	1,1	-0,4	1,1	1,4	:	8,3
UK (EM3)	13,3	11,7	19,6	13,9	10,3	-2,3	1,7	2,5	3,3	2,4	0,8	0,8	1,4	1,1	1,7	0,1	0,6
EC 10 ⁹	13,5	11,8	10,8	9,0	:	1,7	2,8	2,9	2,7	:	1,0	0,9	0,7	1,1	(1,0)	:	11,2
USA (M2)	8,3	8,8	9,6	10,7	:	2,5	2,3	2,3	2,4	:	0,5	0,8	1,2	0,4	:	:	9,9
JAP (M2)	13,1	9,1	7,2	11,0	:	2,8	2,0	1,7	2,5	:	0,9	0,8	0,8	0,9	0,5	:	8,5

TABLE A.7: Short-term interest rates¹⁰

	1978	1979	1980	1981	1982	1981				1982				1983	Change over 12 months % ²			
						IV	I	II	III	IV	July	Aug.	Sept.			Oct.	Nov.	Dec.
B	7,3	10,9	14,2	15,6	14,1	16,0	14,5	15,8	13,0	12,4	14,8	13,9	13,0	12,9	12,5	12,4	12,3	-3,0
DK	15,4	12,5	16,9	14,9	16,4	11,6	14,8	16,8	20,2	17,5	12,0	11,4	20,2	21,6	17,5	17,5	18,4	4,5
D	3,7	6,9	9,5	12,3	8,8	10,8	9,6	9,5	8,0	6,4	9,4	8,4	8,1	7,4	6,4	5,9	5,9	-4,4
GR	:	:	11,0	16,8	20,2	18,0	20,0	22,9	23,0	15,8	21,0	23,4	23,0	15,5	13,8	15,8	:	-2,2
F	7,8	9,7	12,0	15,3	14,6	15,1	16,3	15,0	13,9	12,8	14,9	14,3	13,9	13,1	12,8	12,7	12,7	-2,3
IRL	9,9	16,0	16,2	16,6	17,5	18,8	21,1	19,9	15,4	15,5	17,4	16,0	15,4	13,6	13,6	15,5	16,4	-2,1
I	11,5	12,0	17,6	20,0	20,1	21,4	20,8	20,5	18,6	19,1	20,0	18,9	18,6	18,9	19,4	19,1	19,0	-1,5
NL	7,0	9,6	10,6	11,8	8,3	10,9	8,4	9,1	7,9	5,3	9,1	8,1	7,9	6,5	6,8	5,3	5,2	-5,0
UK	9,4	13,9	16,8	14,2	12,2	15,8	13,6	13,1	10,6	10,6	11,9	10,9	10,6	9,6	10,5	10,6	11,6	-2,9
EC 10 ⁹	7,7	10,3	13,4	14,9	13,2	14,9	14,2	14,0	12,4	11,4	13,4	12,5	12,4	11,7	11,8	11,4	(11,5)	(-2,8)
USA	7,4	10,1	11,6	14,0	10,6	11,7	13,4	13,3	7,8	8,1	10,6	8,6	7,8	8,0	8,2	8,1	8,1	-5,3
JAP	5,1	5,9	10,7	7,4	(6,8)	6,9	6,4	7,1	7,2	(6,8)	7,1	7,1	7,2	7,0	7,0	(6,8)	:	(-0,1)

TABLE A.8: Long-term interest rates¹¹

	1978	1979	1980	1981	1982	1981				1982				1983	Change over 12 months % ²			
						IV	I	II	III	IV	July	Aug.	Sept.			Oct.	Nov.	Dec.
B	8,5	9,7	12,2	13,8	13,5	14,0	13,9	13,6	13,2	12,7	13,6	13,4	13,1	13,2	13,2	12,9	12,7	-1,3
DK	16,8	16,7	18,7	19,3	20,5	19,5	20,6	21,2	21,2	19,4	21,2	20,6	20,9	21,2	20,1	19,6	19,4	-0,1
D	5,7	7,4	8,5	10,4	9,0	9,7	9,5	9,1	8,7	7,9	9,1	9,3	9,0	8,7	8,3	8,1	7,9	-1,8
GR	10,0	11,2	17,1	17,7	15,4	16,9	16,4	15,8	14,9	13,8	15,8	16,0	15,5	14,9	13,8	12,4	13,8	-3,1
F	10,6	10,9	13,7	16,3	16,0	16,5	16,4	16,0	15,8	15,5	16,0	16,0	15,8	15,8	15,8	15,8	15,5	-1,0
IRL	12,8	15,1	15,4	17,2	17,0	18,2	18,8	18,6	15,2	14,5	18,6	17,3	15,9	15,2	14,0	15,5	14,5	-3,7
I	13,7	14,1	16,1	20,6	20,9	21,4	20,9	21,2	20,4	20,5	21,2	21,2	21,1	20,4	20,4	20,7	20,5	-0,9
L	6,6	6,8	7,4	8,6	10,4	9,3	10,0	10,7	10,5	10,9	10,7	10,8	9,7	10,5	10,7	10,8	10,9	1,7
NL	8,1	9,2	10,7	12,2	10,5	11,8	10,8	10,9	10,4	8,4	10,9	11,2	10,7	10,4	9,9	8,9	8,4	-3,4
UK	12,6	13,0	13,9	14,8	12,7	15,8	13,6	13,6	11,1	11,0	13,6	13,0	11,6	11,1	10,3	11,4	11,0	-4,8
EC 10 ⁹	10,1	10,9	12,7	14,9	14,0	15,1	14,4	14,3	13,4	12,9	14,3	14,2	13,7	13,4	13,1	13,2	12,9	-1,9
USA	7,9	8,7	10,8	12,9	12,2	12,9	13,0	13,2	11,5	9,9	13,2	13,0	12,2	11,5	10,5	10,1	9,9	-3,0
JAP	6,1	7,7	9,2	8,7	:	7,9	7,6	8,5	8,3	:	8,5	8,3	8,4	8,3	8,3	8,3	:	0,1

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

	1978	1979	1980	1981	1982	1981				1982				1983	Change over 12 months % ²			
						IV	I	II	III	IV	July	Aug.	Sept.			Oct.	Nov.	Dec.
BFR/LFR	40,06	40,17	40,60	41,29	44,68	41,10	42,97	45,11	45,19	45,45	45,05	45,16	45,36	45,60	45,45	45,31	45,05	8,3
DKR	7,02	7,21	7,83	7,92	8,15	7,88	8,06	8,13	8,22	8,21	8,18	8,22	8,28	8,28	8,20	8,14	8,09	1,2
DM	2,56	2,51	2,53	2,51	2,38	2,44	2,43	2,38	2,36	2,33	2,36	2,36	2,35	2,35	2,34	2,31	2,30	-6,0
DR	46,80	50,78	59,24	61,62	65,30	61,74	62,72	64,82	66,70	67,01	66,58	66,76	66,76	66,81	66,66	67,56	77,56	23,7
FF	5,74	5,83	5,87	6,04	6,43	6,15	6,21	6,30	6,60	6,60	6,57	6,59	6,65	6,65	6,61	6,54	6,51	4,8
IRL	0,664	0,669	0,676	0,691	0,690	0,688	0,691	0,690	0,687	0,691	0,686	0,686	0,688	0,691	0,689	0,693	0,691	-0,2
LIT	1 080	1 138	1 189	1 263	1 324	1 302	1 308	1 323	1 325	1 339	1 324	1 324	1 326	1 338	1 345	1 334	1 321	0,9
HFL	2,75	2,75	2,76	2,78	2,62	2,69	2,67	2,64	2,59	2,55	2,61	2,60	2,58	2,56	2,55	2,55	2,53	-5,6
UKL	0,664	0,646	0,598	0,553	0,561	0,578	0,561	0,563	0,551	0,566	0,552	0,552	0,549	0,548	0,561	0,590	0,610	8,0
USD	1,274	1,371	1,391	1,116	0,981	1,090	1,038	1,002	0,951	0,934	0,959	0,952	0,941	0,930	0,916	0,955	0,962	-9,9
YEN	267,1	300,5	315,0	245,4	243,5	244,4	242,1	244,4	245,9	241,7	244,2	246,4	247,2	252,0	242,3	230,9	223,8	-6,5
SDR	1,018	1,061	1,068	0,946	0,888	0,938	0,912	0,885	0,875	0,866	0,878	0,876	0,872	0,868	0,858	0,873	0,874	-5,5

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

	1978	1979	1980	1981	1982	1981				1982				1983	Change over 12 months % ²			
						IV	I	II	III	IV	July	Aug.	Sept.			Oct.	Nov.	Dec.
B/L	2,9	1,2	-0,5	-5,3	-9,3	1,1	-5,2	-5,5	-0,5	-0,4	0	-0,1	-0,5	-0,2	-0,1	0,6	0,4	-9,0
DK	-0,1	-0,8	-7,9	-6,8	-4,1	2,0	-3,5	-1,4	-2,3	2,1	-0,8	-0,5	-0,8	1,5	1,1	1,9	0,8	-0,7
D	6,0	4,8	0,4	-5,2	5,0	5,1	-0,6	2,2	0,6	1,8	0,3	0,1	0,2	0,8	0,2	2,2	0,3	6,6
F	-1,0	0,9	0,4	-8,6	-7,5	-1,7	-2,1	-1,7	-6,0	0,3	-2,7	-0,5	-1,2	0,5	0,2	1,7	0,3	-6,5
IRL	0,7	0,2	-2,0	-8,3	-1,1	2,1	-2,4	-0,2	-1,2	0,4	-0,3	-0,3	-0,4	-0,1	0,5	1,7	1,3	1,1
I	-6,1	-3,2	-3,7	-12,2	-6,7	-2,6	-1,5	-1,6	-0,9	-1,0	-0,2	-0,1	-0,3	-0,5	-1,2	1,5	0,8	-2,6
NL	2,8	1,8	0,1	-5,0	5,4	5,0	-0,2	0,6	1,4	2,0	0,4	0,4	0,7	1,0	0,2	0,5	0,6	5,1
UK	0,4	6,2	10,1	1,1	-4,7	-0,9	1,7	-1,0	1,2	-2,4	0,2	0,2	0,2	1,0	-3,2	-4,4	-3,9	-9,6
EC 9	2,9	5,9	2,2	-14,9	-5,4	3,0	-2,5	-0,9	-2,1	0,9	-1,1	-0,1	-0,3	1,5	-1,3	1,2	-0,6	-3,4
USA																		

Major economic policy measures — January 1983

Community (EC)

None.

Belgium (B)

24.12 The Government submitted a draft law amending certain tax and budget provisions, and in particular:

- increasing by almost 40% the tax allowance for dependent children;
- introducing a system of subdividing taxable income to the advantage of households with only one income earner and an aggregate income of between BFR 750 000 and BFR 1 500 000;
- fiscal immunization of the imputed income from owner-occupied dwellings by increasing the standard deduction of BFR 10 000.

23-30.12 The Government introduced the social security arrangements decided upon under the special powers (see previous issues of Supplement A). It decided moreover:

- to extend until the end of 1984 the decree providing for a solidarity contribution from the civil service;
- to freeze fees for medical and associated services at the level of 1 January 1982 until 1984;
- to limit the increase in rents to 6% for 1983.

24.1 The *Banque Nationale* raised the ceiling on indirect advances obtainable by the Treasury through the *Fonds des rentes* by BFR 20 000 million. The aggregate limits on its advances to the Treasury now amount to BFR 247 000 million, comprising BFR 37 000 million in direct advances and BFR 210 000 million in indirect advances.

Denmark (DK)

3.1 The borrowing limits accorded to the private banks by Nationalbanken in the first quarter of 1983 are fixed at 15% of each bank's net capital. The first 5% being charged at the official discount rate (at present 10%) plus 1% and the other 10%-tranche at a surcharge of 4%. Further borrowing is charged at the interbank rate (at present 17,5%).

Federal Republic of Germany (D)

20.1 The Central Council of the Bundesbank (Zentralbankrat) decided to increase the banks' re-discount quotas by DM 4 000 million with effect from 1 February 1983.

Greece (GR)

9.1 The Government announced its decision to devalue the drachma by 15,5% in relation to the dollar, passing this change on to exchange rates against other currencies. It intended subsequently to stabilize the exchange rate of the drachma. The Government announced a series of measures to accompany the devaluation, intended to boost exports and restrict imports.

1. Imports: the Government will be seeking the Commission's permission to apply quantitative import restrictions on certain products, on the basis of Article 103 of the Accession Treaty. The restrictions will involve areas especially affected by Community competition, in which imports have expanded rapidly, national output has declined and unemployment worsened (following this request the Commission authorizes the Greek Government to introduce import quotas on 11 products until the end of 1983).
2. Exports: the following agencies have been set up:
 - a) a new body combining the two existing agencies to be responsible for various tasks connected with the promotion of sales abroad;
 - b) an agency responsible for insuring exports and granting export credits, as well as managing the existing system of export refunds;
 - c) a new agency for standardization and packaging.

France (F)

6.1 Old-age and invalidity pensions under the general social security scheme were increased by 4% from 1 January; they will be increased again on 1 July.

6.1 The average rate on 'aided' loans to house-buyers (P.A.P.) will be reduced from 12,6% to 11,6%.

8.1 A reduction in financial charges was planned for firms in industry, construction, public works and transport. To be eligible, firms must undertake to invest in 1983, and the average cost of their fixed-rate debt over the next three years must exceed 12%. Special supplementary refinancing loans will be granted for 12 years at 9,75%, to cover at least one third of the next three annual redemption payments on the principal of medium-term and long-term fixed-rate loans.

8.1 Workers aged 60 or over who were dismissed or who resigned before 31 December will obtain a guaranteed income equal to 70% of their previous gross wages. Those who were dismissed or who resigned after 1 January will receive an amount equal to only 65% of the fraction of wages below the social security ceiling (at present FF 7 410), and 50% of the remainder. Wage and salary earners aged between 55 and 60 who resigned under a solidarity contract signed before 31 December and who give notice of their resignation before 1 April, will receive a guaranteed income of 70% until the age of 65. Those who resign after 1 April under a contract signed after 31 December will receive 65% of the fraction of wages below the ceiling and 50% of the remainder.

10.1 The Government is to make available to private sector firms, long-term subsidized loans or loans in quasi-equity form for a total of FF 45 000 million. In 1983, firms will be offered rates 3 points below those in force last year.

14.1 The advantages provided under the law on vocational training will be extended to all workers, including those in firms with fewer than 10 wage-earners.

26.1 The Government began studies for a training programme to enable 600 000 young people aged 18 to 25 to embark on working life.

26.1 The Government adopted the principle of action to combat 'modern poverty'. The measures considered, affect one-and-a-half million families whose resources are less than FF 50 per person per day.

Ireland (IRL)

7.1 The authorities announced the implementation of increases in excise duties on petrol and other hydrocarbon road fuels, alcoholic drink and tobacco about one month ahead of the annual Budget scheduled for 9 February. These increases will produce an estimated IRL 120 million additional revenue in 1983 of which about IRL 10 million will be due to their early implementation.

Italy (I)

22.1 The two sides of industry and the Government reached an agreement on labour costs. The main points of the agreement are: adjustment of the sliding-scale system; the renewal of collective agreements; a reduction in working hours and other measures concerning the operation of the labour market; compensatory social and tax measures designed to guarantee purchasing power. The incidence of price rises on wages is reduced by 15%, so that only about 60% of the average wage is now covered by purchasing power guarantees. Moreover, wage rises granted under renewed collective agreements cannot exceed LIT 25 000 in 1983, LIT 35 000 in 1984 and LIT 40 000 in 1985. The agreement provides for measures to ensure optimal use of production capacity (mobility, control of absenteeism, etc.). Statutory working hours will be reduced by 20 hours a year during the second half of 1984, and by a further 20 hours during the first half of 1985. The Government, for its part, has undertaken to reduce fiscal drag, to increase family allowances from 1 July and to keep the average increase in administered and controlled prices to no more than 13%.

Luxembourg (L)

None.

Netherlands (NL)

14.1 The *Nederlandsche Bank* reduced the discount rate from 5% to 4,5%, the rate on advances from 5,5% to 5% and the rate on promissory notes from 6% to 5,5%.

United Kingdom (UK)

None.

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