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ECONOMIC CONVERGENCE IN THE COMMUNITY : A GREATER EFFORT IS NEEDED

Short-term economic outlook and budgetary policies 1989-90

Communication from the Commission to the Council in accordance with
Article 3 of the convergence decision of 18.2.1974 (74/120/EEC)

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SUMMARY

In conformity with the requirements of the Council's Convergence Decision (February 1974), the Commission has examined the economic situation of the Community and in particular the budgetary policies of the Member States. Here is a summary of the Communication and a review of the main issues raised therein.

I. New dynamism in production, trade, human and capital resources ...

In the Community, economic growth is continuing strongly. Real output should expand in 1989 (3 ¼ %) and 1990 (3 %) at rates higher than in any of the last nine years except 1988. Employment is increasing rapidly, almost 2 million net additional jobs were created in 1988 and another 2 1/2 to 3 million should be added during 1989/90. Unemployment is now decreasing, but not very rapidly given the rising trend of the labour force.

THE IMPROVEMENT OF THE EC ECONOMY THROUGH THE 1980s

	1982-1984	1985-1987	1988-1990*
Real GDP (annual average % change)	+ 1.6	+ 2.6	+ 3.2
Investment (annual av.% change)	- 0.1	+ 3.6	+ 6.5
Employment :			
- annual average % change	- 0.5	+ 0.8	+ 1.2
- cumulative change over the three-year period (thousands)	- 1 845	+ 3 138	+ 4 700
Inflation (annual average %)	+ 8.7	+ 4.4	+ 4.3
Intra-Community exports (annual average volume % change)	+ 4.0	+ 6.1	+ 7.5
* Forecasts for 1989 and 1990			

Over the last few years, the functioning of the Community economy has fundamentally improved in response to, and as a contribution to the progress towards the European construction. This has been due to a number of factors: the prospects opened by the internal market; the

structural policies implemented for almost a decade; the increased profitability of investment. The performance of investment and especially investment in equipment – about 9 % a year since 1985 with the exception of 1986 when it was negatively affected by the fall of the dollar – bears witness to the extent of the improvement. The stock of productive capital is now increasing at a rate of 3 % a year against just over 2 % in the mid-1980s.

If this investment performance were maintained, it would become possible to aim in the medium-term for a sustained growth path of around 3 ½ per cent a year. Such growth would enable the Community to exploit fully the potential of the internal market: employment could rise by an average of some 1 ½ % a year, thereby allowing unemployment to be significantly reduced from the present high level (still more than 10 %). Higher growth would also help improve living conditions in the less favoured regions. However, such a prospect could be in danger if macroeconomic disequilibria were allowed to undermine the confidence which economic agents are showing.

11. ... requires greater economic and policy convergence.

That such disequilibria are emerging constitutes the worrying aspect of the present economic situation. Inflation (around 5 % in 1989) has accelerated throughout the Community. Furthermore, the economic convergence of Member States is not progressing any longer in areas such as inflation, balances of payments and budget deficits. This is worrying in the perspective of the internal market and of the compatible configuration of income, expenditure and relative prices needed to sustain it.

The Community's external environment will not facilitate the successful transition to a sustained medium-term growth path. Indeed, global conditions appear less favourable than at the beginning of the year: the stalling of the international adjustment process increases the risk of financial instability; the strong fluctuations of the dollar run counter to the needs of a smooth adjustment, and economic growth in the debtor LDCs is increasingly affected by the debt-service burden which curbs import growth and heightens social unrest.

Inflation in the Community has accelerated strongly, but unevenly, since mid-1988 and especially in the first half of 1989. Membership of the EMS exchange rate mechanism seems to be an important factor in explaining the difference in the performance of Member States in this area. Among the factors which have contributed to this upsurge, the rebound in import prices has played an important role. However, the current inflationary pressure is also the result of internal factors. In a number of countries, indirect taxes and public service charges have been increased. In addition there are dangers of increasing wage and demand pressures while liquidity ratios have grown strongly in recent years and the degree of capacity utilization is very high. The return of inflation to lower levels and the reduction of inflationary expectations ahead of the forthcoming wage negotiations are necessary to avoid a monetary induced squeeze of domestic demand with its negative consequences on profitability and investment.

The disequilibria in the external current accounts among Member States are another major cause for concern. The persistence of these imbalances can be a source of uncertainty and instability and can affect the growth momentum especially in those countries where growth is most needed. Monetary co-operation has until now succeeded in preserving the stability of exchange rates within the Community. However, the large and growing German surplus is very worrying, not least for its structural implications. Among the deficit countries, the deterioration of the current account of Portugal is disquieting both for its speed and for the level the deficit is expected to reach in 1990.

On the budgetary side, the consolidation trend since 1985 should continue in 1989 and 1990. But this overall picture hides persisting and even growing divergences among Member States. The gap among the different levels of the budget balances is expected to increase. In particular, in the countries where budget deficits are highest, there appears to be a relaxation of the consolidation efforts whose detrimental effect is not visible because of the positive effects of strong growth.

III. Economic policies must reduce the disequilibria without affecting the present dynamism.

External disequilibria and budget deficits must be reduced. Above all, however, inflation and inflationary expectations must be brought back to acceptable levels. The battle against inflation has to be fought now before it feeds into wage increases, via expectations, and becomes ingrained in the price formation mechanism. If this is allowed to happen, investment profitability and, eventually, economic growth and employment will suffer.

In a situation of high demand pressure and high capacity utilization, a continued strong expansion of investment is necessary to maintain the sustainability of output and employment growth while keeping price pressure under control. In spite of the dynamism of investment over the last two to three years, the present share of investment in the GDP (around 20 %) will still be well below the 23/24 % of the 1960s, the period when the Community was closest to full employment.

The policies to be implemented will have to draw on all the instruments available. Monetary policy has already been called upon almost everywhere to fight inflation. However, it does not seem to have received sufficient support from other policies and especially from budgetary policy. A tight monetary policy is necessary to curb inflation, but its unwanted effects on the profitability of investment can be offset by wage increases that remain moderate and by an appropriate stance of budgetary policy.

A continuation of the moderate nominal and real wage increases of the last years in the context of a social dialogue is therefore crucial. Together with credible and stability-oriented economic policies, such a social dialogue is an efficient way of achieving the necessary degree of moderation in wage increases. Where this method has been applied with discernment the results have been very encouraging. The counterpart of moderate wage increases is an increase in employment: the almost five million jobs that will be created in 1988-1990 show that this policy is bearing fruit.

An improved co-ordination of budgetary policies as called for in the recent *"Report on economic and monetary union in the European Community"* is necessary and urgent. Such a co-ordination is needed to pursue sustained growth, to exploit fully the benefits expected from the completion of the internal market and to progress towards economic and monetary union.

Such a strengthened coordination should rest on four main medium-term guidelines :

- the non-monetary financing of public deficits,
- the stabilization and reduction of public debt, in particular by avoiding to finance current expenditure through borrowing,
- the avoidance of the negative effects of public expenditure,
- the search for an expenditure and receipts structure more favourable to supply conditions.

On the basis of these principles, the effective coordination will involve defining at the Community level a medium-term framework for the budgetary policy of the Member States.

In the immediate future, the implementation of these guidelines implies a cautious overall stance of budgetary policy in the Community. Determined action to reduce public deficits must soon be taken in Italy, Greece and Portugal. Especially in the first two countries, recent and expected developments give cause for serious concern.

MAIN ECONOMIC INDICATORS 1986-1990

Community, USA and Japan

(a) GDP at constant prices (% change on previous year ¹)					
	1986	1987	1988	1989*	1990*
B	1.9	2.0	4.0	3 1/2	2 3/4
DK	3.3	-1.0	-0.2	1 1/4	1 3/4
D	2.3	1.9	3.5	3	3
GR	1.2	-0.4	3.5	3	2 1/2
E	3.3	5.5	5.0	4 1/2	4
F	2.1	2.2	3.2	3 1/4	3
IRL	-0.4	4.1	3.8	4	4
I	2.9	3.1	3.9	3 1/2	3
L	4.7	2.5	5.0	3 1/4	2 3/4
NL	2.1	1.3	2.6	3 1/2	3
P	4.3	4.7	4.0	4 1/4	4
UK	3.1	3.8	3.7	2 1/2	2
EC	2.6	2.8	3.6	3 1/4	3
USA	3.0	3.6	3.9	2 1/2	1 3/4
JAP	2.4	4.3	5.7	4 1/4	3 3/4

(b) Domestic demand at constant prices (% change on previous year)					
	1986	1987	1988	1989*	1990*
B	3.0	3.4	4.0	3 3/4	3
DK	5.4	-3.2	-2.1	-1/4	1
D	3.5	3.2	3.5	2 1/2	3
GR	-0.5	0.4	4.1	3 3/4	2 3/4
E	6.1	8.5	6.7	6 1/4	5 1/4
F	3.9	3.3	3.5	3	3
IRL	1.4	-1.5	-0.3	4 3/4	3 3/4
I	3.6	4.8	4.3	3 3/4	3 1/2
L	2.3	2.5	4.3	3	2 1/4
NL	3.5	2.1	2.7	3 1/2	2 1/4
P	8.4	10.6	8.4	6 1/4	5 1/4
UK	3.9	4.3	6.5	3 1/4	1 3/4
EC	3.9	4.1	4.7	3 1/2	3
USA	3.7	3.0	3.0	2 1/4	1 1/4
JAP	4.0	5.1	7.8	4 1/2	3 3/4

(c) Deflator of private consumption (% change on previous year)					
	1986	1987	1988	1989*	1990*
B	0.4	2.2	1.2	3	3 1/4
DK	3.4	4.1	5.1	4 1/4	2 3/4
D	-0.2	0.7	1.3	3	3
GR	22.0	15.7	13.5	14 1/2	14 1/4
E	8.7	5.4	5.1	6	6
F	2.7	3.1	2.7	3 1/4	2 3/4
IRL	3.9	3.1	2.2	3 3/4	3 1/4
I	5.8	4.8	4.9	6 1/2	6 1/4
L	0.8	2.9	1.4	2 1/2	3
NL	0.6	-0.3	0.8	1 3/4	2
P	13.5	10.2	9.6	12 1/4	10
UK	4.4	3.9	5.0	5 3/4	5 1/4
EC	3.8	3.4	3.6	4 3/4	4 1/2
USA	2.2	4.2	4.2	4 3/4	4 1/4
JAP	0.5	-0.1	0.0	3	3

(d) Balance on current transactions (as a % of GDP ¹)					
	1986	1987	1988	1989*	1990*
B	2.0	1.2	1.0	1/2	1/2
DK	-5.2	-3.0	-1.7	-1 3/4	-1 1/2
D	4.4	3.9	4.1	4 1/4	4 1/2
GR	-5.2	-2.5	-1.9	-2	-1 1/2
E	1.7	0.1	-1.1	-2 1/2	-3 1/4
F	0.5	-0.4	-0.3	- 1/2	- 1/4
IRL	-2.9	1.4	2.1	1 3/4	2
I	0.5	-0.1	-0.6	-1	-1
L	39.4	33.0	31.6	28	25 1/2
NL	2.8	1.6	2.4	1 1/2	1 3/4
P	3.9	1.8	-1.4	-4	-4 3/4
UK	-0.9	-1.6	-3.2	-3 1/4	-3
EC	1.4	0.8	0.4	0	0
USA	-3.4	-3.6	-2.8	-2 1/4	-2
JAP	4.3	3.7	2.8	2 3/4	2 3/4

(e) Number of unemployed as % of the civilian labour force					
	1986	1987	1988	1989*	1990*
B	12.5	12.3	11.2	10 1/4	10
DK	7.5	7.6	8.4	9	9 1/4
D	8.1	8.1	8.1	7 1/4	7
GR	7.4	7.4	7.3	7 1/4	7 1/4
E	20.0	20.5	19.5	18 1/4	17 1/2
F	10.7	10.8	10.6	10 1/2	10 1/4
IRL	18.3	19.0	18.6	18	17 1/2
I	13.7	14.0	15.0	14 1/2	14
L	1.5	1.7	1.6	1 1/2	1 1/4
NL	12.3	7.6	7.3	6 3/4	6 1/2
P	8.3	7.2	5.8	5 1/2	5 1/2
UK	12.0	10.7	8.7	6 3/4	6 1/2
EC	11.7	11.4	11.0	10 1/4	10
USA	7.0	6.2	5.5	5 1/2	6
JAP	2.8	2.8	2.5	2 1/2	2 3/4

(f) General government lending and borrowing (as a % of GDP)					
	1986	1987	1988	1989*	1990*
B	-8.8	-7.0	-6.5	-6 1/4	-6 1/4
DK	3.1	1.8	0.4	1/2	1 1/4
D	-1.3	-1.8	-2.0	- 1/4	-1
GR	-10.8	-10.0	-14.3	-14 1/2	-14 1/4
E	-5.7	-3.6	-3.2	-3	-2 3/4
F	-2.9	-2.5	-1.6	-1 3/4	-1 3/4
IRL	-11.0	-8.9	-3.4	-4 1/2	-4 1/4
I	-11.4	-10.5	-10.6	-10 1/4	-11
L	6.0	5.2	2.6	2 1/2	2 1/2
NL	-5.9	-6.2	-5.0	-4 1/2	-4 3/4
P	-7.8	-6.9	-6.6	-6 1/4	-6 1/4
UK	-2.4	-1.4	0.8	1 3/4	1 3/4
EC	-4.8	-4.2	-3.6	-3	-3 1/4
USA	-4.4	-2.3	-1.8	-1 3/4	-1 3/4
JAP	-1.1	-0.3	0.5	1/2	1/2

(g) Total employment (annual percentage change)					
	1986	1987	1988	1989*	1990*
B	1.0	0.4	1.4	3/4	1/4
DK	2.3	1.1	-0.3	-1/4	1/4
D	1.0	0.7	0.6	1	1
GR	0.3	-0.1	1.1	3/4	1/2
E	2.3	5.4	2.9	2 1/2	2
F	0.2	0.1	0.7	3/4	3/4
IRL	0.2	0	0	1	3/4
I	0.9	0.2	1.3	1	3/4
L	2.6	2.7	2.9	1 1/2	1
NL	-1.9	1.2	1.0	1	3/4
P	-2.7	2.7	2.6	1 1/4	1
UK	0.4	1.9	3.1	1 3/4	3/4
EC	0.8	1.2	1.5	1 1/4	1
USA	1.7	2.9	2.3	2	1/2
JAP	0.9	1.0	1.7	1 1/4	1

(h) Real compensation of employees per head (annual % change ²)					
	1986	1987	1988	1989*	1990*
B	3.7	-1.3	1.2	2	2
DK	1.2	4.0	-2.6	-1 1/4	0
D	4.1	2.2	1.7	0	1/2
GR	-7.2	-3.4	3.3	3	1 1/2
E	0.7	0.9	1.2	1	1
F	1.4	0.6	0.8	1/2	3/4
IRL	1.1	2.8	1.7	1	1 1/2
I	1.6	4.0	3.8	1 1/2	2 1/4
L	4.4	0.9	1.8	3 1/2	2
NL	1.3	1.6	0.7	1/4	0
P	6.0	3.1	0.9	0	1 3/4
UK	2.8	3.0	2.8	3 1/4	2 1/2
EC	2.3	2.0	1.9	1 1/4	1 1/2
USA	0.9	-0.1	1.7	1 1/4	1
JAP	3.0	3.1	3.9	1 1/2	1 3/4

* Forecasts May 1989.

1 GNP for USA and Japan from 1987 onwards;

2 Deflated by the deflator of private consumption.

Source: Commission services

**ECONOMIC CONVERGENCE IN THE COMMUNITY :
A GREATER EFFORT IS NEEDED**

1. ECONOMIC SITUATION AND OUTLOOK

The prospects for the world economy show encouraging and worrying features at the same time. The foremost, and most reassuring news, is that in the transition to the 1990s the growth of economic activity will continue at a remarkable pace. However, less reassuring, certain developments which at the beginning of the year had been perceived as risks, have indeed become major policy concerns. For example, inflation has accelerated everywhere during the spring; the international payments imbalances are not decreasing as much as was hoped; and the LDC debt problem remains as acute as ever. In other words, old problems remain and new ones are emerging in a business climate which is still quite favourable.

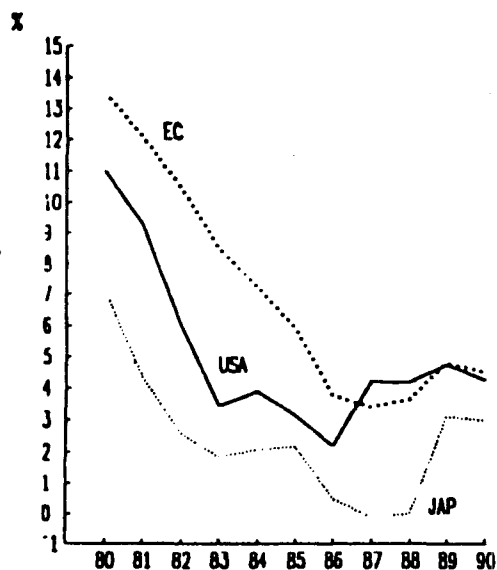
Table 1 :

GROWTH OF REAL GDP

	Average		1988	1989*	1990*
	1982-84	1985-87			
European Community	1.6	2.6	3.6	3 1/4	3
USA	2.8	3.4	3.9	2 1/2	1 3/4
Japan	3.7	3.8	5.7	4 1/4	3 1/2
OECD	2.3	3.1	4.0	3	2 1/2
Other	2.3	3.3	3.8	3 1/2	3 1/2
WORLD	2.3	3.2	4.0	3 1/2	3
* Forecasts					

Economic activity in the OECD area continues to grow strongly. However, partly as a consequence of the corrective policies implemented and partly as a result of spontaneous factors, a certain deceleration of economic activity from the high level of 1988 is now visible. The slowdown is particularly strong in the United States. The rate of expansion of world output next year should be a full point below the 4 % recorded in 1988.

Graph 1 : Rates of Inflation
EC, USA, Japan



In the Community, the supply conditions have improved and growth prospects continue to be good. In 1989, the rate of growth of real output - 3 ¼ % if not more - should be slightly lower than the very high rate of last year. If policy acts rapidly to prevent inflation from affecting business confidence, thus avoiding having to take even stronger measures later, GDP growth could continue in 1990 at a still acceptable rate of around 3 %.

The volume of world trade, which last year had expanded very strongly, 9.5 % in real terms, should increase at a rate of around 7 % this year and slow down further to around 6 % next year.

1.1 The external environment

The external environment of the Community economy appears less favourable than at the beginning of the year:

- the stalling of the international adjustment process increases the risks of financial instability,
- the fluctuations of the dollar run counter to the needs of a smooth adjustment and
- economic growth in the debtor LDCs is increasingly affected by the debt-service burden, heightening considerably the risk of social unrest.

Since developments in these three areas are likely to have a major impact on economic trends, it is appropriate to begin by examining them closely.

International adjustment

The international adjustment process is losing speed. In 1989, the current account deficit of the USA may still improve, but the surplus of Japan is likely to be higher than in 1988. The German surplus is also increasing and the issues that it raises will be discussed in the section dealing with the Community economy. The weakening of the real adjustment - domestic demand and GDP are growing at almost the same rate in both surplus and deficit countries - and the appreciation of the dollar are serious causes for concern in this respect.

In the United States the rate of expansion has clearly come down from the very rapid pace of 1987 and 1988. The two driving forces behind growth, exports and business investment, are decelerating. Inflation has accelerated in the second half of 1988, but it may well be peaking now. Given the difficulties of rapidly reducing the fiscal deficit,

the policy response took the form of a monetary tightening at the end of last year which should induce a further slowdown of activity.

Table 2 :

CURRENT ACCOUNT BALANCES

	1985	1986	1987	1988	1989*	1990*
	a) <u>In billion US\$</u>					
EC	19.3	50.7	38.3	18.0	2	2
USA	- 115.1	-138.8	-154.0	-135.3	- 124	- 117
Japan	49.1	85.8	87.0	79.4	81	88
Rest of the world	-24.6	-52.1	-1.3	-20.1	- 23	- 36
WORLD (statistic. discrepancy)	-71.3	-54.4	-30.0	-58.0	- 64	- 63
	b) <u>as % of the combined GDP of USA, EC and Japan</u>					
EC	+ 0.2	+ 0.5	+ 0.3	+ 0.1	0	0
USA	- 1.5	- 1.5	- 1.4	- 1.1	- 0.9	- 0.8
Japan	+ 0.6	+ 0.9	+ 0.8	+ 0.6	+ 0.6	+ 0.6
* Forecasts						

Under the combined impact of capacity constraints and an appreciating exchange rate, exports are expected to expand in 1989 at a much lower rate than last year (10 % in real terms against 18 % in 1988). This is 3.5 points above the expected rate of increase of imports, but given the large gap that exists between imports and exports (the former exceed the latter by around 40 %), the US trade balance will only improve slowly. Since the burden of the debt service continues to increase, the current account in 1989 will improve by \$ 8 bn. less than the trade balance.

The economy of Japan, on the other hand, should continue to grow strongly in 1989 and 1990. The rate of expansion of output projected for this year, 4 % in real terms, is actually higher than that forecast a few months ago. Inflation is expected to accelerate to

... / ...

around 3 % this year and monetary policy might have to be tightened even more to prevent further increases. In dollar terms, both the Japanese trade and current account surpluses will go on increasing this year and the next. Exports are expected to increase more slowly than imports, but here again the imbalance between the two flows is so large (exports exceed imports by almost 60 %) that the difference between the rates of growth cannot prevent the trade surplus from increasing further.

As the payment imbalances continue between the two sides of the Pacific, the Community faces difficult alternatives. (a) Large trade disequilibria fuel protectionist tendencies threatening the liberal trading system upon which the industrial world has built its prosperity. Indeed recent trade policy debate in the US points to a resurgence of unilateralism. Yet, (b) if and when the correction of imbalances comes, it will imply a considerable reorientation of trade flows, with possible undesirable growth and employment consequences. For instance, the logical implication of the need to reduce the US deficit is that, other things being equal, the Community cannot envisage an increase of its world market shares in the years to come. On the contrary, it will have to accept a relative reduction. What is important therefore is first, that the EC maintains and improves its position in the strategic high technology sectors and second, that world trade growth continues so that the possible loss of market share does not turn into a loss of trade level. A successful outcome of the Uruguay Round would be very important in this context.

A hypothetical halving of the expected US trade deficit in the period ahead, would imply, on the basis of present trade flows, a deterioration of the Community and Japanese trade balances of around half a point of GDP each. Such large deteriorations, which are eventually inevitable, will place the authorities of these countries under considerable pressures. Unfortunately, the perception of the problem is complicated by the existence of a large statistical

discrepancy. One country's surplus is another country's deficit, and yet the world sum of all the recorded net current account positions shows a huge deficit (see table 2). This means that the actual deficits are smaller, and/or the surpluses higher, than the officially recorded ones. In 1989, this statistical discrepancy is expected to be about 60 bn. dollars, half the size of the US deficit !

Table 3 :

GROWTH OF REAL INTERNAL DEMAND

	1985	1986	1987	1988	1989*	1990*
a) Rate of growth of internal demand relative to rest of the OECD						
EC	- 1.7	0	- 0.2	- 0.1	1/4	1/2
USA	0.6	- 0.1	- 1.1	- 2.2	- 1/4	-1 3/4
Japan	0.6	0.4	1.7	3.8	1 3/4	1 3/4
b) Rate of growth of internal demand relative to that of GDP						
EC	- 0.2	+ 1.3	+ 1.3	+ 1.1	+ 1/4	+ 1/4
USA	+ 0.2	+ 0.7	- 0.6	- 0.9	- 1/4	- 1/4
Japan	- 0.7	- 1.6	+ 0.8	+ 1.9	+ 1/4	+ 1/4
* Forecasts						

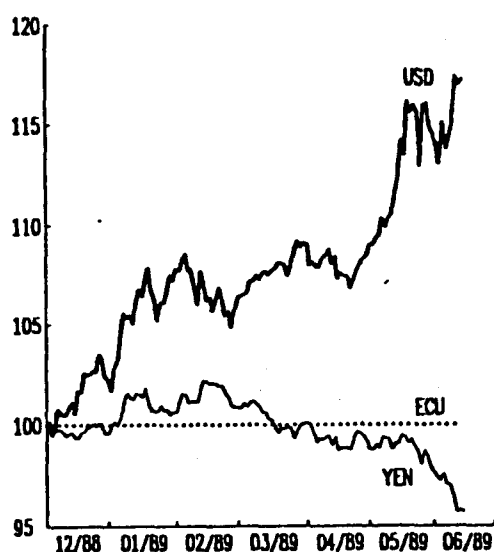
What makes the task of re-starting the international adjustment process a daunting one, is the need to achieve it without endangering the growth prospects of the world economy. An important instrument of the convergence of economic performance within the OECD towards a sustainable current account pattern has been the growth rate differentials between domestic demand and GDP, in opposite directions in deficit and surplus countries. However, the most recent forecasts show that in the Community, Japan and the US the present and expected differentials between the rates of growth of internal demand and GDP are insufficient to ensure a smooth adjustment (see table 3). Macroeconomic policies should engineer more adequate differentials.

The dollar's fluctuations

A smooth adjustment of the international payments imbalances needs also an appropriate exchange rate configuration which can be perceived by economic agents as sufficiently stable to justify adapting production and trade flows.

The appreciation of the dollar in the first half of 1989 has probably moved it away from the value needed to reduce significantly the US current account deficit. On the other hand, a higher yen would also help to produce this result.

Graph 2 : USD, Yen and Ecu
since the beginning of the year



Given the difficulties of increasing national savings via a reduction of the budget deficit, the present US economic policy continues to be based almost exclusively on monetary policy. The perception by markets that this situation will not change in the immediate future has reduced the expectations of an exchange rate depreciation. Better-than-expected trade figures may also have strengthened the perception of a considerably reduced exchange risk in the short term. Under these conditions, the high US interest rates have provoked a considerable appreciation of the dollar over the

last weeks in spite of the fact that a tightening of monetary conditions in the Community has considerably reduced the short-term interest rate differentials across the Atlantic.

Graph 3 : Short-term Interest rate differentials; \$, Yen, DM



The present US policy-mix, is effective against US domestic inflation, but, via its effects on the exchange rate, it is conducive to even larger trade and current account deficits, at least in the short run. The Community has tightened monetary policy to resist the depreciation of its currencies, but equally to curb inflation at home. But the present excessive reliance on monetary policy in the US places before the Community the choice of accepting either an increase in inflationary pressures via the exchange rate or an even stronger monetary tightening. However, both higher inflation or

a slowdown of growth would be detrimental for the EC economy, the US and the rest of the world.

Therefore, an important positive step would be to complement monetary policy with a determined action aimed at reducing the US budget deficit. The measures that have been agreed at the beginning of 1989 between the Administration and Congress go in the right direction. More is necessary to open the perspective of the reduction of the deficit to manageable proportions within a reasonable time horizon.

The developing countries

The economic conditions in a number of developing countries are worsening. While the long economic recovery of the OECD countries has been supported by strong trade and accompanied by declining inflation, developing countries have shown an uneven capacity to adapt to, and benefit from this new environment.

The performance of fast-growing Asian NIEs, China and India, has contrasted with deteriorating prospects in Latin America, Africa and the Mediterranean region.

Table 4 :

PERFORMANCE OF THE LESS DEVELOPED COUNTRIES THROUGH THE 1980s

	Average % change 1981-1988	
	Real GDP	Inflation*
Asian NIEs	8.6	3
China and India	8.1	6
Latin America	1.5	120
Sub-Saharan Africa	0.7	23
for comparison : OECD	2.8	5

* Weighted average of consumer prices Source: Commission services

These divergent trends have been partly caused by high real rates of interest and falling commodity prices. The highly indebted countries and the commodity exporters have been worst affected.

The recovery of the highly indebted countries requires the pursuit of structural adjustment and reforms, whose implementation needs to be supported by appropriate financial arrangements amongst all creditors. The international community has recently reached a consensus on the need to put greater emphasis on debt and debt service reduction in the

debt strategy. The IMF and the World Bank are presently defining the modalities of their support for this reduction,

But, the economic incentive and political will to sustain stabilization and structural adjustments must be strengthened by short-term growth prospects. The expected slowdown in the rate of increase of imports by the OECD countries (around 5 1/2 % in 1990 against more than 9 % in 1988 in real terms) does not bode well in this respect. Greater trade liberalization both in the industrialized world and in the LDCs would significantly improve economic growth and the debt repayment capability of the latter.

1.2 The Community's economy

In the Community, economic growth is continuing strongly. Real output will expand in 1989 at a rate of at least 3 ¼ %, not much lower than that achieved in 1988 (3.6 %). This rate, coming at a time of almost full utilization of existing capacity, can be a source of risk, if allowed to put pressure on resources and external balances. But, high rates of capacity utilization can be also a carrier of additional growth through investment. The forecasts point to both options occurring simultaneously. Indeed, inflation at 4 ¾ % (deflator of private consumption) is stronger than last year and the Member States external payments disequilibria are growing. At the same time investment is expected to continue to grow strongly, with the average 1988/90 rate (6.5 %) almost double that of 1985/87 (3.6%).

In 1990, growth should remain robust : 3.0 % in real terms, stronger than in any of the last nine years except 1988. This forecast depends however on an international environment free from upheavals, on a worldwide policy-mix that does not drive the Community into an excessive monetary tightening and on a determined action to curb inflation within the Community.

Table 5 :

THE EC ECONOMY - USE AND SUPPLY OF GOODS AND SERVICES

	Average 1982-84	Average 1985-87	1988	** 1989	** 1990
Private consumption	1.2	3.4	3.7	3	2 3/4
Government consumption	1.6	2.2	1.9	1 3/4	1 3/4
Gross fixed capital formation	- 0.1	3.6	7.8	6 3/4	5
Domestic demand (including stocks)	1.3	3.4	4.7	3 1/2	3
Exports of goods and services *	2.6	1.8	4.5	5 1/4	5 1/2
Total demand	1.4	3.2	4.7	3 3/4	3 1/4
Imports of goods and services *	0.4	7.9	11.9	7 1/2	5 3/4
GROSS DOMESTIC PRODUCT	1.6	2.6	3.6	3 1/4	3
* Extra-Community trade only; estimates of the Commission services ** Forecasts					

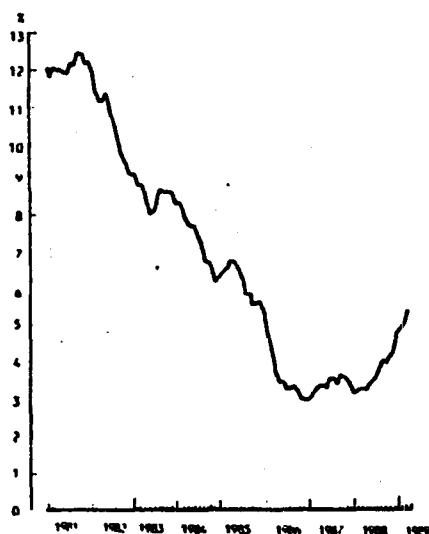
The forces determining the growth momentum remain broadly the same. This year, domestic demand is still growing faster than GDP, but next year, on present trends, the Community's contribution to the international adjustment process will be very small (see tables 3 and 5). Imports of goods and services into the Community should grow at half the rate of the period 1986-1988. The depreciation of the European currencies against the dollar is probably the main factor behind this slowdown.

Investment, especially investment in equipment, remains the fastest growing component of demand in the Community. This performance is due to the improvement in the fundamental determinants of investment which was examined in some length in the last Communication to the Council¹. After the increase of more than 9 % in real terms of 1988, the highest rate of increase since 1973, investment in equipment

¹ COM (89) 101, 22.8.89, "Safeguarding the conditions for a successful 1992"

should expand again by around 9 % this year and more than 6 % in 1990. Investment in construction, supported by yet another mild winter, is also relatively strong (almost 5 % in 1989 and around 4 % next year).

**Graph 4 : Consumer prices
EC, change over 12 months**



Employment is increasing rapidly. In 1988, the increase was a record 1.5 % corresponding to almost 2 million new jobs. In 1989 and 1990, employment should increase by around 1 % per year which implies the creation of a total of 2.5/3 million additional jobs. As a result, unemployment in the Community will continue to decrease, (possibly to less than 10 % in 1990, the lowest figure since 1982).

However, inflation rates are increasing throughout the Community.

The higher energy and commodity prices combined with the depreciation of European currencies vis-à-vis the dollar have ended the price stability imported via the gains in the terms of trade. In addition, domestic factors are also contributing to price increases in many Member States. In some cases, discretionary measures (indirect taxes and increases in public services charges) have added to the price rises. In other countries, wages are increasing too quickly at a time when slower growth is reducing the rate of increase of productivity. On average in the Community, nominal unit labour costs are expected to increase by around 4 % this year and in 1990 (against 3.4 % in 1988): but in some countries, a rate twice as fast and more, will be recorded.

Economic convergence is deteriorating ...

The broadly satisfactory performance of the Community economy as a whole masks the fact that the Members States' performances are clearly diverging. This is unfortunate in itself; it becomes even more worrying in the perspective of the transition to the internal market.

In 1989 and 1990, the different performances of the Member States will be manifested, particularly in areas such as inflation, wage claims, budget balances and the external positions. Growing divergences in these areas indicate that there are still considerable differences in the ability of the economies of the Member States to counter external shocks and to adapt economic policy in the face of changed conditions.

... especially the external positions

The most serious difference in performance is noted in the external sector (see table 6). Member States may be classed into three categories. In a first group are the United Kingdom, Portugal, Greece and the new member of the ERM, Spain. These countries show very large, and sometimes still growing, current account deficits. In contrast, the countries traditionally abiding to the EMS discipline, as a whole show a substantial surplus (about 1 ¼ % of GDP).

This is, however, the result of a large and growing surplus in Germany and smaller surpluses in the Benelux countries and Ireland (the second group of countries). France, Italy and Denmark make a third group of countries where deficits, although slightly deteriorating in the case of Italy, show small manageable proportions (up to one point of GDP).

... / ...

In Spain and Portugal the rapid expansion of internal demand relative to the Community partners has been largely due to a strong upsurge in productive investment financed by private capital inflows and increasing interventions by the Community's structural funds and financial instruments. Such a development corresponds well to the pattern of a successful catching-up process as envisaged in the Single Act.

Table 6 :

CURRENT ACCOUNT BALANCES (as a % of GDP)

	Average 1985-87	1988	1989*	1990*
Community	1.0	0.4	0	0
Large deficits (1)	- 0.3	-2.5	- 3	- 3
- of which United Kingdom	- 0.6	-3.2	-3 1/4	- 3
Spain	1.1	-1.1	-2 1/2	-3 1/4
Portugal	2.0	-1.4	- 4	-4 3/4
Initial EMS/ERM Members	1.4	1.4	1 1/4	1 1/4
- Surplus (2)	3.3	3.6	3 1/2	3 3/4
- of which Germany	3.6	4.1	4 1/4	4 1/2
- Deficit (3)	- 0.3	-0.5	- 3/4	- 3/4
(1) UK, E, P, GR (2) B, D, IRL, L, NL (3) F, I, DK * Forecasts for 1989 and 1990				

For this reason the level of the expected current account deficit of Spain does not appear very worrying as long as the situation remains healthy in respect to the external financing. However, the rapidity of the deterioration of the current account from a position of substantial surplus in the years 1984-86 gives cause for concern. Wage developments have recently started to accelerate in a disturbing way. The decision by the Spanish authorities to join the Exchange Rate Mechanism of the EMS shows their determination to maintain the current account deficits within manageable proportions.

The situation is different in Portugal where the expansion of internal demand has been clearly too strong. Investment has expanded rapidly, but excessive wage increases have fuelled a strong demand for imported consumption goods while undermining the competitiveness of goods and services offered by the domestic economy. An insufficient control over public finance flows has also contributed to the expansion of demand. As a result, the current account has deteriorated rapidly and is expected to reach an alarming level in 1990 (4 3/4 % of GDP).

Table 7 :

GROWTH OF REAL INTERNAL DEMAND

	Average 1985-87	1988	1989*	1990*
a) Rate of growth of Internal demand relative to rest of the EC				
Initial EMS Members	- 1.2	- 3.7	- 1 1/2	0
- Surplus (1)	- 1.3	- 1.9	- 1	- 1/4
- of which Germany	- 1.2	- 1.5	- 1 1/2	- 1/4
- Deficit (2)	0	- 1.7	- 1/2	+ 1/2
NON-EMS + Spain (3)	+ 1.2	+ 3.7	+ 1 1/2	0
b) Rate of growth of Internal demand relative to that of GDP				
Initial EMS Members	+ 0.7	+ 0.1	0	0
- Surplus (1)	+ 0.5	- 0.1	- 1/4	- 1/4
- of which Germany	+ 0.5	0	- 1/2	- 1/4
- Deficit (2)	+ 1.0	+ 0.2	0	+ 1/4
NON-EMS + Spain (3)	+ 0.8	+ 3.1	+ 1 1/4	+ 1/4
(1) B, D, IRL, L, NL (2) F, I, DK (3) UK, E, P, GR				
* Forecasts				

In the case of Greece, what is disturbing is not the expected level of the current account deficit, but its origin. Contrary to what is happening in Spain and Portugal, the deficit does not derive from the

faster growth of internal demand that could be expected in a country where the investment needs are very high. Its causes can be traced back essentially to a lack of competitiveness of the exporting sectors resulting from too high wage increases relative to productivity and to excessive public finance deficits.

The very large deterioration of the current account of the United Kingdom in 1988 is essentially the result of the extremely rapid expansion of internal demand. Internal demand is now slowing down in response to a very sharp tightening of monetary policy, but in 1990 the deficit will still be very large. Furthermore, the overall competitiveness of the UK economy is suffering from too rapid an increase in wages. Unit labour costs in the whole economy are rising at more than 8%: a rate of increase similar to that of Portugal and only exceeded by Greece. Such a trend gives cause for concern unless corrective action is taken.

Within the EMS, the continuing increase of the German surplus remains a most worrying phenomenon. Evidence which has become available after the finalization of the forecasts underlying this document suggests that German exports might be even more buoyant than expected. This would lead to both stronger output growth and a still higher external surplus. The surpluses of Belgium and especially Ireland are not a cause for concern and could be put to good use to reduce these countries' high external indebtedness. To the extent that the surplus of the Netherlands is explained by exports of gas (and therefore much influenced by global energy conditions) it is not problematic.

The surplus of Germany has certainly a structural component. As a country with a high degree of economic development, Germany should be expected to run a surplus on goods and services and to export capital which can finance investment in less favoured regions. Furthermore, Germany, as a supplier of investment goods, benefits more than its Community partners from the present strength of investment in

equipment. But this structural component does not justify the size of the present surplus. Many other factors of a short-term nature are contributing.

One is an insufficient growth of imports and internal demand which, since 1985, has consistently grown more slowly than that of the EC partners: a situation expected to improve next year (as the effects of the last stage of the tax reform will be felt) but not adequately. In the two years 1989/1990, the rate of expansion of internal demand will still remain 3/4 of a point below that of its Community partners and almost half a point below that of GDP. But, the most important single cause is perhaps, the extremely favourable competitiveness of the German exporting sector.

The growing orientation of the German economy towards exports has negative structural consequences for its own economy and for those of its partners. In particular, the relative low weight of the service sector reduces the employment content of economic growth. Increased efforts aimed at liberalizing this sector could have positive consequences on employment, incomes, consumption and, ultimately, on the reduction of the trade surplus.

In France, Italy and Denmark, the size of the expected deficits is small. The situation in these countries is, however, very fragile as an external shock such as a new increase in oil prices or an accelerated adjustment of the US deficit could turn these presently manageable deficits into policy problems. The large outstanding external debt of Denmark with its service charge is adding a further element of fragility to the current account position of this country. The situation in both Italy and Denmark is also particularly worrisome because their competitive positions are being threatened by a too rapid increase of wage costs in the former and a still relatively high level of wage cost in the latter.

... and the rates of inflation

Inflation in the Community has accelerated strongly since mid-1988 and especially in the first half of 1989. The consumer price index increase over twelve months reached 5.4 % in April 1989 compared with only 3.2 % in the twelve months to May 1988. The average increase of the private consumption deflators is forecast to be around 4 3/4 % this year and 4 1/2 % in 1990 compared with 3.6 % in 1988.

Table 8 :

RATES OF INFLATION (Weighted average of defl. of private consumption)

	1985	1986	1987	1988	1989*	1990*
B-NL-L-DK F-D-IRL	3.8	1.1	1.7	1.9	3	2 3/4
I-UK-E	7.5	5.8	4.5	5.0	6 1/4	6
P-GR	19.0	18.1	13.1	11.6	13 1/2	12
COMMUNITY	5.9	3.8	3.4	3.6	4 3/4	4 1/2
* Forecasts						

Among the factors which have contributed to this upsurge, the rebound in import prices seems to have played an important role. However, current inflationary pressures are also the result of internal factors. In some countries, indirect taxes and public service charges have been increased. In addition there are signs of wage and demand pressure while the liquidity ratio has grown strongly in recent years.

Between 1988 and 1989, inflation will accelerate by slightly more than one point throughout the Community. The widespread character of the acceleration confirms the large role external factors have played in this development, but it leaves Member States in different situations.

The differences are particularly striking with respect to the risk that the acceleration of inflation could be consolidated into the price formation mechanism via wage increases. In this respect, the continuation of indexation arrangements in certain countries is regrettable.

Just as for external imbalances, a tripartite classification of Member States has manifested itself with regard to inflation - and as in the former case, the intensity of the problem can be related to different degrees of adherence to the EMS and its exchange rate mechanism.

In a first group one finds the countries adhering to the narrow band of the exchange rate mechanism of the EMS: Belgium, Germany, France, Ireland, Denmark, Luxembourg and the Netherlands. In these countries inflation, which had been reduced to very low levels in 1986-88, will in 1989 increase to around 3%. Indirect tax increases will have contributed once and for all, about one third of a point to this. Unit labour costs in these countries are expected to increase moderately: just over one per cent a year in both 1989 and 1990. If these projections are confirmed, they would imply a continuation of the very favourable profitability trend, good prospects for the return of inflation to lower levels and the maintenance of a competitive external position. Such a favourable prospect could fail to materialize if inflationary expectations were allowed to build up and feed into wage settlements.

Much more worrying is the situation in a second group of countries (Italy, Spain and the United Kingdom) where the rate of inflation, at more than 6%, is double that of the previous group (see table 8). Unit labour costs in these countries are projected to increase even faster than inflation in both 1989 and 1990. This implies a continued upward pressure on the price level and a squeeze of profit margins as macroeconomic policies try to dampen demand. There is a danger that

the fight against inflation in these countries might incur increasing costs in terms of foregone investment and growth unless wage trends become rapidly more moderate and a greater volume of savings can be guaranteed (by the household sector in the UK and by the public sector in Spain and Italy).

Finally, in Portugal and Greece the rate of inflation is still at an intolerable high level. The situation is especially worrying in the case of Greece which has continually experienced double digit inflation since the first oil shock in 1973. Unfavourable developments in public finances and wages relative to productivity are at the origin of these inflationary pressures.

Table 9 :

NOMINAL UNIT LABOUR COSTS (weighted averages)

	1985	1986	1987	1988	1989*	1990*
B-NL-L-DK F-D-IRL	2.9	2.4	1.8	0.4	1	1 1/4
I-UK-E (of which UK)	6.2 (4.7)	5.6 (4.5)	5.6 (5.0)	6.3 (7.5)	6 3/4 (8 1/4)	6 1/4 (6 3/4)
P-GR	19.9	12.2	11.7	11.8	12 1/4	11 1/4
COMMUNITY	4.9	4.3	3.8	3.4	4	4
* Forecasts						

All the countries in the last two groups are experiencing balance of payments problems to different degrees. Wage moderation is therefore even more important to restore international competitiveness and maintain, via strong exports, an acceptable level of activity, considering the adverse effects that the other measures aimed at containing inflation will inevitably have.

1.3 Balanced growth through better policy

The functioning of the Community economy has fundamentally improved thanks to the structural policies implemented over almost a decade and to the good investment performance of the last years. If this investment performance were maintained, it would become possible to aim for a sustained medium-term growth path of around 3 ½ per cent a year. This would enable employment in the Community as a whole to rise by an average of some 1 ½ % a year thereby allowing unemployment to be significantly reduced from the present high level.

Table 10 :

THE IMPROVEMENT OF THE EC ECONOMY THROUGH THE 1980s

	1982-1984	1985-1987	1988-1990*
Real GDP (annual average % change)	+ 1.6	+ 2.6	+ 3.2
Investment (annual av.% change)	- 0.1	+ 3.6	+ 6.5
Employment :			
- annual average % change	- 0.5	+ 0.8	+ 1.2
- cumulative change over the three-year period (thousands)	- 1 845	+ 3 138	+ 4 700
Inflation (annual av. % change)	+ 8.7	+ 4.4	+ 4.3
Intra-Community exports (annual average volume % change)	+ 4.0	+ 6.1	+ 7.5
* Forecasts for 1989 and 1990			

The outlook for the world economy and the need to reduce payments imbalances show that in the medium term the Community cannot expect a

... / ...

significant growth impulse from the external environment. The sources of growth will have to be of internal origin. The internal market project is already delivering some of the expected benefits. Its further implementation will be helped by the maintenance of robust economic growth which facilitates the required adjustments.

To achieve this goal, Member States must pursue the policies set out in the *Annual Economic Report for 1988/1989* that the Council adopted last December and confirmed in March. In particular, the remaining decisions on the completion of internal market must be taken and implemented rapidly to maintain the present momentum.

In the immediate future, macroeconomic policies must reduce the disequilibria and, in the process, prevent them from affecting the present economic dynamism. External disequilibria and budget deficits must be reduced, but, above all, inflationary expectations must be curbed and inflation rates brought back to more acceptable levels. The battle against inflation has to be fought now before it feeds into wage increases, via inflationary expectations, and becomes ingrained in the price formation mechanism. If this is allowed to happen, investment profitability and, eventually, economic growth and employment will suffer.

Member States' policies must therefore have a double aim:

- they must consolidate the strong investment performance which has been the source of the good output and employment growth experienced by the Community during the last years;
- they must rapidly correct the imbalances which have appeared in many countries, whether they concern trade, inflation or budgets.

A continued strong expansion of investment is necessary to maintain the sustainability of output and employment growth. In spite of the dynamism of investment over the last years, on present trends, the

share of investment in the GDP in 1990 will still be well below that of the 1960s. To preserve the momentum of investment, the economic policy-mix needs to minimize the negative effects of restrictive macroeconomic policies on profitability.

Monetary policy has been called upon almost everywhere to fight inflation. The prompt reaction of monetary authorities shows that they intend to safeguard the credibility they have won in the hard and long disinflation battle fought since the beginning of the 1980s. Until now, however, monetary policy does not seem to have received sufficient support from other policies and especially from budgetary policy. A tight monetary policy is necessary to curb inflation, but its unwanted effects on the profitability of investment can be more than compensated if wages continue to increase moderately and budgetary policy takes an appropriate stance.

A continuation of the moderate nominal and real wage increases of the last years is therefore crucial. This was one of the central themes of the "Cooperative growth strategy for more employment" adopted by the Council in 1985. At that time, the aim of the "Strategy" was to allow a recovery of investment, growth and employment while continuing the disinflation process. The goal of economic policy in 1989 is not very different from that of 1985: today's task is to consolidate the investment performance while resuming the disinflation process. Thanks to the fundamental improvement which has taken place in the Community economy in recent years this task is now easier.

Together with credible and stability-oriented economic policies, a social dialogue is an efficient way of achieving the necessary degree of moderation in wage increases. Where this method has been applied with discernment the results have been very encouraging. It is important to continue in this direction. The two million new jobs

created in 1988, and the almost three more million expected in 1989/90, show that the rewards in terms of increased employment are not a mere promise.

In this context, budgetary policy could and should play a more important role. In particular it could help to prevent inflationary expectations building up. The experience of the countries which have embarked upon ambitious consolidation programmes shows that such a policy is not in contradiction with the objective of sustained economic growth. Budgetary policy could also be useful in re-establishing saving/investment balances more in line with a sustainable balance of payments configuration in a context of strong investment. The next section will illustrate the budgetary situation of the Member States and the tasks that could usefully be assigned to budgetary policy in each country.

2. BUDGETARY POLICIES IN THE COMMUNITY

2.1 Current budgetary developments

In recent years, budgetary policies at the Community level have been distinctly redirected towards consolidating public finances. However, results to date are very uneven between Member States, with the general trends masking growing divergences.

General trends

After declining from 5.5 % of GDP in 1982 to 3.6 % in 1988, net borrowing by general government will probably show a further slight fall in 1989 for the Community as a whole, to stabilize around 3 % of

Table 11 :

MAIN BUDGETARY TRENDS IN THE COMMUNITY (1)

	1985	1988	1989*	1990*	Changes	
					<u>1988</u> <u>1985</u>	<u>1990</u> <u>1988</u>
Gross saving	-1.2	-0.2	0.3	0.1	+1.0	+0.3
Net lending or borrowing	-5.2	-3.6	-3.0	-3.2	+1.6	+0.4
Expenditure	49.0	47.1	46.5	46.0	-1.9	-1.1
Receipts	43.8	43.5	43.5	42.8	-0.3	-0.7
Gross public debt	56.8	59.6	59.6	59.2	+2.8	-0.4
(1) EC, general government as a whole, % of GDP.					* Forecasts	

GDP in 1990 (see Table 11). Public saving is expected to become slightly positive again in 1989 (0.3 % of GDP) and in 1990 (0,1 %) although it will probably remain well below the level recorded during the full-employment period up to the early 1970s (when it almost amounted to 5 % of GDP).

Taking the average for the Community, according to the forecasts available, the improvement in budget balances over the period 1985-1990 will be mainly brought about via a decline in the ratio of public expenditure to GDP (- 3 percentage points of GDP). The latter will be sufficiently large to permit at the same time a relative decline in receipts (minus one percentage point of GDP). Greece would be the only Member State to experience simultaneously a worsening budget deficit and an increase in public expenditure and revenue as a percentage of GDP.

For the Community as a whole, this downward trend is apparent in all the main categories of expenditure, including interest payments. On the revenue side, it is not accompanied at the Community level by any major shifts in the composition of taxes and social security contributions. In some countries, however, e.g. Belgium and Germany, the decline in the burden of taxation would in the years ahead primarily result from direct taxation.

After climbing sharply up to 1988 (up by almost 12 percentage points of GDP since 1982), gross public debt in the Community will probably level off in 1990 at around 60 % of GDP.

Growing divergences

a) At the level of budget balances

Within the Community, the divergences between the relative levels of budget balances are showing a tendency to widen steadily during the period 1985-90 (see Table 12):

- In three Member States (Denmark, Luxembourg, United Kingdom), general government accounts in 1988 revealed a situation of net lending, with the amount of lending expected to rise between now and 1990. In these countries, the improvement in budget balances is, on average, greater than the mechanical effects of the acceleration in economic growth;

Table 12 :

**CHANGES IN THE BUDGET BALANCES⁽¹⁾ AND MECHANICAL IMPACT⁽²⁾
OF THE CHANGES OF ECONOMIC ACTIVITY**

	Cumulative changes over the period			
	1985 - 1988		1988 - 1990 *	
	Actual balance	Impact of change in econ.act.	Actual balance	Impact of change in econ.act.
Community	+1.6	+2.0	+0.4	+1.3
Countries with budget surpluses (3)	+3.4	+2.8	+1.0	+0.5
Countries with a budget deficit smaller than or close to the Community average (4)	+0.7	+2.0	+0.6	+1.7
Countries with a budget deficit greater than the Community average (5)	+1.7	+1.4	-0.1	+1.3

(1) A + sign means an increase of a surplus or a reduction of a deficit
(2) Estimate of the net effect on receipts and expenditure of deviations in economic growth from the medium-term trend
(3) DK, L, UK (4) D, F, E, (5) B, GR, IRL, I, NL, P
* Forecasts

- In Germany and France, net borrowing by general government will probably remain significantly below the Community average and below but close to it in Spain; the favourable impact of the recovery in economic activity is being beneficially used not only to reduce the budget deficit but also to ease the burden of taxation revenue in the cases of France and particularly Germany and to increase public capital spending in the case of Spain;
- In all the other Member States (Portugal, Belgium, Netherlands, Ireland and especially Greece and Italy), the budget deficit remains at very high levels. General government current receipts in those countries are not sufficient to meet total current expenditure and general government saving will probably remain negative in 1990, especially in Belgium (- 4.2 % of GDP), Italy (- 6.3 %) and particularly in Greece (- 9.9 %). In this group of countries, the efforts made between 1985 and 1988 to reduce the budget deficit have been important and exceeded the mechanical effects of expanding economic activity. They fell short, however, of what was needed to come much closer to the Community average. In addition - which is all the more worrying - between now and 1990, according to the forecasts available and the measures planned, the maintenance of a favourable economic environment would no longer result in further consolidation and the budget balances would even slightly deteriorate in these countries on average.

(b) At the level of public debt

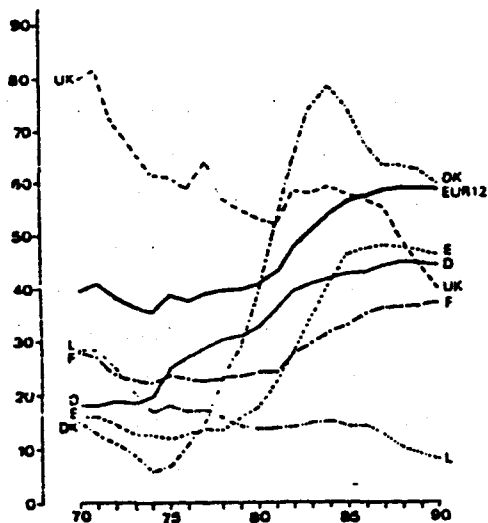
The tendency towards stabilization of public debt throughout the Community masks a divergent trend between two groups of countries (see Graph 5, trend of public debt):

- In the countries where the ratio of public debt to GDP is lower than the Community average, this ratio is tending to remain almost stable (Germany, France, Spain) or to decline (Denmark, Luxembourg, United Kingdom);

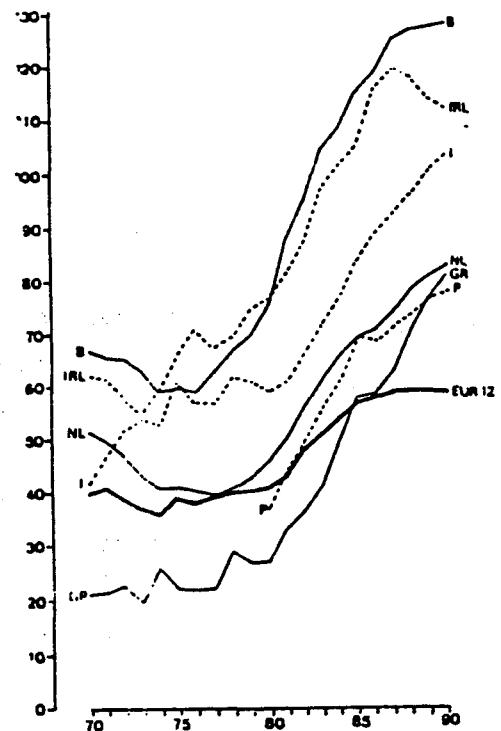
- By contrast, in the countries where the public debt ratio is very high in relative terms, it will probably show a further increase in 1989 and 1990, the exception being Ireland. In Belgium, the Netherlands and, to a lesser extent, Portugal, the primary budget deficit is no longer an aggravating factor and the mounting level of debt results primarily from an endogenous process engendered by the burden of interest payments. In Greece and Italy, however, the effects of a persistent primary deficit are further compounded by rising interest payments.

Graph 5: Trend of gross public debt, as % of GDP

a) Countries with public debt below or very close to the Community average in 1988



b) Countries with high public debt in 1988



... / ...

2.2 Pursuit of greater convergence of budgetary policies

Need for a strengthening of convergence

- a) Continuation of the efforts at budget consolidation is essential for the preservation of stable growth in the Community, which requires a gradual expansion of investment and saving while ensuring a sustainable configuration of balances of payments. A higher level of capital formation is all the more necessary for the following three reasons: (i) the present situation is characterized by a high degree of productive capacity utilization; (ii) the productivity gains expected from completion of the internal market need to be reflected, via an expansion of the capital stock, in higher production and additional jobs; (iii) if the measures to strengthen economic cohesion in the Community are to be successful, productive potential needs to be boosted and reinforced more rapidly in the less prosperous economies.
- b) Even if account is taken of structural differences between Member States as regards savings and investment ratios, the persistence of marked disparities in the level of budget balances and public debt is a potential source of exchange-rate instability that cannot be contained indefinitely using only monetary policy instruments. A better coordination of budgetary policies with the view to closer convergence of economic performance is therefore necessary in order to facilitate a proper functioning of the internal market and progress towards monetary integration.

To date, the far-reaching changes in the overall allocation of resources that occurred in the wake of the oil price shocks and in response to the economic policies pursued at the time have been only partially rectified (Table 13). For the Community as a whole, while it

has been generally possible to maintain an external position close to equilibrium, the ratio of capital formation to GDP fell by more than six percentage points between 1970 and 1983. The contraction in saving was of a similar magnitude and resulted, for the most part, from the decline in general government saving, which became negative at the beginning of the 1980s.

Despite the recent upturn in investment, the reduction in budget deficits and the improvement in firms' financial positions, the current savings/investment balance in the Community as a whole is still far inferior to that achieved at the beginning of the 1970s at a time of virtually full employment.

Table 13:

GROSS CAPITAL FORMATION AND GROSS SAVING IN THE COMMUNITY(1)

	Gross capital formation		Gross saving	
	Private	Public	Private	Public
1960*	19.7	4.4	18.6	5.9
1970	21.7	4.0	20.8	5.0
1983	16.7	2.9	21.2	- 1.5
1988	18.0	2.7	21.0	- 0.1
1990**	19.1	2.7	21.3	0.3

(1) EC, Greece and Portugal excluded in 1960 and 1970; as % of GDP.
* Estimate **Forecasts

For investment and employment reasons, the maintenance of a moderate trend of per capita real labour costs against a background of monetary stability is therefore essential to ensure a further improvement in profitability and a better balance of relative labour and capital costs. Budgetary policy can, for its part, contribute more to a reallocation of resources in favour of investment and savings.

Definition of general guidelines

In a medium-term perspective, budgetary policies in the Community should be directed towards four major objectives.

a) Non-monetary financing of budget deficits

If monetary authorities are to dispose of the freedom necessary to the pursuit of stability, at least two rules relating to the financing of budget deficits must be observed: I) general government must have no automatic access to central bank credit, except for cash advances in limited amounts and repayable within a short period; II) there must be no obligation on banks to invest in government securities. Respect of these rules is important to ensure that governments are subject to market discipline like the other borrowers.

b) Reduction of budget imbalances

With regard to the trend of budget balances, two points should be borne in mind in looking to the medium-term: (I) public saving should remain or become positive again so as to ensure that public indebtedness corresponds to an increase in the capital stock and not to the financing of current expenditure; (II) general government net borrowing should be kept within limits in order to ensure control over the public debt/GDP ratio or even to reduce it where it is very high.

Experience shows that any prolonged deviation from these lines of action ultimately causes a slowdown in investment, growth and employment: triggering off a cumulative process of budgetary deterioration through a mounting debt-servicing burden, upward pressure on interest rates and the emergence of external deficits which are unsustainable without recourse to organized official funding, which increases the external public debt.

c) The avoidance of the adverse effects of public expenditure

The degree to which general government is involved in economic activity and the role it plays are essentially national political choices. However, the very rapid rise in public expenditure in the Community (up by an average of 6 percentage points of GDP in the 1960s, by almost 10 points over the 1970s and by 4 points between 1980 and 1985) has introduced an element of growing rigidity into resource allocation mechanisms. The corresponding increase in taxes and social security contributions has accentuated the upward pressure on gross wages and salaries and, with inflation being contained gradually, has adversely affected company profitability and therefore investment, growth and employment. The consolidation of public finances undertaken since 1985, combined with monetary policies directed towards stability and moderate developments in labour costs, has enabled the vicious circle, of decelerating economic activity and deteriorating budgetary positions, to be broken and additional room for manoeuvre in budgetary policy to be created.

d) Restructuring of public revenue and expenditure

The completion of the internal market will, independently of the Community tax approximation measures which are directly connected with it, make for increased competition between public finances in different countries. It is therefore important that each Member State should have sufficient room for manoeuvre available to adapt to such demands.

Generally speaking, a better balance should be sought between those components of taxes and social security contributions burdening the cost of the factors of production (direct taxes and social security contributions), which have increased very sharply, and those based on

consumption (indirect taxes), which have remained roughly stable as a proportion of GDP. The reforms undertaken in a number of Member States aimed at reducing tax rates, widening the bases of assessment and simplifying the methods of assessment should be continued in order to achieve a de facto harmonization of tax systems in the Community.

On the expenditure side, priority should be given to programmes designed to boost the productivity of the economy (economically viable public investment, training and conversion measures). It is also important to step up the efforts to reduce aid to declining and non-profitable activities, this would also help to promote competition and to reduce distortions within the internal market.

When putting co-ordination into practice, these general guidelines should be used as references for the definition of a medium-term framework for the budgetary policy of each Member State.

2.3 Budgetary outlook and guidelines for the Member States

Situation and prospective development

On the basis of the progress already made towards the consolidation of public finances and moreover taking into account the magnitude of the external constraint and the economic policy-mix currently being implemented four groups of Member States can be distinguished (see Table A15 and A16 in Annex).

- a) In the three Member States (Denmark, Luxembourg and United Kingdom) in which general government achieved a budget surplus in 1988, this surplus should remain stable in Luxembourg in 1989 and 1990 (around 2.5 % of GDP) but should increase in the two other countries (to reach 1.1 % of GDP in Denmark and 1.8 % of GDP in the United Kingdom in 1990) owing mainly to a reduction in expenditure as a proportion of GDP.

The budget surpluses in Denmark and the United Kingdom are compensating partially for an inadequate level of private saving in relation to investment. By curbing domestic demand, these surpluses are helping to prevent a more pronounced deterioration of external deficits and to reduce inflationary pressures. In order to mitigate the risks of a weakening of economic growth and to ensure a lasting recovery of investment as well as an improvement in competitiveness, this budgetary stance should as far as possible be supported by a moderate development in labour costs. In the United Kingdom, the forecast rapid rise in wages in 1989 - which is expected to decelerate only gradually in 1990 - leaves very limited room for manoeuvre in budgetary policy and requires a strict discipline, particularly as regard the evolution of the tax burden. The same applies to Denmark, where labour costs remain at a relatively high level and therefore require continued moderation over several years in order to regain the competitiveness necessary to rectify the external balance. In this country, a recovery of the private saving ratio should also be pursued through a restructuring of the fiscal system.

- b) In France and Germany the level of the budget deficits (1.6 % and 2 % of GDP respectively in 1988, 1.6 % and 0.9 % in 1990) can be considered to be sustainable: on the basis of the assumptions made for growth and interest rates in the medium term, general government net borrowing is compatible in both countries with the maintenance of a relatively low level of public indebtedness, particularly in France.

However, the external constraint operates very differently in each of these two Member States. In France, the relatively fragile external position calls for a continued rigorous stance in all fields of economic policy. In budgetary policy, following the appreciable reduction in the deficit in 1988 and despite the high

level of tax revenue expected as a result of sustained domestic demand, the maintenance in 1990 of general government net borrowing at an unchanged level will necessitate additional savings to offset the impact of certain measures planned (reduction in corporation tax and indirect taxes, increase in spending on education and research). At the same time, the maintenance of the financial stability of the social security funds will set an additional constraint.

In Germany, while the current external surplus is likely to grow further on the assumptions made in the economic forecasts, general government net borrowing should contract markedly in 1989 (from 2 % to 0.3 % of GDP) as a result of the increase in indirect taxation, the transfers of the Bundesbank's expected profits and the effects of growth; it is likely to increase only moderately in 1990 (to 0.9 % of GDP) despite the fact that implementation of the planned tax reforms will cut revenue by nearly 1 % of GDP. These tax reforms will make a further major contribution to the reinforcement of domestic supply and demand conditions. Given the size of the external surplus, the national authorities should examine the possibility of funding additional tax reductions through, inter alia, a cut in the subsidies charged to the budget. Such fiscal measures should form part of an overall economic policy designed to promote structural adjustment and a shift from external to domestic demand (investment, import content of private consumption, development of the services sector)

- c) In Italy, Belgium and the Netherlands, the medium-term objective should be to cut budget deficits to a level which will stabilize and then reverse the upward trend in the public debt, which has continued without interruption since the second half of the 1970s.

A reduction in the public finance imbalance is especially urgent in Italy given the size of the present deficit there, the dangers of a

deterioration in the current external balance and the pressure exerted by public indebtedness on interest rates and monetary policy. The measures envisaged so far are inadequate to bring about an improvement in general government net borrowing. The fiscal deficit is likely to deteriorate further (10.6 % of GDP in 1988 and 10.9 % in 1990) despite a relatively high rate of growth of GDP in nominal terms. The persistence of such a deficit is not compatible, without the risk of an explosive increase in public debt, with the appreciable reduction in the underlying inflation rate necessary for the progress towards economic and monetary union.

A continued improvement in the budget balance is also essential in Belgium, where the very high level of public debt entails a considerable debt-servicing burden (more than 10 % of GDP) and severely limits the room for manoeuvre on the budgetary front. Advantage must be taken of the more buoyant economic situation to step up and continue in 1990 and beyond the budgetary adjustment efforts already made.

In the Netherlands, general government net borrowing is likely to fall only very slightly between 1988 and 1990 (to 4.7 % of GDP as opposed to 5.0 %). However, this trend would still be compatible with the maintenance of a current external position which, though down on 1988, would still show a healthy surplus. While the level of public indebtedness is still below that in Belgium and Italy, its rapid increase may become more and more a cause for concern in the medium term. The tax concessions planned should therefore be accompanied in 1990, after a reduction in investment subsidies in 1989, by other savings in current expenditure so as to achieve gradually a positive level of public saving.

- d) Among the fourth group of countries - Spain, Ireland, Portugal and Greece - having due regard to the maintenance of a sustainable external position, the aim in the public finance field should be to

... / ...

contribute to the creation of macroeconomic conditions conducive to ensuring, a rate of growth higher than the average of the other Member States and to deriving maximum benefits from Community structural measures. In these countries, a sufficient share of domestic demand should be devoted to the expansion of investment. This means that public finances should contribute more to the formation of national savings while providing the supplementary resources required for the cofinancing of the Community's structural actions.

Such conditions have largely been created in Spain while important progress has been achieved in that direction in Ireland.

In Spain, the level of public debt has, after increasing rapidly, stabilized as a proportion of GDP and general government net borrowing should fall slightly between 1988 and 1990 (from 3.2 % to 2.8 % of GDP). However, a tighter budgetary stance could be necessary if the restrictive measures taken recently prove to be insufficient to avert the dangers of an excessive deterioration in the external position, overheating and of accelerating labour costs.

In Ireland, the current external position will continue to show a substantial surplus. The budgetary adjustment process has brought down the very high level of public indebtedness and, according to forecasts, should continue in 1989 and 1990, largely through a reduction in public expenditure (as % of GDP) following on the exceptional tax receipts of 1988 due to the tax amnesty measures. In the medium term, a restructuring of expenditure should aim for higher levels of public investment and saving compared to those in 1988 (2.2 % and - 1.0 % of GDP respectively).

In Portugal, the progress made since 1985 in reducing the public finance imbalance is still not sufficient to stabilize the public

debt as a proportion of GDP, despite a high rate of inflation. During the next years, public finances will have to cope with co-financing expenditure required for the full utilization of Community funds, with a deterioration in the trend of social security funds and an increase in interest payments which might result from the reform of monetary policy instruments. However, the danger of a further and very sharp deterioration in the current account balance, despite the increase in budgetary transfer payments from the Community, would, if it were to materialize, undoubtedly necessitate a much greater reduction than forecast in general government net borrowing (from 6.6 % of GDP in 1988 to 6.3 % in 1990), together with a tighter approach to monetary policy and labour costs.

While it would seem possible for Greece to maintain a sustainable external position until 1990, major domestic adjustments are vital if lasting economic growth is to be restored and if there is to be a steady and significant reduction in the inflation rate. Without rapid corrective measures, general government net borrowing would remain in 1990 at its level of 1988 (14.3 % of GDP). The present position is that current receipts cover only consumption and transfer expenditure; all interest payments and capital expenditure have to be financed through new borrowing. A sharp contraction of current expenditure and a substantial increase in tax revenue are essential from 1990 onwards to prevent an explosive growth in the public debt and to re-establish, together with a marked deceleration in the rate of increase of labour costs, the conditions necessary for sound growth.

Priority measures

Without prejudice to a possible revision of the 1974 Council Decision on economic convergence consequent upon the proposals made in the

report on economic and monetary union, the Commission intends to promote closer coordination of budgetary policies : selection of the most appropriate indicators for a multilateral surveillance of budgetary trends; a regular and more intense assessment, on the basis of horizontal and country examinations, of the consistency of budgetary policies with regard to Community objectives level and with the other instruments of economic policy; agreement on the formulation and the implementation of budgetary guidelines adapted to the specific economic situation of each Member country.

The examination of the current situation and medium-term developments indicates that in the budgetary field the following priority objectives should be identified.

The effective implementation of a budgetary consolidation programme according to a strict timetable is especially urgent in Italy and Greece, where the lack of any significant progress in restoring order to public finances may seriously compromise the maintenance or resumption of lasting growth in those countries and the stability and the cohesion of the Community, despite the implementation of the Structural funds.

It is also important that, beyond 1989, the efforts being made to reduce budget imbalances and the relative level of public debt should be actively pursued according to a precise timetable in Belgium and in Ireland and should be stepped up in Portugal.

In other Member States, where a sustainable public finance situation has been restored, the maintenance of a rigorous approach to budgetary policy is still necessary : the use to be made of the (limited) room for manoeuvre which may be available in some of those countries will depend mainly on the results achieved in other economic policy areas in terms of monetary stability, improved profitability and the external position.

STATISTICAL ANNEX

STATISTICAL ANNEXTABLES

- Page 44 TABLE A1 Main economic aggregates of EUR 12 and of Member countries.
- " 57 TABLE A2 Main macro-economic indicators for Member countries, the Community, the USA and Japan :
- a) gross domestic product (annual % change);
 - b) domestic demand (annual % change);
 - c) deflator of private consumption (annual % change);
 - d) balance on current transactions (as % of GDP);
 - e) number of unemployed (as % of civilian labour force: annual average);
 - f) total employment (annual % change);
 - g) compensation of employees per head (annual % change);
 - h) real compensation of employees per head (annual % change);
 - i) real unit labour costs (annual % change);
 - j) gross fixed capital formation (annual % change);
 - k) GFCF: equipment (annual % change);
 - l) GFCF: construction (annual % change).
- " 63 TABLE A3 The world economy :
- a) GDP/GNP (% change);
 - b) imports of goods (% change);
 - c) exports of goods (% change);
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- " 66 TABLE A4 Indebtedness of developing countries.
- " 67 TABLE A5 Main hypotheses of May 1989 forecast.
- " 68 TABLE A6 Convergence of private consumption deflators (annual % change).
- " 69 TABLE A7 Convergence of nominal unit labour costs (annual % change).
- " 70 TABLE A8 Synthetic indicators of budgetary policy in the Community.
- " 71 TABLE A9 Total government expenditure (as % of GDP).

page 71 TABLE A10 Total government receipts (as % of GDP).

" 72 TABLE A11 Net government lending or borrowing (as % of GDP).

" 72 TABLE A12 Gross public debt in Community countries (as % of GDP).

" 73 TABLE A13 Share of selected categories of total government receipts (as % of GDP).

" 74 TABLE A14 Share of selected categories of total government expenditure (as % of GDP).

" 75 TABLE A15 Gross capital formation, gross saving and current account balance in the Community, USA, Japan, Member countries (as % of GDP).

" 79 TABLE A16 Net budget positions and current external balances (as % of GDP).

" 80 TABLE A17 a) nominal effective exchange rates; performance against 19 industrial countries;
b) nominal effective exchange rates; performance against ERM;
c) relative unit labour costs; performance against 19 industrial countries in a common currency;
d) relative unit labour costs; performance against ERM in a common currency;
e) relative unit labour costs; performance against 19 industrial countries in national currencies;
f) relative unit labour costs; performance against ERM in national currencies.

GRAPHS

" 86 GRAPH A1 a) Short-term interest rates (3 month Euromarket rate);
b) Long-term interest rates (yield on public sector bonds).

" 87 GRAPH A2 Real effective exchange rates for selected countries: European Community, Germany, United States and Japan.

" 88 GRAPH A3 a) US federal budget deficit;
b) USA net international assets/liabilities (end-year).

TABLE A1
MAIN ECONOMIC AGGREGATES 1961-90 1)

EUR12	ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED										
	1961-1973	1974-1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	10.2	14.4	11.2	10.2	9.3	8.7	8.3	8.9	8.1	8.2	7.8
-AT CONSTANT PRICES	4.8	1.9	.8	1.6	2.3	2.5	2.6	2.8	3.6	3.2	2.9
-PRICE DEFLATOR	5.2	12.2	10.4	8.5	6.9	6.1	5.5	4.0	4.3	4.9	4.7
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	5.6	-4	-2.0	-1	1.5	2.5	3.4	4.8	7.8	6.8	5.0
-CONSTRUCTION 3)	:	-1.2	-2.7	.1	.3	-1.9	2.7	2.4	6.2	4.8	3.8
-EQUIPMENT 3)	:	1.2	-1.3	.3	4.3	8.6	2.9	9.0	9.1	8.8	5.8
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 4)											
-TOTAL	23.4	22.1	20.2	19.6	19.3	19.2	19.0	19.2	19.9	20.6	21.0
-GENERAL GOVERNMENT 5)	:	3.3	3.0	2.9	2.8	2.9	2.8	2.7	2.8	2.6	2.7
-OTHER SECTORS 5)	:	18.7	17.1	16.6	16.5	16.3	16.2	16.4	17.1	17.9	18.2
4. FINAL NATIONAL USES INCL. STOCKS 2)											
-EUR12	5.0	1.5	.9	1.1	1.8	2.3	3.9	4.1	4.8	3.5	3.0
-EUR12 AGAINST 9 OTHER OECD COUNTRIES	-5	-6	1.1	-1.8	-3.5	-1.7	.0	-.2	-.1	.3	.6
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	4.8	12.3	10.5	8.5	7.2	5.9	3.8	3.4	3.7	4.8	4.5
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	10.0	14.9	11.0	9.8	7.5	6.9	6.2	5.5	5.6	6.0	5.0
-REAL, DEFLATOR PRIVATE CONSUMPTION	5.1	2.3	.5	1.2	.2	.9	2.3	2.0	1.9	1.1	1.4
-REAL, DEFLATOR GDP	4.8	2.4	.6	1.2	.6	.8	.6	1.4	1.2	1.0	1.2
7. PRODUCTIVITY 6)	4.5	2.0	1.7	2.3	2.2	1.9	1.8	1.6	2.0	1.9	2.0
8. REAL UNIT LABOUR COSTS 7)											
-INDEX: 1961-73 = 100	100.0	104.3	103.0	101.9	100.2	99.2	98.0	97.8	97.1	96.2	95.5
-ANNUAL PERCENTAGE CHANGE	.1	.4	-1.1	-1.1	-1.7	-1.1	-1.2	-.2	-.8	-.9	-.6
9. PROFITABILITY (INDEX: 1961-73 = 100)	100.0	89.9	84.8	87.4	71.6	74.6	78.9	80.5	83.4	85.5	87.2
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY AGAINST 9 OTHER OECD COUNTRIES											
-INDEX: 1961-73 = 100	100.0	108.0	97.6	92.0	85.2	85.0	83.3	100.1	96.3	94.3	94.2
-ANNUAL PERCENTAGE CHANGE	1.0	-.2	-6.5	-5.7	-7.4	-.2	9.8	7.3	-1.8	-4.1	-.1
11. EMPLOYMENT	.3	-.1	-.9	-.7	.1	.6	.8	1.2	1.6	1.2	1.0
12. UNEMPLOYMENT RATE 8)	2.2	5.1	8.4	10.6	11.4	11.8	11.8	11.6	11.4	10.5	10.2
13. CURRENT BALANCE 9)	.4	-.3	-.7	.1	.3	.8	1.4	.8	.4	.0	.0
14. NET LENDING OF GENERAL GOVERNMENT 9) 10)	:	-3.7	-6.5	-6.3	-6.4	-5.2	-4.8	-4.3	-3.6	-3.0	-3.2
15. GROSS DEBT OF GENERAL GOVERNMENT 9) 10)	:	38.8	48.0	51.2	54.4	56.9	58.0	59.7	59.8	59.7	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 9) 10)	:	2.8	4.1	4.4	4.7	5.0	5.1	4.8	4.8	4.8	4.8
17. MONEY SUPPLY (END OF YEAR) 11)	11.8	13.4	11.9	10.7	9.9	9.9	10.4	11.0	9.9	:	:
18. LONG TERM INTEREST RATE 12)	7.1	11.7	14.3	12.7	11.8	10.9	9.2	9.4	9.4	:	:

- 1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1988-90: ECONOMIC FORECASTS FEBRUARY 1989
- 2) AT CONSTANT PRICES
- 3) EUR12 EXCL. IRELAND, LUXEMBOURG AND PORTUGAL
- 4) AT CURRENT PRICES
- 5) EUR12 EXCL. GREECE AND PORTUGAL
- 6) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED
- 7) DEFLATOR GDP
- 8) PERCENT OF CIVILIAN LABOUR FORCE
1961-73: EUR12 EXCL. GREECE, SPAIN AND PORTUGAL
- 9) PERCENT OF GDP
- 10) 1974-81: EUR12 EXCL. GREECE AND PORTUGAL
- 11) BROAD MONEY SUPPLY M2 OR M3 ACCORDING TO COUNTRY
1961-73: EUR12 EXCL. SPAIN AND PORTUGAL
- 12) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

BELGIE/BELGIQUE

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	9.2	9.3	8.8	8.0	7.4	6.8	5.4	4.0	5.5	6.5	6.6
-AT CONSTANT PRICES	4.8	2.0	1.5	.2	2.3	.9	1.9	2.0	4.0	3.8	2.8
-PRICE DEFLATOR	4.1	7.1	7.2	6.8	5.0	5.9	3.4	2.0	1.5	2.9	3.5
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	5.1	-6	-1.7	-4.2	2.1	1.0	3.7	7.6	12.9	10.5	5.8
-CONSTRUCTION	:	-1.6	-5.6	-6.2	-5.9	-4	2.1	5.4	12.0	7.5	3.8
-EQUIPMENT	:	2.0	5.8	-2.7	13.4	-7	10.9	10.3	14.0	14.0	6.0
3. SHARE OF GROSS FIXED CAPITAL FORMATION (IN GDP 3)											
-TOTAL	21.8	21.3	17.3	16.3	16.0	15.7	15.7	16.3	18.0	19.4	19.8
-GENERAL GOVERNMENT	:	3.8	3.4	3.1	2.7	2.3	1.9	1.9	1.8	1.7	1.6
-OTHER SECTORS	:	17.5	13.8	13.2	13.4	13.5	13.8	14.5	16.2	17.6	18.2
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	4.8	1.7	.8	-2.2	2.3	.6	3.0	3.4	4.0	3.8	3.0
-RELATIVE AGAINST 19 COMPETITORS	-1	-1	.8	-4.0	-5	-2.0	-8	-1	-1	.7	.3
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	.0	.1	.3	-3.6	.6	-1.5	-8	-1	.0	.6	.1
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	3.7	7.8	7.7	6.7	5.7	5.8	.4	2.2	1.2	3.0	3.2
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	8.8	10.8	7.7	6.3	6.7	4.4	4.1	.9	2.4	5.2	5.3
-REAL, DEFLATOR PRIVATE CONSUMPTION	5.1	2.8	.0	-3	.9	-1.3	3.7	-1.3	1.2	2.1	2.0
-REAL, DEFLATOR GDP	4.6	3.5	.5	.5	1.6	-1.4	.7	-1.1	.9	2.3	1.7
7. PRODUCTIVITY 4)	4.3	2.2	2.8	1.3	2.3	.1	1.0	1.7	2.5	2.7	2.5
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	111.5	111.6	110.7	110.0	108.3	106.0	105.1	103.4	102.9	102.2
-ANNUAL PERCENTAGE CHANGE	.3	1.3	-2.3	-.8	-.7	-1.6	-.3	-2.7	-1.6	-.5	-.7
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	112.3	90.7	88.7	87.7	89.0	93.8	94.3	90.8	89.1	88.2
-ANNUAL PERCENTAGE CHANGE	-.3	.1	-11.5	-2.2	-1.1	1.6	5.3	.5	-3.7	-1.8	.1
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	109.1	90.5	89.8	90.8	92.4	95.0	93.8	90.7	89.9	90.1
-ANNUAL PERCENTAGE CHANGE	-.7	.2	-10.0	-.7	1.0	1.7	2.8	-1.3	-3.3	-.8	.2
11. EMPLOYMENT	.6	-.2	-1.3	-1.1	.0	.8	1.0	.4	1.4	.8	.4
12. UNEMPLOYMENT RATE 6)	2.2	7.4	13.0	14.3	14.4	13.6	12.5	12.1	11.1	10.3	9.9
13. CURRENT BALANCE 7)	1.1	-1.6	-3.6	-.6	-.4	.5	2.0	1.2	1.0	.4	.5
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-6.8	-11.1	-11.5	-9.3	-8.8	-8.0	-7.2	-6.7	-6.3	-6.3
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	69.0	97.5	107.4	111.7	118.3	122.0	128.8	130.9	131.3	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	4.8	9.3	8.5	10.0	10.6	11.4	10.8	10.5	10.8	11.0
17. MONEY SUPPLY (END OF YEAR) 8)	10.1	11.1	7.5	7.1	6.2	6.7	10.7	9.9	6.6	:	:
18. LONG TERM INTEREST RATE 9)	6.5	8.9	13.4	11.8	12.0	10.6	7.9	7.6	7.9	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) MZN

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

DANMARK

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	11.7	11.3	13.3	10.4	10.3	9.8	7.7	3.9	4.7	4.4	4.4
-AT CONSTANT PRICES	4.3	1.2	3.0	2.5	4.4	4.2	3.3	-1.0	-2	1.1	1.7
-PRICE DEFLATOR	7.0	10.0	10.6	7.6	5.7	5.2	4.2	5.0	4.9	3.2	2.7
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	6.5	-5.3	7.1	1.9	12.9	11.8	17.3	-9.0	-6.9	-3.1	1.7
-CONSTRUCTION	:	-7.2	-1.3	1.9	7.8	7.7	19.2	-1.2	-6.0	-5.0	.0
-EQUIPMENT	:	-1.3	19.9	2.2	14.3	15.4	14.8	-14.8	-6.1	-5	3.8
3. SHARE OF GROSS FIXED CAPITAL FORMATION (IN GDP 3)											
-TOTAL	24.0	20.8	18.1	16.0	17.2	18.5	20.7	18.8	17.6	16.9	16.8
-GENERAL GOVERNMENT	:	3.6	2.8	2.3	1.9	2.2	1.7	2.0	2.2	1.9	1.9
-OTHER SECTORS	:	17.3	13.2	13.7	15.3	16.4	19.0	16.7	15.4	15.0	15.0
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	4.6	.0	3.5	1.4	5.1	5.7	5.4	-3.2	-2.1	-.2	1.1
-RELATIVE AGAINST 19 COMPETITORS	.1	-1.6	3.3	-.7	1.5	2.7	1.6	-6.5	-6.0	-2.9	-1.4
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	.2	-1.3	3.1	-.3	3.1	3.7	1.7	-6.6	-6.3	-3.3	-1.7
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	6.6	11.0	10.2	6.8	6.4	4.7	3.4	4.1	5.1	4.3	2.9
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	10.7	11.4	11.9	8.2	5.5	4.9	4.7	8.2	2.3	2.9	2.8
-REAL, DEFLATOR PRIVATE CONSUMPTION	3.8	.4	1.5	1.3	-.8	.2	1.2	4.0	-2.6	-1.3	.0
-REAL, DEFLATOR GDP	3.4	1.3	1.2	.5	-.1	-.3	.4	3.1	-2.5	-.3	.2
7. PRODUCTIVITY 4)	3.2	1.1	2.6	2.2	2.6	1.2	1.0	-2.1	.0	1.3	1.3
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	101.9	99.2	97.5	94.9	93.5	93.0	97.9	95.5	94.0	92.9
-ANNUAL PERCENTAGE CHANGE	.2	.3	-1.3	-1.7	-2.7	-1.5	-.5	5.3	-2.5	-1.6	-1.1
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	116.5	99.2	100.3	96.2	97.4	103.2	115.0	112.1	105.9	104.2
-ANNUAL PERCENTAGE CHANGE	2.2	-1.3	-2.6	1.1	-4.1	1.2	6.0	11.5	-2.5	-5.6	-1.6
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	112.8	98.4	100.9	100.1	101.7	104.0	113.2	111.2	107.0	105.4
-ANNUAL PERCENTAGE CHANGE	1.7	-1.2	-.8	2.5	-.8	1.6	2.3	8.6	-1.7	-3.9	-1.4
11. EMPLOYMENT	1.1	.2	.4	.3	1.7	2.9	2.3	1.1	-.3	-.2	.4
12. UNEMPLOYMENT RATE 6)	1.1	5.9	9.3	10.1	9.9	8.7	7.5	7.5	8.3	9.1	9.3
13. CURRENT BALANCE 7)	-2.0	-3.5	-4.2	-2.6	-3.3	-4.6	-5.2	-3.0	-1.7	-1.7	-1.4
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-1.4	-9.1	-7.2	-4.1	-2.0	3.4	1.8	.4	.5	1.1
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	22.9	64.5	74.3	78.0	74.0	66.8	63.3	62.7	62.2	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	2.6	6.0	8.1	9.6	9.8	8.6	8.3	7.9	7.7	7.0
17. MONEY SUPPLY (END OF YEAR) 8)	10.6	11.4	11.4	25.4	17.8	15.8	8.4	4.4	3.1	:	:
18. LONG TERM INTEREST RATE 9)	9.0	16.4	20.5	14.4	14.0	11.6	10.5	11.9	10.6	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M2

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

FR DEUTSCHLAND

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	8.9	8.7	3.7	4.8	4.8	4.3	5.5	4.0	5.1	5.2	5.8
-AT CONSTANT PRICES	4.4	1.9	-0.6	1.5	2.8	2.0	2.3	1.9	3.5	3.0	3.0
-PRICE DEFLATOR	4.3	4.7	4.4	3.3	2.0	2.2	3.1	2.0	1.5	2.2	2.7
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	4.0	.1	-5.3	3.2	.8	.1	3.3	1.8	5.8	6.0	4.9
-CONSTRUCTION	:	-0.9	-4.3	1.7	1.8	-5.6	2.4	.2	4.5	4.2	3.0
-EQUIPMENT	:	2.1	-7.0	5.6	-2	9.9	4.3	5.6	7.5	8.3	7.2
3. SHARE OF GROSS FIXED CAPITAL FORMATION (IN GDP 3)											
-TOTAL	24.9	21.2	20.5	20.5	20.2	19.7	19.5	19.4	19.8	20.5	21.0
-GENERAL GOVERNMENT	:	3.5	2.8	2.5	2.4	2.3	2.4	2.4	2.4	2.4	2.3
-OTHER SECTORS	:	17.6	17.6	18.0	17.8	17.4	17.1	17.0	17.5	18.2	18.7
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	4.5	1.7	-2.0	2.3	2.0	.8	3.5	3.2	3.5	2.4	2.9
-RELATIVE AGAINST 19 COMPETITORS	-1.5	-1.1	-2.7	.6	-1.5	-2.3	-1.3	-1.4	-1.7	-1.7	.3
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	-1.4	.2	-3.5	1.5	.0	-1.8	-1.3	-1.4	-1.8	-1.0	.1
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	3.6	5.0	4.7	3.2	2.4	2.1	-1.2	.7	1.3	3.0	2.9
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	9.2	7.1	4.2	3.7	3.5	3.1	3.9	2.9	3.1	2.9	3.5
-REAL, DEFLATOR PRIVATE CONSUMPTION	5.4	2.0	-1.5	.5	1.0	1.0	4.1	2.2	1.7	-1.1	.5
-REAL, DEFLATOR GDP	4.6	2.3	-1.2	.4	1.5	.8	.7	.9	1.5	.8	.7
7. PRODUCTIVITY 4)	4.1	2.3	1.1	3.1	2.7	1.3	1.3	1.2	2.9	1.9	2.0
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	103.7	102.2	99.6	98.4	97.9	97.4	97.0	95.7	94.7	93.5
-ANNUAL PERCENTAGE CHANGE	.5	.0	-1.2	-2.5	-1.2	-1.5	-1.6	-1.3	-1.3	-1.1	-1.3
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	111.5	97.8	97.1	92.6	91.0	99.5	104.7	100.9	96.1	94.3
-ANNUAL PERCENTAGE CHANGE	2.3	-2.6	-1.3	-1.7	-4.8	-1.8	9.4	5.2	-3.7	-4.8	-1.8
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	109.9	99.1	100.7	99.0	97.1	103.1	105.8	102.0	98.2	96.2
-ANNUAL PERCENTAGE CHANGE	2.2	-2.9	2.9	1.7	-1.7	-1.9	6.1	2.7	-3.6	-3.7	-2.1
11. EMPLOYMENT	.2	-1.4	-1.7	-1.5	.1	.7	1.0	.7	.6	1.0	1.0
12. UNEMPLOYMENT RATE 6)	.8	3.7	6.9	8.4	8.4	8.4	8.1	8.1	8.0	7.2	7.1
13. CURRENT BALANCE 7)	.7	.5	.5	.7	1.3	2.6	4.4	3.9	4.1	4.3	4.4
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-3.0	-3.3	-2.5	-1.9	-1.1	-1.3	-1.8	-2.0	-1.3	-1.9
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	28.8	39.3	40.9	41.8	42.5	42.7	43.9	44.6	43.8	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	1.7	2.8	3.0	3.0	3.0	3.0	2.9	2.8	2.7	2.7
17. MONEY SUPPLY (END OF YEAR) 8)	10.9	8.1	7.1	5.3	4.7	5.0	6.6	5.9	6.9	:	:
18. LONG TERM INTEREST RATE 9)	7.2	8.1	9.0	7.9	7.8	6.9	5.9	5.8	6.1	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M3

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

ELIAS	ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED										
	1961-1973	1974-1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	12.5	19.8	25.6	19.5	23.6	21.3	20.1	15.3	17.3	19.0	18.0
-AT CONSTANT PRICES	7.7	3.0	.4	.4	2.8	3.1	1.2	-4	3.5	3.0	2.6
-PRICE DEFLATOR	4.6	16.3	25.1	19.1	20.3	17.7	18.6	15.7	13.3	15.6	15.0
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	10.0	-1.9	-1.9	-1.3	-5.7	5.2	-5.7	-3.2	10.1	9.6	7.2
-CONSTRUCTION	:	-3.1	-13.2	5.3	-6.9	3.0	-3.4	-5.0	10.5	10.0	6.5
-EQUIPMENT	:	.1	14.1	-8.5	-4.2	7.6	-6.5	-.8	9.5	9.0	8.0
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	22.7	22.8	19.9	20.3	18.5	19.1	18.5	17.4	18.1	19.0	18.5
-GENERAL GOVERNMENT	:	:	2.9	3.3	4.1	4.4	4.1	3.3	3.4	3.4	3.5
-OTHER SECTORS	:	:	17.0	16.9	14.3	14.7	14.4	14.2	14.7	15.6	16.0
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	8.2	2.1	3.5	.8	-.4	6.2	-.5	.4	4.3	4.0	2.9
-RELATIVE AGAINST 19 COMPETITORS	3.2	.2	3.6	-1.1	-3.7	3.4	-4.1	-3.1	.1	.8	.2
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	3.3	.5	3.1	-.5	-2.5	4.1	-4.1	-3.1	.2	.8	.0
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	3.6	16.8	20.7	18.1	17.9	18.3	22.0	15.7	13.6	14.6	14.3
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	10.2	21.2	27.8	21.3	22.3	23.3	13.2	11.7	17.2	18.0	16.0
-REAL, DEFLATOR PRIVATE CONSUMPTION	6.5	3.7	5.9	2.7	3.8	4.2	-7.2	-3.4	3.3	3.0	1.5
-REAL, DEFLATOR GDP	5.5	4.2	2.2	1.9	1.7	4.8	-4.6	-3.4	3.4	2.1	.9
7. PRODUCTIVITY 4)	6.2	1.7	1.2	-.8	2.4	2.1	.9	-.3	2.4	2.2	2.0
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	96.3	105.8	108.5	107.7	110.6	104.5	101.2	102.2	102.1	101.0
-ANNUAL PERCENTAGE CHANGE	-2.5	2.5	1.0	2.5	-.7	2.7	-5.5	-3.2	1.0	-.1	-1.1
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	78.4	86.1	82.2	81.4	80.0	68.3	67.0	68.4	71.0	71.4
-ANNUAL PERCENTAGE CHANGE	-4.2	1.0	8.2	-4.6	-1.0	-1.7	-14.6	-1.8	3.6	2.2	.6
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	75.8	87.0	84.8	86.2	84.7	70.2	67.4	70.1	72.8	73.1
-ANNUAL PERCENTAGE CHANGE	-4.7	1.1	11.2	-2.7	1.8	-1.6	-17.1	-4.1	4.1	3.6	.6
11. EMPLOYMENT	-5	1.3	-.8	1.0	.3	1.0	.3	-.1	1.1	.7	.8
12. UNEMPLOYMENT RATE 6)	:	:	5.8	8.0	9.3	8.7	8.2	8.0	8.5	8.4	8.5
13. CURRENT BALANCE 7)	-2.9	-1.7	-4.4	-5.0	-4.0	-8.2	-5.2	-2.5	-1.9	-2.1	-1.5
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	:	-7.7	-8.3	-10.0	-13.8	-11.6	-9.9	-14.3	-14.5	-14.2
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	26.3	36.1	41.2	49.5	57.9	58.3	63.3	71.4	76.5	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	1.8	2.6	3.7	4.6	5.4	5.7	7.2	8.8	9.4	10.0
17. MONEY SUPPLY (END OF YEAR) 8)	18.2	25.1	29.0	20.3	29.4	26.8	19.0	24.8	22.8	:	:
18. LONG TERM INTEREST RATE 9)	:	11.9	15.4	18.2	18.5	15.8	15.8	17.4	16.9	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M3

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

ESPAÑA

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	14.8	19.1	15.2	13.6	12.9	11.1	14.6	11.8	10.9	11.5	10.7
-AT CONSTANT PRICES	7.2	1.8	1.2	1.8	1.8	2.3	3.3	5.5	5.0	4.5	4.1
-PRICE DEFLATOR	7.1	17.0	13.8	11.6	10.9	8.5	10.9	5.9	5.7	6.8	6.4
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	10.4	-1.3	.5	-2.5	-5.8	4.1	10.0	14.6	14.0	13.8	10.2
-CONSTRUCTION	:	-1.8	.1	-2.0	-5.2	2.0	6.5	10.0	13.5	13.5	10.8
-EQUIPMENT	:	-0.5	2.2	-4.8	-7.3	6.4	10.4	21.7	14.7	13.8	9.4
3. SHARE OF GROSS FIXED CAPITAL FORMATION (IN GDP 3)											
-TOTAL	24.2	23.9	21.3	20.6	18.8	18.9	19.2	20.7	22.5	24.4	25.8
-GENERAL GOVERNMENT	:	2.2	3.1	2.8	3.0	3.7	3.7	3.5	3.8	4.1	4.3
-OTHER SECTORS	:	21.7	18.2	17.7	15.7	15.2	15.5	17.1	18.7	20.4	21.6
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	7.7	1.4	1.1	-.1	-.7	2.9	6.1	6.5	6.7	6.2	5.3
-RELATIVE AGAINST 19 COMPETITORS	2.8	-.4	.7	-2.0	-3.9	.1	2.2	4.7	2.4	3.0	2.6
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	2.9	-.2	.2	-1.3	-2.5	.8	2.3	4.7	2.4	2.9	2.4
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	6.6	17.5	14.5	12.3	11.0	8.2	8.7	5.4	5.1	6.1	6.0
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	14.6	21.2	13.7	13.8	10.0	9.4	9.5	6.4	6.4	7.2	7.1
-REAL, DEFLATOR PRIVATE CONSUMPTION	7.5	3.2	-.7	1.3	-.9	1.1	.7	.9	1.2	1.1	1.0
-REAL, DEFLATOR GDP	7.1	3.6	-.1	1.9	-.9	.8	-1.2	.4	.7	.5	.7
7. PRODUCTIVITY 4)	6.5	3.3	2.2	2.3	4.3	3.7	1.0	.1	2.0	1.9	2.0
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	104.7	102.1	101.8	96.7	94.1	92.0	92.3	91.1	89.8	88.7
-ANNUAL PERCENTAGE CHANGE	.6	.3	-2.2	-.3	-4.9	-2.8	-2.2	.3	-1.3	-1.3	-1.3
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	120.8	117.6	103.4	102.8	102.3	105.8	105.0	114.1	121.4	123.9
-ANNUAL PERCENTAGE CHANGE	1.8	1.4	-3.2	-12.1	-.5	-.5	3.2	3.2	4.7	6.4	2.0
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	114.5	118.7	105.0	107.7	107.4	106.7	107.2	112.8	121.9	124.6
-ANNUAL PERCENTAGE CHANGE	1.2	1.4	-.3	-10.0	2.6	-.3	-.7	.5	5.2	6.1	2.1
11. EMPLOYMENT	.7	-1.5	-.9	-.5	-2.4	-1.3	2.3	5.4	2.9	2.6	2.1
12. UNEMPLOYMENT RATE 6)	:	7.3	16.4	18.2	20.1	21.4	21.0	20.5	19.6	18.3	17.5
13. CURRENT BALANCE 7)	-.2	-2.0	-2.5	-1.5	1.4	1.6	1.7	.1	-1.1	-2.5	-3.4
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-1.3	-5.6	-4.8	-5.5	-7.0	-6.1	-3.6	-3.2	-3.0	-2.8
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	15.5	27.9	34.5	41.2	46.5	47.5	47.9	47.5	46.9	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	.8	1.0	1.3	2.0	3.2	3.8	3.5	3.3	3.4	3.3
17. MONEY SUPPLY (END OF YEAR 8)	6.8	18.6	18.6	15.9	13.1	12.8	12.8	13.9	7.9	:	:
18. LONG TERM INTEREST RATE 9)	:	:	16.0	16.9	16.5	13.4	11.4	12.8	11.8	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) ALP

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

FRANCE

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	10.7	13.7	14.8	10.5	8.9	7.6	7.2	5.0	6.2	6.0	5.9
-AT CONSTANT PRICES	5.4	2.5	2.5	.7	1.3	1.7	2.1	2.2	3.2	3.1	3.1
-PRICE DEFLATOR	5.0	11.0	11.7	9.7	7.5	5.9	5.1	2.8	2.8	2.6	2.7
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	7.7	.2	-1.4	-3.6	-2.6	2.8	2.9	3.7	6.1	5.6	5.5
-CONSTRUCTION	:	.1	-2.5	-3.6	-3.2	-1.9	2.0	2.3	4.6	3.8	3.4
-EQUIPMENT	:	1.8	1.6	-3.5	.2	4.6	3.8	5.0	7.3	6.9	7.0
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	24.0	23.3	21.4	20.2	19.3	19.2	19.1	19.4	20.0	20.5	21.1
-GENERAL GOVERNMENT	:	3.3	3.4	3.3	3.0	3.2	3.2	3.4	3.3	3.3	3.3
-OTHER SECTORS	:	20.0	17.9	17.0	16.2	16.0	15.8	16.0	16.6	17.2	17.6
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	5.7	2.0	3.5	-.7	.4	2.2	3.9	3.3	3.5	3.0	3.0
-RELATIVE AGAINST 19 COMPETITORS	.8	.2	3.8	-2.7	-3.2	-.5	.1	-.5	-.8	-.2	.3
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	1.0	.5	3.5	-2.2	-1.9	.2	.2	-.4	-.8	-.3	.1
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	4.8	11.5	11.5	8.7	7.7	5.8	2.7	3.1	2.7	3.3	2.7
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	9.9	14.8	14.1	10.1	8.2	6.6	4.1	3.7	3.6	3.7	3.6
-REAL, DEFLATOR PRIVATE CONSUMPTION	4.8	3.0	2.3	.4	.5	.8	1.4	.6	.8	.4	.8
-REAL, DEFLATOR GDP	4.6	3.5	2.1	.4	.7	.7	-.9	.9	.7	.9	.9
7. PRODUCTIVITY 4)	4.7	2.3	2.4	1.1	2.3	2.0	1.9	2.1	2.5	2.4	2.3
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	106.0	108.0	107.2	105.6	104.3	101.4	100.1	98.4	96.9	95.5
-ANNUAL PERCENTAGE CHANGE	-.1	1.2	-.3	-.7	-1.5	-1.3	-2.8	-1.2	-1.8	-1.5	-1.4
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	95.6	89.9	87.1	85.1	86.8	89.2	88.7	85.0	81.5	79.9
-ANNUAL PERCENTAGE CHANGE	-.8	.3	-4.9	-3.1	-2.3	2.0	2.6	-.6	-4.1	-4.2	-1.9
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	93.0	91.2	90.5	91.2	93.3	92.6	89.5	86.1	83.6	81.9
-ANNUAL PERCENTAGE CHANGE	-1.2	.5	-2.3	-.8	.7	2.3	-.8	-3.3	-3.8	-3.0	-2.0
11. EMPLOYMENT	.7	.2	.2	-.4	-.9	-.3	.2	.1	.7	.7	.8
12. UNEMPLOYMENT RATE 6)	1.1	5.1	8.7	8.9	10.0	10.5	10.7	11.1	10.9	10.5	10.3
13. CURRENT BALANCE 7)	.4	-.1	-2.1	-.8	.0	.1	.5	-.4	-.3	-.5	-.4
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-1.0	-2.8	-3.2	-2.8	-2.8	-2.9	-2.5	-1.6	-1.7	-1.6
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	23.5	27.9	29.5	31.8	33.4	34.9	36.1	36.4	36.7	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	1.3	2.0	2.6	2.7	2.9	2.9	2.8	2.8	2.9	2.8
17. MONEY SUPPLY (END OF YEAR) 8)	13.7	13.4	11.4	11.5	9.5	8.8	6.3	7.3	7.3	:	:
18. LONG TERM INTEREST RATE 9)	8.9	11.7	15.6	13.6	12.5	10.9	8.4	8.4	9.0	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES

1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M3R

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

IRELAND

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	11.8	19.7	17.8	10.5	11.5	6.9	5.2	6.6	5.5	9.5	7.4
-AT CONSTANT PRICES	4.4	4.3	2.3	-2	4.2	1.6	-4	4.1	3.8	4.1	4.0
-PRICE DEFLATOR	7.1	14.8	15.2	10.8	7.0	5.2	5.6	2.5	1.7	5.1	3.3
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	10.0	4.6	-3.4	-9.3	-2.0	-6.6	-3	.0	.7	6.6	7.3
-CONSTRUCTION	:	3.9	-4.7	-12.2	-13.5	:	:	-6.5	-6.2	5.4	7.5
-EQUIPMENT	:	5.1	-5.9	-5.0	9.2	:	:	3.6	6.0	7.4	7.1
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	21.2	26.7	26.5	23.1	21.6	19.6	18.4	17.4	17.3	17.9	18.6
-GENERAL GOVERNMENT	:	5.3	5.1	4.5	3.9	4.0	3.7	2.9	2.2	2.0	2.0
-OTHER SECTORS	:	21.4	21.4	18.6	17.7	15.6	14.7	14.5	15.1	15.8	16.5
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	5.4	3.5	-2.1	-2.6	1.1	-4	1.4	-1.5	-3	4.8	3.7
-RELATIVE AGAINST 19 COMPETITORS	1.4	2.1	-2.6	-5.0	-2.3	-3.1	-2.3	-4.9	-4.7	1.6	1.3
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	1.5	2.4	-3.1	-4.6	-1.0	-2.6	-2.3	-4.9	-4.9	1.5	1.1
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	6.0	16.6	15.3	9.2	6.1	4.5	3.9	3.1	2.2	3.8	3.2
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	11.3	19.3	14.4	12.6	11.3	7.4	5.0	6.0	4.0	4.8	4.6
-REAL, DEFLATOR PRIVATE CONSUMPTION	5.0	2.3	-8	3.2	2.9	2.7	1.1	2.8	1.7	1.0	1.4
-REAL, DEFLATOR GDP	3.8	3.9	-7	1.7	4.0	2.1	-6	3.4	2.3	-3	1.3
7. PRODUCTIVITY 4)	4.3	3.3	2.3	1.7	6.2	3.9	-5	4.1	3.8	3.1	3.2
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	101.4	98.0	98.0	96.0	94.3	94.3	93.7	92.4	89.4	87.6
-ANNUAL PERCENTAGE CHANGE	-4	.6	-2.9	.0	-2.0	-1.7	.0	-6	-1.4	-3.3	-1.8
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	95.7	100.7	102.9	99.9	100.8	106.5	102.9	98.4	93.9	92.0
-ANNUAL PERCENTAGE CHANGE	.3	-5	3.3	2.2	-2.9	.9	5.7	-3.4	-4.4	-4.5	-2.0
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	92.9	100.6	104.8	104.4	105.4	107.9	101.8	97.5	94.3	92.3
-ANNUAL PERCENTAGE CHANGE	.1	-6	5.8	4.2	-4	1.0	2.4	-5.7	-4.2	-3.3	-2.0
11. EMPLOYMENT	.1	.9	.0	-1.9	-1.9	-2.2	.2	.0	.0	1.0	.8
12. UNEMPLOYMENT RATE 6)	4.8	6.4	12.3	14.9	16.6	17.9	16.3	19.1	16.7	16.0	17.5
13. CURRENT BALANCE 7)	-2.5	-8.6	-10.6	-6.9	-5.8	-4.0	-2.9	1.4	2.1	1.8	1.9
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-10.5	-13.7	-11.6	-9.6	-11.1	-11.0	-8.9	-3.4	-4.6	-4.2
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	70.8	87.2	97.3	102.1	105.0	116.5	119.8	118.0	114.4	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	5.6	9.0	8.3	9.4	10.4	9.8	9.9	9.7	9.1	8.8
17. MONEY SUPPLY (END OF YEAR) 8)	12.1	18.2	13.0	5.6	10.1	5.3	-1.0	10.9	6.3	:	:
18. LONG TERM INTEREST RATE 9)	:	14.6	17.0	13.9	14.6	12.7	11.1	11.3	9.4	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M3

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

ITALIA

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	11.0	20.8	16.5	16.2	14.9	12.1	10.6	8.9	10.1	10.2	10.1
-AT CONSTANT PRICES	5.3	2.6	.2	1.1	3.2	2.9	2.9	3.1	3.9	3.4	3.0
-PRICE DEFLATOR	6.4	17.7	16.2	15.0	11.3	8.9	7.5	5.6	6.0	6.5	6.9
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	4.3	.6	-6.7	-.1	5.3	2.5	1.4	5.2	4.9	5.2	3.8
-CONSTRUCTION	:	-.4	-6.6	.8	.6	-.5	-.7	-.4	3.7	4.0	2.6
-EQUIPMENT	:	1.0	-4.4	-4.2	9.3	8.2	2.0	14.1	6.0	6.2	4.8
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	25.9	24.4	22.3	21.3	21.3	21.1	20.0	19.9	19.8	20.0	19.9
-GENERAL GOVERNMENT	:	3.0	3.7	3.7	3.6	3.7	3.5	3.5	3.4	3.4	3.4
-OTHER SECTORS	:	21.4	18.6	17.6	17.7	17.3	16.4	16.4	16.3	16.6	16.6
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	6.5	2.0	.3	.1	4.1	3.1	3.6	4.8	4.3	3.8	3.6
-RELATIVE AGAINST 19 COMPETITORS	.6	.3	.1	-2.0	.8	.4	-.2	1.3	.2	.7	1.0
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	.7	.5	-.4	-1.3	2.5	1.2	-.1	1.4	.2	.8	.8
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	4.8	17.6	15.9	15.0	11.7	9.3	5.8	4.8	4.9	6.6	6.3
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	11.6	20.8	16.2	15.8	11.8	10.3	7.4	9.0	8.8	8.1	8.7
-REAL, DEFLATOR PRIVATE CONSUMPTION	6.5	2.5	.2	.8	.0	1.0	1.6	4.0	3.8	1.4	2.3
-REAL, DEFLATOR GDP	5.9	2.4	.0	.8	.4	1.3	-.1	3.2	2.7	1.5	1.7
7. PRODUCTIVITY 4)	6.7	1.9	-.3	.4	2.8	2.0	1.9	2.9	2.5	2.3	2.2
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	107.5	107.8	108.2	105.7	104.8	102.9	103.2	103.3	102.5	102.1
-ANNUAL PERCENTAGE CHANGE	.2	.5	.3	.4	-2.3	-.7	-2.0	.3	.2	-.8	-.4
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
.AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	88.8	92.1	98.6	98.1	97.5	103.2	107.6	107.7	109.4	113.4
-ANNUAL PERCENTAGE CHANGE	-.3	-.3	1.3	7.1	-.5	-.6	5.8	4.2	.1	1.6	3.8
.AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	85.3	93.1	102.6	105.7	105.2	107.1	108.5	109.2	112.9	117.2
-ANNUAL PERCENTAGE CHANGE	-.8	-.2	4.5	10.2	3.0	-.5	1.8	1.4	.6	3.4	3.8
11. EMPLOYMENT	-.4	.7	.6	.6	.4	.8	.9	.2	1.4	1.1	.8
12. UNEMPLOYMENT RATE 6)	5.2	6.2	9.7	11.0	12.0	12.9	13.7	14.2	16.1	15.6	15.2
13. CURRENT BALANCE 7)	1.5	-.7	-1.6	.3	-.7	-.9	.5	-.1	-.6	-1.0	-1.1
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-8.4	-11.3	-10.6	-11.6	-12.5	-11.6	-11.1	-10.6	-10.3	-10.9
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	58.7	66.4	72.0	77.1	83.7	88.0	92.7	95.8	100.7	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	4.5	7.1	7.5	8.0	8.0	8.5	8.0	8.2	9.0	9.1
17. MONEY SUPPLY (END OF YEAR) 8)	15.4	18.6	18.0	12.3	12.1	11.1	9.4	8.3	8.4	:	:
18. LONG TERM INTEREST RATE 9)	7.0	14.2	20.9	18.0	15.0	14.3	11.7	11.3	12.1	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES

1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M2M

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

LUXEMBOURG

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	8.7	8.0	12.1	10.0	10.9	7.1	6.3	1.4	7.7	4.8	5.5
-AT CONSTANT PRICES	4.2	1.2	1.5	2.9	6.2	3.7	4.7	2.5	5.0	3.2	2.8
-PRICE DEFLATOR	4.3	6.7	10.4	6.9	4.4	3.3	1.5	-1.1	2.8	1.6	2.7
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	5.1	-1.1	-4	-11.6	-4	-3.3	15.8	5.3	4.8	4.0	2.4
-CONSTRUCTION	:	-1.6	-1.3	-12.9	-5.3	:	:	4.8	5.5	3.5	2.1
-EQUIPMENT	:	-2	.7	-9.2	.7	:	:	6.1	3.0	5.0	3.0
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	26.4	25.4	24.9	21.3	19.9	18.4	20.9	22.6	22.6	23.2	23.3
-GENERAL GOVERNMENT	:	6.4	6.7	5.8	4.9	5.2	5.3	5.8	5.6	5.6	5.7
-OTHER SECTORS	:	19.1	18.2	15.4	15.0	13.2	15.6	17.0	17.0	17.5	17.6
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	4.2	1.8	.9	.1	4.3	1.4	2.3	2.5	4.3	3.1	2.3
-RELATIVE AGAINST 19 COMPETITORS	:	:	:	:	:	:	:	:	:	:	:
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	:	:	:	:	:	:	:	:	:	:	:
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	3.0	7.5	10.8	8.9	5.5	5.2	.8	2.9	1.4	2.5	3.0
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	7.4	10.7	8.9	6.9	7.1	3.5	5.2	3.9	3.3	6.0	5.1
-REAL, DEFLATOR PRIVATE CONSUMPTION	4.2	2.9	-3.5	-1.9	1.5	-1.7	4.4	.9	1.8	3.4	2.0
-REAL, DEFLATOR GDP	2.9	3.7	-3.1	.0	2.6	.1	3.6	5.0	.7	4.3	2.3
7. PRODUCTIVITY 4)	3.1	.6	1.8	3.2	5.8	2.2	2.1	-.3	2.0	1.6	1.7
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	117.4	115.7	112.1	108.9	106.7	108.3	114.0	112.5	115.5	116.2
-ANNUAL PERCENTAGE CHANGE	-.2	3.1	-4.8	-3.1	-2.8	-2.1	1.5	5.3	-1.3	2.6	.6
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	:	:	:	:	:	:	:	:	:	:	:
-ANNUAL PERCENTAGE CHANGE	:	:	:	:	:	:	:	:	:	:	:
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	:	:	:	:	:	:	:	:	:	:	:
-ANNUAL PERCENTAGE CHANGE	:	:	:	:	:	:	:	:	:	:	:
11. EMPLOYMENT	1.1	.6	-.3	-.3	.6	1.4	2.6	2.7	2.9	1.6	1.1
12. UNEMPLOYMENT RATE 6)	.0	.5	1.3	1.6	1.8	1.7	1.5	1.7	1.5	1.4	1.4
13. CURRENT BALANCE 7)	8.8	20.8	34.7	39.8	39.2	43.8	39.4	33.0	31.8	27.9	25.6
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	1.8	-.5	2.6	3.4	4.5	2.5	2.7	2.5	2.4	2.5
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	15.7	14.5	14.8	15.0	14.0	14.1	12.5	10.4	8.2	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	.9	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.1	.9
17. MONEY SUPPLY (END OF YEAR) 8)	:	:	:	:	:	:	:	:	:	:	:
18. LONG TERM INTEREST RATE 9)	:	7.2	10.3	9.8	10.3	9.5	8.7	8.0	7.1	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES

1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

NETHERLAND

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	11.2	9.1	4.5	3.3	5.0	4.5	2.8	.5	4.2	4.8	4.9
-AT CONSTANT PRICES	4.8	2.0	-1.4	1.4	3.2	2.6	2.1	1.3	2.6	3.4	3.0
-PRICE DEFLATOR	6.0	6.9	6.0	1.9	1.8	1.8	.7	-0.9	1.6	1.4	1.8
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	5.3	-1.6	-4.1	2.1	5.4	6.8	6.2	1.6	7.9	6.2	1.1
-CONSTRUCTION	:	-2.0	-6.6	-3.4	4.0	-3.4	4.0	2.9	10.0	4.3	.4
-EQUIPMENT	:	-6	.0	10.0	9.5	17.4	9.9	.1	5.4	8.6	2.0
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	25.1	20.8	18.2	18.2	18.6	19.2	20.1	20.3	21.2	22.2	21.9
-GENERAL GOVERNMENT	:	3.4	2.9	2.7	2.8	2.8	2.4	2.3	2.3	2.2	2.3
-OTHER SECTORS	:	17.3	15.3	15.6	15.8	16.6	17.7	18.0	18.9	20.0	19.6
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	4.8	1.5	-0.9	1.5	1.7	3.2	3.5	2.1	2.7	3.5	2.4
-RELATIVE AGAINST 19 COMPETITORS	.1	-0.2	-1.0	-1	-1.2	.8	-0.2	-1.4	-1.4	.5	-0.3
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	.2	.0	-1.3	.3	-0.3	1.4	-0.2	-1.4	-1.4	.4	-0.5
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	5.0	7.1	5.3	2.7	2.0	2.1	.6	-0.3	.8	1.7	2.0
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	11.4	8.7	5.8	3.2	.2	1.4	1.9	1.3	1.5	1.9	2.0
-REAL, DEFLATOR PRIVATE CONSUMPTION	6.0	1.6	.5	.4	-1.7	-0.7	1.3	1.6	.7	.1	.0
-REAL, DEFLATOR GDP	5.0	1.7	-0.3	1.3	-1.6	-0.4	1.2	2.2	.0	.5	.2
7. PRODUCTIVITY 4)	3.9	1.8	1.1	3.4	3.2	1.1	.2	.2	1.6	2.3	2.2
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	105.4	101.1	99.1	94.5	93.2	94.1	96.0	94.5	92.8	91.0
-ANNUAL PERCENTAGE CHANGE	1.0	-0.2	-1.3	-2.0	-4.6	-1.4	1.0	2.0	-1.5	-1.8	-2.0
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	122.2	113.1	110.2	101.8	98.8	104.5	107.9	104.8	99.4	96.3
-ANNUAL PERCENTAGE CHANGE	2.8	-0.7	2.7	-2.5	-7.7	-2.9	5.8	3.2	-2.8	-5.2	-3.1
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	120.0	114.0	112.5	105.8	102.9	106.4	107.9	105.3	100.8	97.7
-ANNUAL PERCENTAGE CHANGE	2.7	-0.6	4.5	-1.3	-5.9	-2.9	3.4	1.5	-2.5	-4.2	-3.1
11. EMPLOYMENT	.9	.1	-2.5	-1.9	-1	1.5	1.9	1.2	1.0	1.0	.8
12. UNEMPLOYMENT RATE 6)	1.3	5.7	11.8	14.2	14.5	13.3	12.3	11.8	7.3	6.9	6.6
13. CURRENT BALANCE 7)	.5	1.0	3.2	3.1	4.2	4.1	2.8	1.6	2.4	1.6	1.7
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-2.8	-7.1	-6.4	-6.3	-4.8	-5.9	-6.2	-5.0	-4.5	-4.7
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	42.8	55.8	61.9	66.1	69.6	71.1	74.9	78.5	81.2	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	3.3	5.2	5.7	6.0	6.3	6.2	6.1	6.0	6.0	5.9
17. MONEY SUPPLY (END OF YEAR) 8)	10.3	9.1	7.6	10.4	7.6	11.1	5.1	5.9	11.7	:	:
18. LONG TERM INTEREST RATE 9)	5.9	9.7	10.5	8.8	8.6	7.3	6.4	6.4	6.3	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M2N

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

PORTUGAL

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	11.1	23.2	23.3	24.4	22.3	25.2	25.0	17.4	16.1	17.0	15.6
-AT CONSTANT PRICES	6.9	3.0	2.2	.0	-1.4	2.8	4.3	4.7	4.0	4.2	3.9
-PRICE DEFLATOR	4.0	19.8	20.6	24.4	24.1	21.7	19.8	12.1	11.8	12.3	11.2
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	7.8	1.4	3.4	-7.6	-17.2	-3.4	9.5	19.5	15.8	12.0	10.0
-CONSTRUCTION	:	:	:	:	:	:	:	10.5	12.3	11.0	10.5
-EQUIPMENT	:	:	:	:	:	:	:	31.0	19.5	13.0	9.5
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	24.1	27.2	31.1	29.2	23.6	21.8	22.4	25.3	26.2	30.2	31.8
-GENERAL GOVERNMENT	:	:	3.4	3.1	2.8	2.5	2.6	2.7	2.9	3.0	3.3
-OTHER SECTORS	:	:	27.7	26.1	21.0	19.3	19.8	22.6	25.3	27.1	28.6
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	7.5	2.8	2.1	-5.3	-6.2	.9	8.4	10.8	9.0	6.7	5.4
-RELATIVE AGAINST 19 COMPETITORS	2.7	1.2	1.7	-7.1	-9.1	-1.8	4.4	6.7	4.7	3.5	2.6
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	2.9	1.4	1.4	-6.7	-8.0	-1.3	4.4	6.8	4.6	3.3	2.4
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	3.4	21.7	20.2	25.9	28.7	19.8	13.5	10.2	9.8	12.3	10.0
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	12.0	25.4	21.6	21.8	21.2	22.5	20.3	13.6	10.6	12.4	11.9
-REAL, DEFLATOR PRIVATE CONSUMPTION	8.3	3.0	1.1	-3.3	-5.8	2.2	6.0	3.1	.9	.1	1.7
-REAL, DEFLATOR GDP	7.7	4.8	.8	-2.1	-2.3	.7	.4	1.3	-.9	.0	.6
7. PRODUCTIVITY 4)	7.4	3.1	4.2	1.1	.1	2.9	7.2	1.9	1.4	3.0	3.0
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	124.3	114.4	110.7	108.0	105.7	99.0	98.5	96.3	93.5	91.4
-ANNUAL PERCENTAGE CHANGE	.3	1.6	-3.3	-3.2	-2.4	-2.2	-6.3	-.6	-2.2	-2.8	-2.3
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS											
-INDEX: 1961-73 = 100	100.0	108.3	90.3	81.9	79.3	80.7	80.6	80.8	81.4	82.6	83.9
-ANNUAL PERCENTAGE CHANGE	-.4	-.9	-5.4	-9.3	-3.2	1.8	-.2	.3	.8	1.4	1.5
-AGAINST OTHER MEMBER COUNTRIES											
-INDEX: 1961-73 = 100	100.0	104.9	89.5	82.5	81.9	83.5	81.1	79.7	80.7	82.8	84.2
-ANNUAL PERCENTAGE CHANGE	-.8	-.9	-3.4	-7.9	-.7	2.0	-3.0	-1.8	1.2	2.7	1.6
11. EMPLOYMENT	-5	-1	-1.9	-1.1	-1.5	.0	-2.7	2.7	2.6	1.2	.9
12. UNEMPLOYMENT RATE 6)	:	5.1	5.7	5.6	8.4	8.5	8.3	6.8	5.6	5.4	5.4
13. CURRENT BALANCE 7)	.4	-6.8	-13.5	-8.3	-3.4	.4	3.9	1.8	-1.4	-3.9	-4.8
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	:	-10.4	-8.1	-12.0	-10.1	-7.8	-6.9	-6.6	-6.3	-6.3
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	:	50.1	56.0	61.4	69.5	68.6	71.7	74.3	75.9	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	:	5.5	6.4	7.1	7.9	9.3	7.8	7.7	8.1	8.1
17. MONEY SUPPLY (END OF YEAR) 8)	9.9	21.6	24.6	16.3	24.5	29.8	25.8	16.8	14.8	:	:
18. LONG TERM INTEREST RATE 9)	:	:	:	:	:	25.4	17.9	15.4	14.1	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) L-

9) LEVELS

TABLE A1

MAIN ECONOMIC AGGREGATES 1961-90 1)

UNITED KINGDOM

ANNUAL PERCENTAGE CHANGE, UNLESS OTHERWISE STATED

	1961- 1973	1974- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. GROSS DOMESTIC PRODUCT											
-AT CURRENT PRICES	8.4	16.7	8.9	9.2	6.6	9.4	6.8	8.9	10.5	10.2	8.1
-AT CONSTANT PRICES	3.2	.7	1.2	3.8	1.8	3.6	3.1	3.8	3.7	2.4	2.1
-PRICE DEFLATOR	5.1	15.9	7.6	5.2	4.7	5.8	3.6	4.9	6.6	7.6	5.8
2. GROSS FIXED CAPITAL FORMATION 2)											
-TOTAL	4.6	-1.8	5.4	5.0	8.6	3.8	.9	5.5	11.8	6.3	3.1
-CONSTRUCTION	:	-3.3	8.3	5.3	7.0	-2.9	4.4	5.0	7.5	.3	2.0
-EQUIPMENT	:	-.1	1.4	4.8	9.6	9.9	-3.9	11.7	16.0	11.8	3.9
3. SHARE OF GROSS FIXED CAPITAL FORMATION IN GDP 3)											
-TOTAL	18.5	18.8	18.2	18.1	17.1	17.1	16.9	17.3	18.5	19.1	19.3
-GENERAL GOVERNMENT	:	3.4	1.8	2.0	2.1	2.0	1.8	1.6	1.2	1.2	1.2
-OTHER SECTORS	:	15.4	14.6	14.1	15.0	15.1	15.1	15.7	17.3	18.0	18.2
4. FINAL NATIONAL USES INCL. STOCKS											
-AT CONSTANT PRICES	3.2	.2	2.3	4.9	2.8	2.7	3.9	4.3	7.5	3.8	1.7
-RELATIVE AGAINST 19 COMPETITORS	-1.9	-1.8	2.8	3.0	-1.1	-2	.2	.8	3.8	.5	-1.0
-RELATIVE AGAINST OTHER MEMBER COUNTRIES	-1.9	-1.8	2.1	4.4	.8	.7	.2	1.0	4.0	.4	-1.4
5. INFLATION (PRICE DEFLATOR PRIVATE CONSUMPTION)	4.8	15.1	8.8	4.8	5.1	5.3	4.4	3.9	5.0	5.8	5.3
6. COMPENSATION PER EMPLOYEE											
-NOMINAL	8.3	17.1	8.4	8.6	5.3	6.7	7.4	8.9	8.0	9.2	8.0
-REAL, DEFLATOR PRIVATE CONSUMPTION	3.3	1.7	-.3	3.6	-.2	1.4	2.8	3.0	2.8	3.2	2.6
-REAL, DEFLATOR GDP	3.0	1.0	.8	3.3	-.6	1.1	3.6	1.9	1.3	1.5	2.1
7. PRODUCTIVITY 4)	2.8	1.1	3.1	5.1	-.1	2.0	2.7	1.9	.5	.8	1.2
8. REAL UNIT LABOUR COSTS 5)											
-INDEX: 1961-73 = 100	100.0	103.0	98.7	97.0	97.6	96.7	97.6	97.7	98.4	99.1	100.0
-ANNUAL PERCENTAGE CHANGE	.1	-.1	-2.2	-1.7	.7	-.8	.9	.1	.8	.7	.9
9. PROFITABILITY (INDEX: 1961-73 = 100)	:	:	:	:	:	:	:	:	:	:	:
10. RELATIVE UNIT LABOUR COSTS IN COMMON CURRENCY											
-AGAINST 19 COMPETITORS	100.0	89.7	104.0	95.8	93.5	94.7	88.6	89.8	99.5	104.9	108.7
-INDEX: 1961-73 = 100	-1.9	3.7	-6.7	-7.9	-2.3	1.2	-6.4	1.0	11.1	5.4	3.6
-ANNUAL PERCENTAGE CHANGE	100.0	83.0	104.0	97.8	99.4	100.9	88.4	85.8	97.0	105.3	109.8
-AGAINST OTHER MEMBER COUNTRIES	-3.0	4.2	-3.7	-6.0	1.7	1.5	-12.4	-3.0	13.0	8.6	4.0
-ANNUAL PERCENTAGE CHANGE											
11. EMPLOYMENT	.3	-.4	-1.8	-1.2	1.8	1.8	.4	1.8	3.1	1.6	.9
12. UNEMPLOYMENT RATE 6)	2.1	5.1	10.6	11.6	11.8	12.0	12.0	10.7	8.6	6.8	6.5
13. CURRENT BALANCE 7)	-.1	-.4	1.5	.9	-.2	.7	-.9	-1.6	-3.2	-3.3	-2.9
14. NET LENDING OF GENERAL GOVERNMENT 7)	:	-3.7	-2.5	-3.3	-3.9	-2.7	-2.4	-1.5	.9	1.8	1.9
15. GROSS DEBT OF GENERAL GOVERNMENT 7)	:	57.8	58.5	58.0	58.3	57.9	56.9	55.5	49.8	44.0	:
16. INTEREST PAYMENTS BY GENERAL GOVERNMENT 7)	:	4.4	5.0	4.7	4.9	5.0	4.6	4.3	4.0	3.5	3.1
17. MONEY SUPPLY (END OF YEAR 8)	9.5	12.1	8.9	10.4	10.0	13.4	18.9	22.4	20.3	:	:
18. LONG TERM INTEREST RATE 9)	7.6	13.9	12.7	10.8	10.7	10.6	9.8	9.5	9.3	:	:

1) 1961-88: EUROSTAT AND COMMISSION SERVICES
1989-90: ECONOMIC FORECASTS FEBRUARY 1989

2) AT CONSTANT PRICES

3) AT CURRENT PRICES

4) GDP AT CONSTANT MARKET PRICES PER PERSON EMPLOYED

5) DEFLATOR GDP

6) PERCENT OF CIVILIAN LABOUR FORCE

7) PERCENT OF GDP

8) M3

9) LEVELS

TABLE A2 : MAIN MACRO-ECONOMIC INDICATORS FOR MEMBER COUNTRIES, EUR12, USA AND JAPAN

a) GROSS DOMESTIC PRODUCT; REAL PERCENTAGE CHANGE ON PRECEDING YEAR (a)

	1961 -	1974 -	1982	1983	1984	1985	1986	1987	1988	1989	1990
	1973	1981									
B (c)	4.9	2.0	1.5	.2	2.3	.9	1.9	2.0	4.0	3.6	2.8
DK (c)	4.3	1.2	3.0	2.5	4.4	4.2	3.3	-1.0	-2	1.1	1.7
D (c)	4.4	1.9	-6	1.5	2.8	2.0	2.3	1.9	3.5	3.0	3.0
GR (b)	7.7	3.0	.4	.4	2.8	3.1	1.2	-.4	3.5	3.0	2.6
E (c)	7.2	1.8	1.2	1.8	1.8	2.3	3.3	5.5	5.0	4.5	4.1
F (c)	5.4	2.5	2.5	.7	1.3	1.7	2.1	2.2	3.2	3.1	3.1
IRL (c)	4.4	4.3	2.3	-.2	4.2	1.6	-.4	4.1	3.8	4.1	4.0
I (c)	5.3	2.6	.2	1.1	3.2	2.9	2.9	3.1	3.9	3.4	3.0
L (c)	4.2	1.2	1.5	2.9	6.2	3.7	4.7	2.5	5.0	3.2	2.8
NL (c)	4.8	2.0	-1.4	1.4	3.2	2.6	2.1	1.3	2.6	3.4	3.0
P (f)	6.9	3.0	2.2	-.0	-1.4	2.8	4.3	4.7	4.0	4.2	3.9
UK (e)	3.2	.7	1.2	3.8	1.8	3.6	3.1	3.8	3.7	2.4	2.1
EUR (c)	4.8	1.9	.8	1.6	2.3	2.5	2.6	2.8	3.6	3.2	2.9
USA (d)	4.0	2.1	-2.6	3.9	7.2	3.8	3.0	3.6	3.9	2.6	1.7
JAP (c)	9.6	3.7	2.8	3.2	5.0	4.7	2.4	4.3	5.7	4.3	3.6

(a) GROSS NATIONAL PRODUCT FOR THE USA AND JAPAN FROM 1988 ONWARDS

(b) 1970 PRICES (c) 1980 PRICES (d) 1982 PRICES (e) 1985 PRICES (f) 1986 PRICES

b) DOMESTIC DEMAND; REAL PERCENTAGE CHANGE ON PRECEDING YEAR

	1961 -	1974 -	1982	1983	1984	1985	1986	1987	1988	1989	1990
	1973	1981									
B (b)	4.8	1.7	.8	-2.2	2.3	.6	3.0	3.4	4.0	3.8	3.0
DK (b)	4.6	.0	3.5	1.4	5.1	5.7	5.4	-3.2	-2.1	-.2	1.1
D (b)	4.5	1.7	-2.0	2.3	2.0	.8	3.5	3.2	3.5	2.4	2.9
GR (a)	8.2	2.1	3.5	.8	-.4	6.2	-.5	.4	4.1	3.8	2.8
E (b)	7.7	1.4	1.1	-.1	-.7	2.9	6.1	8.5	6.7	6.2	5.2
F (b)	5.7	2.0	3.5	-.7	.4	2.2	3.9	3.3	3.5	3.0	3.0
IRL (b)	5.4	3.5	-2.1	-2.6	1.1	-.4	1.4	-1.5	-.3	4.8	3.7
I (b)	5.5	2.0	.3	.1	4.1	3.1	3.6	4.8	4.3	3.8	3.6
L (b)	4.2	1.8	.9	.1	4.3	1.4	2.3	2.5	4.3	3.1	2.3
NL (b)	4.9	1.5	-.9	1.5	1.7	3.2	3.5	2.1	2.7	3.5	2.4
P (a)	7.5	2.8	2.1	-5.3	-6.2	.9	8.4	10.6	8.4	6.3	5.1
UK (d)	3.2	.2	2.3	4.9	2.6	2.7	3.9	4.3	6.5	3.3	1.7
EUR (b)	5.0	1.5	.9	1.1	1.8	2.3	3.9	4.1	4.7	3.5	3.1
USA (c)	4.1	1.8	-2.0	5.4	9.0	4.0	3.7	3.0	3.0	2.3	1.4
JAP (b)	9.9	2.7	2.8	1.8	3.8	4.0	4.0	5.1	7.8	4.6	3.8

(a) 1970 PRICES (b) 1980 PRICES (c) 1982 PRICES (d) 1985 PRICES (e) 1986 PRICES

c) IMPLICIT DEFLATOR OF PRIVATE CONSUMPTION; PERCENTAGE CHANGE ON PRECEDING YEAR

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990	
	-	-										
	1973	1981										
B	3.7	7.8	7.7	6.7	5.7	5.8	.4	2.2	1.2	3.0	3.2	
DK	6.6	11.0	10.2	6.8	6.4	4.7	3.4	4.1	5.1	4.3	2.9	
D	3.6	5.0	4.7	3.2	2.4	2.1	-2	.7	1.3	3.0	2.9	
GR	3.5	16.8	20.7	18.1	17.9	18.3	22.0	15.7	13.5	14.6	14.3	
E	6.6	17.5	14.5	12.3	11.0	8.2	8.7	5.4	5.1	6.1	6.0	
F	4.8	11.5	11.5	9.7	7.7	5.8	2.7	3.1	2.7	3.3	2.7	
IRL	6.0	16.6	15.3	9.2	8.1	4.5	3.9	3.1	2.2	3.8	3.2	
I	4.8	17.6	15.9	15.0	11.7	9.3	5.8	4.8	4.9	6.6	6.3	
L	3.0	7.5	10.8	8.9	5.5	5.2	.8	2.9	1.4	2.5	3.0	
NL	5.0	7.1	5.3	2.7	2.0	2.1	.6	-.3	.8	1.7	2.0	
P	3.4	21.7	20.2	25.9	28.7	19.8	13.5	10.2	9.6	12.3	10.0	
UK	4.8	15.1	8.8	4.8	5.1	5.3	4.4	3.9	5.0	5.8	5.3	
EUR	4.6	12.3	10.5	8.5	7.2	5.9	3.8	3.4	3.6	4.8	4.5	
USA	3.1	8.4	6.0	3.5	3.9	3.1	2.2	4.2	4.2	4.7	4.3	
JAP	6.1	8.4	2.6	1.9	2.1	2.2	.5	-.1	.0	3.1	3.0	

d) BALANCE ON CURRENT TRANSACTIONS WITH REST OF WORLD AS PERCENTAGE OF GDP (a)

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990	
	-	-										
	1973	1981										
B	1.1	-1.6	-3.6	-.6	-.4	.5	2.0	1.2	1.0	.4	.5	
DK	-2.0	-3.5	-4.2	-2.6	-3.3	-4.6	-5.2	-3.0	-1.7	-1.7	-1.4	
D	.7	.5	.5	.7	1.3	2.6	4.4	3.9	4.1	4.3	4.4	
GR	-2.9	-1.7	-4.4	-5.0	-4.0	-8.2	-5.2	-2.5	-1.9	-2.1	-1.5	
E	-.2	-2.0	-2.5	-1.5	1.4	1.6	1.7	.1	-1.1	-2.5	-3.4	
F	.4	-.1	-2.1	-.8	-.0	.1	.5	-.4	-.3	-.5	-.4	
IRL	-2.5	-8.6	-10.6	-6.9	-5.8	-4.0	-2.9	1.4	2.1	1.8	1.9	
I	1.5	-.7	-1.6	.3	-.7	-.9	.5	-.1	-.6	-1.0	-1.1	
L	6.8	20.8	34.7	39.6	39.2	43.8	39.4	33.0	31.6	27.9	25.6	
NL	.5	1.0	3.2	3.1	4.2	4.1	2.8	1.6	2.4	1.6	1.7	
P	.4	-6.8	-13.5	-8.3	-3.4	.4	3.9	1.8	-1.4	-3.9	-4.8	
UK	-.1	-.4	1.5	.9	-.2	.7	-.9	-1.6	-3.2	-3.3	-2.9	
EUR	.4	-.3	-.7	.1	.3	.8	1.4	.8	.4	.0	.0	
USA	.5	.3	-.0	-1.0	-2.4	-2.9	-3.4	-3.6	-2.8	-2.4	-2.1	
JAP	.6	.2	.7	1.8	2.8	3.7	4.3	3.7	2.8	2.7	2.7	

(a) GROSS NATIONAL PRODUCT FOR THE USA AND JAPAN FROM 1988 ONWARDS

e) NUMBER OF UNEMPLOYED AS PERCENTAGE OF THE CIVILIAN LABOUR FORCE, ANNUAL AVERAGE (a)

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B	2.2	7.4	13.0	14.3	14.4	13.6	12.5	12.3	11.2	10.3	9.9
DK	1.1	5.9	9.3	10.1	9.9	8.7	7.5	7.6	8.4	9.1	9.3
D	.8	3.7	6.9	8.4	8.4	8.4	8.1	8.1	8.1	7.2	7.1
GR	-	-	-	7.8	8.1	7.8	7.4	7.4	7.3	7.2	7.3
E	-	5.8	14.2	16.5	18.4	19.5	20.0	20.5	19.5	18.3	17.5
F	1.1	5.1	8.7	8.9	10.0	10.5	10.7	10.8	10.6	10.5	10.3
IRL	4.8	8.4	12.3	14.9	16.6	17.9	18.3	19.0	18.6	18.0	17.5
I	5.2	6.2	9.7	11.0	12.0	12.9	13.7	14.0	15.0	14.5	14.1
L	.0	.5	1.3	1.6	1.8	1.7	1.5	1.7	1.6	1.4	1.4
NL (b)	1.3	5.7	11.8	14.2	14.5	13.3	12.3	7.6	7.3	6.9	6.6
P	-	5.1	5.7	5.6	6.7	7.7	8.3	7.2	5.8	5.6	5.6
UK	2.1	5.1	10.6	11.6	11.8	11.8	12.0	10.7	8.7	6.8	6.5
EUR12	-	5.1	9.4	10.6	11.2	11.6	11.7	11.4	11.0	10.2	9.9
USA	4.9	6.9	9.7	9.6	7.5	7.2	7.0	6.2	5.5	5.4	6.1
JAP	1.3	2.0	2.4	2.7	2.7	2.6	2.8	2.8	2.5	2.6	2.7

(a) SOEC DEFINITION; EUR9 : REGISTERED UNEMPLOYED; GR, E, P : LABOUR FORCE SAMPLE SURVEY.
(b) NL : FOLLOWING A MODIFICATION IN THE METHOD OF CALCULATION, THE RATE FALLS BY ABOUT 4 POINTS FROM 1987 ONWARDS.

f) TOTAL EMPLOYMENT; PERCENTAGE CHANGE ON PRECEDING YEAR (a)

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B	.6	-.2	-1.3	-1.1	.0	.8	1.0	-.4	1.4	.8	.4
DK	1.1	.2	.4	.3	1.7	2.9	2.3	1.1	-.3	-.2	.4
D	.2	-.4	-1.7	-1.5	.1	.7	1.0	.7	.6	1.0	1.0
GR	-.5	1.3	-.8	1.0	.3	1.0	.3	-.1	1.1	.7	.6
E	.7	-1.5	-.9	-.5	-2.4	-1.3	2.3	5.4	2.9	2.6	2.1
F	.7	.2	.2	-.4	-.9	-.3	.2	.1	.7	.7	.8
IRL	.1	.9	.0	-1.9	-1.9	-2.2	.2	.0	.0	1.0	.8
I	-.4	.7	.6	.6	.4	.8	.9	.2	1.3	1.1	.8
L	1.1	.6	-.3	-.3	.6	1.4	2.6	2.7	2.9	1.6	1.1
NL	.9	.1	-2.5	-1.9	-.1	1.5	1.9	1.2	1.0	1.0	.8
P	-.5	-.1	-1.9	-1.1	-1.5	-.0	-2.7	2.7	2.6	1.2	.9
UK	.3	-.4	-1.8	-1.2	1.9	1.6	.4	1.9	3.1	1.6	.9
EUR	.3	-.1	-.9	-.7	.1	.6	.8	1.2	1.5	1.2	1.0
USA (b)	1.9	1.9	-1.6	1.0	4.9	2.4	1.7	2.9	2.3	1.9	.5
JAP	1.3	.6	.8	1.7	.5	.7	.9	1.0	1.7	1.3	1.0

(a) NATIONAL ACCOUNTS DEFINITION
(b) CIVILIAN EMPLOYMENT

g) COMPENSATION OF EMPLOYEES PER HEAD; PERCENTAGE CHANGE ON PRECEDING YEAR

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B	8.9	10.9	7.7	6.3	6.7	4.4	4.1	.9	2.4	5.2	5.3
DK	10.7	11.4	11.9	8.2	5.5	4.9	4.7	8.2	2.3	2.9	2.9
D	9.2	7.1	4.2	3.7	3.5	3.1	3.9	2.9	3.1	2.9	3.5
GR	10.2	21.2	27.8	21.3	22.3	23.3	13.2	11.7	17.2	18.0	16.0
E	14.6	21.2	13.7	13.8	10.0	9.4	9.5	6.4	6.4	7.2	7.1
F	9.9	14.9	14.1	10.1	8.2	6.6	4.1	3.7	3.6	3.7	3.6
IRL	11.3	19.3	14.4	12.6	11.3	7.4	5.0	6.0	4.0	4.8	4.6
I	11.6	20.5	16.2	15.9	11.8	10.3	7.4	9.0	8.8	8.1	8.7
L	7.4	10.7	6.9	6.9	7.1	3.5	5.2	3.9	3.3	6.0	5.1
NL	11.4	8.7	5.8	3.2	.2	1.4	1.9	1.3	1.5	1.9	2.0
P	12.0	25.4	21.6	21.8	21.2	22.5	20.3	13.6	10.6	12.4	11.9
UK	8.3	17.1	8.4	8.6	5.3	6.7	7.4	6.9	8.0	9.2	8.0
EUR	10.0	14.9	11.0	9.8	7.5	6.9	6.2	5.5	5.6	6.0	6.0

h) REAL COMPENSATION OF EMPLOYEES PER HEAD (a); PERCENTAGE CHANGE ON PRECEDING YEAR

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B	5.1	2.9	.0	-.3	.9	-1.3	3.7	-1.3	1.2	2.1	2.0
DK	3.8	.4	1.5	1.3	-.8	.2	1.2	4.0	-2.6	-1.3	.0
D	5.4	2.0	-.5	.5	1.0	1.0	4.1	2.2	1.7	-.1	.5
GR	6.5	3.7	5.9	2.7	3.8	4.2	-7.2	-3.4	3.3	3.0	1.5
E	7.5	3.2	-.7	1.3	-.9	1.1	.7	.9	1.2	1.1	1.0
F	4.8	3.0	2.3	.4	.5	.8	1.4	.6	.8	.4	.8
IRL	5.0	2.3	-.8	3.2	2.9	2.7	1.1	2.8	1.7	1.0	1.4
I	6.5	2.5	.2	.8	.0	1.0	1.6	4.0	3.8	1.4	2.3
L	4.2	2.9	-3.5	-1.9	1.5	-1.7	4.4	.9	1.8	3.4	2.0
NL	6.0	1.6	.5	.4	-1.7	-.7	1.3	1.6	.7	.1	.0
P	8.3	3.0	1.1	-3.3	-5.8	2.2	6.0	3.1	.9	.1	1.7
UK	3.3	1.7	-.3	3.6	.2	1.4	2.8	3.0	2.8	3.2	2.6
EUR	5.1	2.3	.5	1.2	.2	.9	2.3	2.0	1.9	1.1	1.4

(a) DEFLATED BY THE PRICE DEFLATOR OF PRIVATE CONSUMPTION

i) REAL UNIT LABOUR COSTS (a); PERCENTAGE CHANGE ON PRECEDING YEAR

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B	.3	1.3	-2.3	-.8	-.7	-1.5	-.3	-2.7	-1.6	-.4	-.7
DK	.2	.3	-1.3	-1.7	-2.7	-1.5	-.5	5.3	-3.3	-1.5	-.9
D	.5	.0	-1.2	-2.5	-1.2	-.5	-.6	-.3	-1.4	-1.1	-1.2
GR	-2.5	2.5	1.0	2.5	-.7	2.7	-5.5	-3.2	1.0	-.1	-1.1
E	.6	.3	-2.2	-.3	-4.9	-2.8	-2.2	.3	-1.3	-1.3	-1.3
F	-.1	1.2	-.3	-.7	-1.5	-1.3	-2.8	-1.2	-1.8	-1.4	-1.3
IRL	-.4	.6	-2.9	-.0	-2.0	-1.7	-.0	-.6	-1.5	-3.3	-1.8
I	.2	.5	.3	.4	-2.3	-.7	-2.0	.3	.2	-.8	-.6
L	-.2	3.1	-4.8	-3.1	-2.8	-2.1	1.5	5.3	-1.7	2.5	.5
NL	1.0	-.2	-1.3	-2.0	-4.6	-1.4	1.0	2.0	-1.5	-1.8	-2.0
P	.3	1.6	-3.3	-3.2	-2.4	-2.2	-6.3	-.6	-2.2	-2.8	-2.3
UK	.1	-.1	-2.2	-1.7	.7	-.9	.9	.1	.8	.7	.9
EUR	.1	.4	-1.1	-1.1	-1.7	-1.1	-1.2	-.2	-.9	-.8	-.8

(a) REAL COMPENSATION OF EMPLOYEES PER HEAD (DEFLATED BY GDP DEFLATOR),
DIVIDED BY LABOUR PRODUCTIVITY PER HEAD

j) GROSS FIXED CAPITAL FORMATION; REAL PERCENTAGE CHANGE ON PRECEDING YEAR (a)

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B (c)	5.1	-.6	-1.7	-4.2	2.1	1.0	3.7	7.6	12.9	10.5	5.8
DK (c)	6.5	-5.3	7.1	1.9	12.9	11.8	17.3	-9.0	-6.9	-3.1	1.7
D (c)	4.0	.1	-5.3	3.2	.8	.1	3.3	1.8	5.8	6.0	4.9
GR (b)	10.0	-1.9	-1.9	-1.3	-5.7	5.2	-5.7	-3.2	10.1	9.6	7.2
E (c)	10.4	-1.3	.5	-2.5	-5.8	4.1	10.0	14.6	14.0	13.6	10.2
F (c)	7.7	.2	-1.4	-3.6	-2.6	2.8	2.9	3.7	6.1	5.6	5.5
IRL (c)	10.0	4.6	-3.4	-9.3	-2.0	-6.6	-.3	.0	.7	6.6	7.3
I (c)	4.3	.5	-5.7	-.1	5.3	2.5	1.4	5.2	4.9	5.2	3.8
L (c)	5.1	-1.1	-.4	-11.6	-.4	-3.3	15.8	5.3	4.6	4.0	2.4
NL (c)	5.3	-1.6	-4.1	2.1	5.4	6.8	8.2	1.6	7.9	6.2	1.1
P (f)	7.8	1.4	3.4	-7.6	-17.2	-3.4	9.5	19.5	15.8	12.0	10.0
UK (e)	4.6	-1.8	5.4	5.0	8.6	3.8	.9	5.5	11.8	6.3	3.1
EUR (c)	5.6	-.4	-2.0	.1	1.5	2.5	3.4	4.8	7.8	6.8	5.0
USA (d)	4.5	.5	-8.7	8.8	15.9	6.9	.9	3.1	6.1	3.0	1.6
JAP (c)	14.1	1.5	.8	-.3	4.9	5.8	6.0	10.3	13.5	5.6	5.3

NOTE : PRIVATE G.F.C.F FOR THE USA

(a) GROSS FIXED CAPITAL FORMATION IN CONSTRUCTION AND EQUIPMENT DOES NOT
NECESSARILY ADD UP TO THE TOTAL

(b) 1970 PRICES (c) 1980 PRICES (d) 1982 PRICES (e) 1985 PRICES (f) 1986 PRICES

k) G.F.C.F. EQUIPMENT; REAL PERCENTAGE CHANGE ON PRECEDING YEAR

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B (b)	3.1	2.0	5.9	-2.7	13.4	-7	10.9	10.3	14.0	14.0	8.0
DK (b)	3.8	-1.3	19.9	2.2	14.3	15.4	14.8	-14.8	-8.1	-5	3.8
D (b)	.3	2.1	-7.0	5.6	-.2	9.9	4.3	5.6	7.5	8.3	7.2
GR (a)	11.8	.1	14.1	-8.5	-4.2	7.6	-6.5	-.9	9.5	9.0	8.0
E (b)	10.9	-.5	2.2	-4.8	-7.3	8.4	10.4	21.7	14.7	13.9	9.4
F (b)	9.0	1.8	1.6	-3.5	.2	4.6	3.8	5.0	7.3	6.9	7.0
IRL (b)	14.3	5.6	-5.9	-5.0	9.2	4.9	.3	3.6	6.0	7.4	7.1
I (b)	5.9	1.9	-4.4	-4.2	9.3	8.2	2.0	14.1	6.0	6.2	4.8
L (b)	5.7	1.3	.7	-9.2	.7	4.0	19.4	35.7	3.0	5.0	3.0
NL (b)	2.2	-.6	-.0	10.0	9.5	17.4	9.9	.1	5.4	8.6	2.0
P (d)	-	-	-	-	-	-	-	31.0	19.5	13.0	9.5
UK (c)	3.4	-.1	1.4	4.8	9.6	9.9	-3.9	12.2	16.0	11.8	3.9
EUR (b)	5.4	1.2	-.9	.1	4.2	8.3	3.1	9.3	9.3	8.9	6.1

NOTE : EUR WITHOUT PORTUGAL UP TO 1986, EUR12 FROM 1987 ONWARDS

(a) 1970 PRICES (b) 1980 PRICES (c) 1985 PRICES (d) 1986 PRICES

l) G.F.C.F. CONSTRUCTION; REAL PERCENTAGE CHANGE ON PRECEDING YEAR

	1961	1974	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-	-									
	1973	1981									
B (b)	2.4	-1.6	-5.6	-6.2	-5.9	-.4	2.1	5.4	12.0	7.5	3.8
DK (b)	5.1	-7.2	-1.3	1.9	7.8	7.7	19.2	-1.2	-6.0	-5.0	.0
D (b)	3.9	-.9	-4.3	1.7	1.6	-5.6	2.4	.2	4.5	4.2	3.0
GR (a)	12.6	-3.1	-13.2	5.3	-6.9	3.0	-3.4	-5.0	10.5	10.0	6.5
E (b)	7.3	-1.6	.1	-2.0	-5.2	2.0	6.5	10.0	13.5	13.5	10.8
F (b)	4.8	.1	-2.5	-3.6	-3.2	-.9	2.0	2.3	4.6	3.8	3.4
IRL (b)	8.1	4.3	-4.7	-12.2	-13.5	-7.5	-5.3	-6.5	-6.2	5.4	7.5
I (b)	-1.3	-.4	-6.6	.8	.6	-.5	-.7	-.4	3.7	4.0	2.6
L (b)	12.1	-1.4	-1.3	-12.9	-5.3	.7	7.7	4.6	5.5	3.5	2.1
NL (b)	-.1	-2.0	-6.6	-3.4	4.0	-3.4	4.0	2.9	10.0	4.3	.4
P (d)	-	-	-	-	-	-	-	10.5	12.3	11.0	10.5
UK (c)	1.7	-3.3	8.3	5.3	7.0	-2.9	4.4	4.5	7.5	.3	2.0
EUR (b)	3.1	-1.3	-2.1	.3	.5	-1.9	2.8	2.4	6.4	4.7	3.9

NOTE : EUR WITHOUT PORTUGAL UP TO 1986, EUR12 FROM 1987 ONWARDS

(a) 1970 PRICES (b) 1980 PRICES (c) 1985 PRICES (d) 1986 PRICES

TABLE A3 : THE WORLD ECONOMY.

a) WORLD GDP/GNP

COUNTRY/GROUP	PERCENTAGE CHANGE AT CONSTANT PRICES ON PRECEDING YEAR										
	1980	1981	1982	1983	1984	1985	1986	1987	1988 *	1989 *	1990 *
EC	1.3	.2	.8	1.6	2.3	2.5	2.6	2.8	3.6	3.2	2.9
USA	-1	2.3	-2.6	3.9	7.2	3.8	3.0	3.6	3.9	2.6	1.7
CANADA	1.5	3.7	-3.2	3.2	6.3	4.6	3.2	4.0	4.6	3.0	2.3
JAPAN	4.4	3.9	2.8	3.2	5.0	4.7	2.4	4.3	5.7	4.3	3.6
OTHER OECD COUNTRIES	2.7	2.0	1.8	1.1	4.5	3.7	2.6	3.0	2.9	2.9	2.4
TOTAL OECD	1.4	1.7	-1	2.6	4.7	3.4	2.7	3.3	4.0	3.1	2.6
DEVELOPING COUNTRIES	3.3	.7	-.3	1.8	4.0	3.5	3.5	3.6	4.2	3.6	4.1
- OF WHICH OPEC	-2.8	-3.5	-4.0	-1.0	1.4	-.4	-.9	.0	1.9	2.0	2.9
CPE (1)	3.4	2.3	1.9	3.9	3.9	3.3	4.2	1.5	3.0	3.0	2.5
WORLD (EXCL. EC)	2.1	1.5	-.1	2.6	4.4	3.4	3.1	3.1	4.0	3.3	2.9
WORLD (EXCL. EC)	2.3	2.0	-.2	3.0	5.2	3.7	3.3	3.3	4.1	3.3	3.0

(1) CENTRALLY PLANNED ECONOMIES; EXCLUDING CHINA, WHICH IS IN DEVELOPING COUNTRIES.

(*) FORECASTS.

SOURCE EC, USA, JAP : EUROSTAT/COMMISSION; REST OF THE WORLD : IFS

b) WORLD TRADE - IMPORTS OF GOODS

COUNTRY/GROUP	PERCENTAGE CHANGE AT CONSTANT PRICES ON PRECEDING YEAR										
	1980	1981	1982	1983	1984	1985	1986	1987	1988 *	1989 *	1990 *
EC	1.1	-4.0	1.6	2.1	6.8	5.0	6.6	8.1	9.1	7.2	6.2
USA	-8.7	2.0	-3.6	13.1	24.4	5.4	13.9	6.5	7.0	4.4	4.0
CANADA	-5.5	2.8	-18.1	11.2	18.5	6.6	5.3	7.5	13.9	4.4	3.5
JAPAN	-8.4	-.4	-.5	1.2	10.8	-1.9	10.6	9.1	16.7	7.6	6.2
OTHER OECD COUNTRIES	.5	.7	2.2	.9	10.7	6.8	5.3	12.0	6.7	5.8	5.1
TOTAL OECD	-2.1	-1.6	-.4	4.4	11.6	4.7	8.2	8.4	9.2	6.3	5.4
OPEC	12.2	20.4	4.7	-8.3	-9.4	-15.1	-21.2	-13.4	-1.0	3.0	3.0
OTHER DEVELOPING COUNTRIES	6.1	5.0	-6.6	-.8	7.0	3.4	.5	7.8	13.6	9.7	9.1
- OF WHICH 4 AS. NIE's (4)	5.5	7.5	2.1	8.1	11.1	2.3	17.5	24.2	22.0	16.0	14.0
CPE (5)	4.0	1.7	-.8	2.6	4.7	3.0	-2.1	-3.0	8.0	6.5	5.0
WORLD	.7	1.3	-1.2	2.5	9.0	3.0	4.3	6.3	9.6	6.8	6.0
WORLD (EXCL. EC)	.4	4.5	-3.0	2.7	10.4	1.8	2.9	5.1	9.8	6.5	5.9

(1) EUR11 (WITHOUT P) UP TO 1986, EUR12 FROM 1987 ONWARDS, 1980 PRICES

(2) 1982 PRICES.

(3) 1980 PRICES.

(4) 4 ASIAN NEWLY INDUSTRIALISED ECONOMIES : HONGKONG, SOUTH-KOREA, SINGAPORE, TAIWAN.

(5) CENTRALLY PLANNED ECONOMIES; EXCLUDING CHINA, WHICH IS IN OTHER DEVELOPING COUNTRIES. EXCLUDING INTRA-COMECON TRADE.

(*) FORECASTS.

SOURCE EC, USA, JAP : EUROSTAT/COMMISSION; REST OF THE WORLD : IFS

c) WORLD TRADE - EXPORTS OF GOODS

COUNTRY/GROUP	PERCENTAGE CHANGE AT CONSTANT PRICES ON PRECEDING YEAR										
	1980	1981	1982	1983	1984	1985	1986	1987	1988 *	1989 *	1990 *
EC	1.8	4.2	1.2	3.1	8.4	4.7	2.1	3.6	5.8	6.3	6.2
USA	10.8	-1.4	-10.3	-3.0	7.8	3.3	7.8	15.0	21.9	10.4	8.8
CANADA	-1.3	2.8	.2	7.8	18.5	4.2	6.8	6.2	9.5	2.2	4.4
JAPAN	19.4	2.1	-2.3	8.7	16.0	4.0	-2.0	.4	4.4	6.1	5.9
OTHER OECD COUNTRIES	2.7	-8	1.0	5.4	9.6	7.3	1.7	8.8	6.6	6.2	5.2
TOTAL OECD	5.2	2.3	-1.4	3.1	9.8	4.6	2.9	6.1	8.6	6.8	6.5
OPEC	-15.3	-17.7	-19.4	-5.4	-.7	-6.6	15.4	-2.7	8.0	4.0	3.0
OTHER DEVELOPING COUNTRIES	10.8	7.4	1.3	7.5	11.1	3.9	9.2	13.2	11.1	7.8	6.9
- OF WHICH 4 AS. NIE'S (4)	15.9	9.3	2.8	13.1	18.4	5.8	17.1	22.7	19.5	13.0	12.0
CPE	6.0	2.8	4.5	2.3	5.1	5.7	3.0	-8.0	4.0	3.0	3.0
WORLD	2.9	-.1	-3.6	2.4	8.1	2.8	5.9	5.2	8.9	6.6	6.1
WORLD (EXCL. EC)	3.5	-2.3	-6.1	2.0	8.0	1.8	7.9	6.1	10.6	6.4	5.6

(1) EUR11 (WITHOUT P) UP TO 1986, EUR12 FROM 1987 ONWARDS, 1980 PRICES

(2) 1982 PRICES.

(3) 1980 PRICES.

(4) 4 ASIAN NEARLY INDUSTRIALISED ECONOMIES : HONGKONG, SOUTH-KOREA, SINGAPORE, TAIWAN.

(5) CENTRALLY PLANNED ECONOMIES; EXCLUDING CHINA, WHICH IS IN OTHER DEVELOPING COUNTRIES.
EXCLUDING INTRA-COMECON TRADE.

(*) FORECASTS.

SOURCE EC, USA, JAP : EUROSTAT/COMMISSION; REST OF THE WORLD : IFS

d) WORLD TRADE BALANCES (FOB-FOB)

COUNTRY/GROUP	BILLION US DOLLARS										
	1980	1981	1982	1983	1984	1985	1986	1987	1988 *	1989 *	1990 *
EC	-51.0	-23.8	-16.2	-3.2	-1.3	6.2	38.0	28.4	20.1	8.2	9.3
USA	-25.5	-29.7	-37.7	-68.8	-112.8	-122.2	-144.5	-160.3	-128.1	-108.5	-99.8
JAPAN	2.1	21.4	18.7	32.3	44.4	56.2	93.2	96.5	94.8	99.7	109.9
TOTAL OECD	-82.8	-36.2	-29.0	-30.0	-52.9	-49.3	-15.5	-37.0	-14.5	-2.2	20.8
OPEC	170.5	123.9	64.1	44.6	55.3	56.1	11.5	37.4	27.8	37.7	34.6
4 AS. NIE'S	-11.3	-11.4	-8.7	-4.9	3.1	8.2	17.7	24.1	28.9	27.2	26.9
OTHER DCS	-44.9	-57.7	-37.0	-15.1	-3.6	-13.7	-15.5	-5.2	-9.8	-11.4	-16.7
CPE	3.3	6.7	14.6	16.5	15.8	9.1	12.9	17.5	12.0	11.2	8.1
WORLD	34.9	25.3	4.1	11.2	17.6	10.5	11.1	36.9	44.3	62.6	73.7

(1) 4 ASIAN NEARLY INDUSTRIALISED ECONOMIES : HONGKONG, SOUTH-KOREA, SINGAPORE, TAIWAN.

(2) CENTRALLY PLANNED ECONOMIES; EXCLUDING CHINA, WHICH IS IN OTHER DCS.
EXCLUDING INTRA-COMECON TRADE.

(*) FORECASTS.

SOURCE EC, USA, JAP : EUROSTAT/COMMISSION; REST OF THE WORLD : IFS

a) WORLD CURRENT BALANCES

COUNTRY/GROUP	BILLION US DOLLARS										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
EC	-37.1	-18.1	-18.5	2.3	8.2	19.3	50.7	38.3	18.0	2.0	2.1
USA	1.8	6.9	-8.6	-46.3	-107.1	-115.2	-138.8	-154.0	-135.3	-123.7	-117.3
CANADA	-1.0	-5.1	2.2	2.5	2.0	-1.4	-7.5	-8.0	-9.2	-14.0	-13.8
JAPAN	-10.8	4.8	6.8	20.8	35.0	49.2	85.8	87.0	79.4	80.6	87.9
OTHER OECD COUNTRIES	-16.6	-12.7	-10.3	-7.4	-2.8	-6.8	-13.1	-13.5	-10.7	-7.5	-6.8
TOTAL OECD	-63.7	-24.4	-28.3	-28.1	-64.8	-52.9	-23.0	-50.2	-57.8	-62.6	-47.8
OPEC	102.8	68.1	-11.0	-22.6	-7.9	2.8	-28.0	-6.6	-16.7	-8.8	-13.4
4 AS. NIE's	-9.1	-7.2	-2.8	1.6	6.5	10.2	22.9	28.1	35.2	37.0	36.9
OTHER DCS	-50.1	-75.9	-65.2	-36.9	-28.7	-33.5	-32.6	-22.2	-30.1	-39.7	-66.2
CPE	-2.2	.2	7.9	10.9	10.9	5.2	9.4	17.3	11.5	10.2	6.9
WORLD	-22.3	-59.2	-99.4	-75.2	-84.0	-68.2	-51.3	-33.5	-58.0	-63.9	-63.6

(1) 4 ASIAN NEARLY INDUSTRIALISED ECONOMIES : HONGKONG, SOUTH-KOREA, SINGAPORE, TAIWAN.

(2) CENTRALLY PLANNED ECONOMIES; EXCLUDING CHINA, WHICH IS IN OTHER DCS.

(*) EXCLUDING INTRA-COMECON TRADE.

(*) FORECASTS.

SOURCE EC, USA, JAP : EUROSTAT/COMMISSION; REST OF THE WORLD : IFS

Table A4: Indebtedness of net debtor developing countries (billions of USD)										
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Net debtor countries ¹										
Total debt	702,9	795,6	847,6	894,1	971,7	1058,6	1167,1	1177,0	1217,5	1275,5
Short-term	127,0	148,7	137,9	144,2	126,9	128,7	141,8	147,6	155,3	164,9
Long-term	575,9	646,9	709,6	749,9	844,8	929,9	1025,3	1029,4	1062,2	1110,6
Ratio of debt to GDP	30,7	33,9	36,1	37,6	39,8	41,5	41,1	38,7	36,6	35,2
Debt service ratio ²	22,3	26,3	23,7	24,7	26,0	27,2	24,0	22,9	22,2	20,6
Interest service ratio ³	11,9	14,7	14,1	14,5	14,7	14,0	10,9	11,0	11,7	10,7
Countries with recent debt-servicing problems										
Total debt	475,6	537,9	564,7	590,6	620,1	665,7	726,3	726,4	749,5	783,2
Short-term	84,4	100,7	84,8	88,7	64,6	68,4	72,4	74,2	76,8	81,2
Long-term	391,2	437,2	480,0	501,9	555,5	597,3	653,9	652,2	672,6	702,1
Ratio of debt to GDP	38,0	41,4	44,8	46,5	46,9	48,5	47,4	47,4	46,3	44,8
Debt service ratio ²	31,3	38,0	32,6	33,8	33,9	36,7	29,6	31,9	32,4	31,7
Interest service ratio ³	16,9	22,2	21,4	22,1	22,0	21,6	16,7	18,2	20,3	19,2
Fifteen heavily indebted countries ⁴										
Total debt	334,8	381,4	397,4	409,6	422,7	447,4	482,7	477,4	488,3	506,1
Short-term	62,7	75,3	56,9	54,6	34,5	33,6	37,5	38,0	37,9	40,0
Long-term	272,1	306,1	340,5	355,0	388,2	413,8	445,2	439,4	450,5	466,1
Ratio of debt to GDP	37,8	41,6	46,3	47,1	46,1	46,5	45,7	44,6	43,6	41,9
Debt service ratio ²	40,7	51,9	41,8	41,7	40,7	45,3	35,5	39,6	40,8	39,7
Interest service ratio ³	22,5	31,2	29,5	29,4	28,6	28,3	21,7	24,3	26,7	24,5

¹ All developing countries except Iran, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Taiwan, United Arab Emirates

² Debt service relative to exports of goods and services

³ Interest service relative to exports of goods and services

⁴ Argentina, Bolivia, Brazil, Chile, Colombia, Côte d'Ivoire, Ecuador, Mexico, Morocco, Nigeria, Peru, Philippines, Uruguay, Venezuela, Yugoslavia

Source: IMF World Economic Outlook, April 1989 and Commission services

Table A5: May 1989 forecast:

-Main hypotheses for exchange rates, world trade growth and oil price.
-Forecasts of GDP/GNP growth and balance of current account.

	1986	1987	1988	1989*	1990*
(a) Main Hypotheses					
<u>USD exchange rate growth (an.av.)</u>					
- DM/USD	2,166	1,796	1,754	1,869	1,854
- ECU/USD	1,018	0,867	0,845	0,897	0,891
<u>World trade growth^a (% p.a.)</u>					
Total	3,8	6,5	9,6	6,8	6,0
Total excluding EC	2,1	5,4	9,8	6,5	5,9
<u>Oil price (\$/barrel)</u>					
	13,70	17,75	14,90	16,40	16,00
(b) GDP/GNP growth					
- EUR 12 (GDP)	2,6	2,8	3,6	3,2	2,9
- USA (GNP)	3,0	3,6	3,9	2,6	1,7
- JAPAN (GNP)	2,4	4,3	5,7	4,3	3,6
(c) Balance of current account (in billion USD)					
- EUR 12 (as % of GDP)	50,7 (1,4)	38,3 (0,8)	18,0 (0,4)	2,0 (0,0)	2,1 (0,0)
- USA (as % of GNP)	-138,8 (-3,4)	-154,0 (-3,6)	-135,3 (-2,8)	-123,7 (-2,4)	-117,3 (-2,1)
- JAPAN (as % of GNP)	85,9 (4,3)	87,0 (3,7)	79,4 (2,8)	80,6 (2,4)	87,9 (2,1)
- 4 ASIAN NIEs ^b	23,0	28,1	35,2	37,0	36,9
- Rest of the world	-51,3	-21,1	-55,1	-62,5	-87,7
- Statistical discrepancies	51,3	43,2	58,0	63,9	63,6

^aVolume of imports of goods.

^bHong Kong, South Korea, Singapore, Taiwan.

*Technical assumptions by Commission services, May 1989.

Source: Eurostat and Commission services

TABLE A6

CONVERGENCE OF PRIVATE CONSUMPTION DEFLATORS

	ANNUAL PERCENTAGE CHANGE											
	1961- 1969	1970- 1977	1978- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
B	3.2	7.4	5.6	7.7	6.7	5.7	5.8	.4	2.2	1.2	3.0	3.2
DK	5.7	10.0	10.6	10.2	6.8	6.4	4.7	3.4	4.1	5.1	4.3	2.9
D	2.7	5.5	4.7	4.7	3.2	2.4	2.1	-.2	.7	1.3	3.0	2.9
GR	2.4	10.5	18.3	20.7	18.1	17.9	18.3	22.0	15.7	13.5	14.6	14.3
E	5.9	13.2	16.6	14.5	12.3	11.0	8.2	8.7	5.4	5.1	6.1	6.0
F	4.2	8.8	11.5	11.5	9.7	7.7	5.8	2.7	3.1	2.7	3.3	2.7
IRL	4.5	13.8	15.2	15.3	9.2	8.1	4.5	3.9	3.1	2.2	3.8	3.2
I	3.7	12.9	16.5	15.9	15.0	11.7	9.3	5.8	4.8	4.9	6.6	6.3
L	2.3	6.8	6.2	10.8	8.9	5.5	5.2	.8	2.9	1.4	2.5	3.0
NL	4.0	8.0	5.5	5.3	2.7	2.0	2.1	.6	-.3	.8	1.7	2.0
P	2.6	13.1	22.0	20.2	25.9	28.7	19.8	13.5	10.2	9.6	12.3	10.0
UK	3.7	12.4	12.6	8.8	4.8	5.1	5.3	4.4	3.9	5.0	5.8	5.3
WEIGHTED AVERAGE												
EUR12	3.7	10.0	11.4	10.5	8.5	7.2	5.9	3.8	3.4	3.7	4.8	4.5
EMS	3.6	8.8	10.0	10.0	8.4	6.6	5.2	2.3	2.6	2.7	4.0	3.7
MEASURES OF DISPERSION RELATED TO AVERAGE 1)												
EUR12	.9	2.5	4.8	4.3	4.8	4.8	3.7	4.2	2.7	2.8	2.8	2.6
EMS	.8	2.2	4.0	3.3	2.9	2.3	1.6	1.8	1.3	1.4	1.2	1.1
MEASURES OF DISPERSION RELATED TO LOWEST 1)												
EUR12	1.4	4.7	7.4	7.5	7.5	7.4	5.5	5.7	4.9	3.6	3.8	3.2
EMS	1.5	3.6	4.8	5.5	5.0	4.2	2.9	2.4	2.9	1.6	1.8	1.3

1 THE DISPERSION INDEX IS AN UNWEIGHTED ARITHMETIC MEAN OF EACH COUNTRY'S ABSOLUTE DEVIATION FROM THE RESPECTIVE REFERENCE VALUE

TABLE A7

CONVERGENCE OF NOMINAL UNIT LABOUR COSTS

	ANNUAL PERCENTAGE CHANGE											
	1961- 1969	1970- 1977	1978- 1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
B	3.4	9.5	4.9	4.7	5.0	4.3	4.2	3.1	-0.8	-1.1	2.4	2.8
DK	6.7	10.2	8.6	9.1	5.8	2.8	3.6	3.6	10.6	2.3	1.6	1.6
D	3.3	6.8	4.3	3.1	.6	.7	1.7	2.5	1.7	.2	1.0	1.4
GR	.8	11.3	19.6	26.3	22.1	19.4	20.8	12.2	12.0	14.5	15.4	13.8
E	7.1	14.0	15.7	11.3	11.2	5.5	5.6	8.5	6.2	4.3	5.2	5.0
F	4.2	10.0	11.2	11.4	8.9	5.8	4.5	2.1	1.6	1.0	1.2	1.3
IRL	4.6	13.6	15.3	11.8	10.8	4.8	3.4	5.6	1.9	.2	1.7	1.4
I	3.7	14.8	16.8	16.5	15.5	8.8	8.1	5.4	5.9	6.1	5.7	6.4
L	2.4	11.2	5.8	5.1	3.6	1.5	1.2	3.1	4.1	1.2	4.3	3.3
NL	6.4	8.9	4.5	4.6	-0.2	-2.9	.4	1.7	1.1	.0	-0.4	-0.2
P	2.2	17.4	17.1	16.7	20.4	21.1	19.1	12.2	11.4	9.1	9.1	8.6
UK	3.8	13.0	14.2	5.2	3.3	5.4	4.7	4.5	5.0	7.5	8.3	6.7
WEIGHTED AVERAGE												
EUR12	3.9	11.1	11.3	9.2	7.3	5.1	4.9	4.3	3.8	3.5	4.0	3.9
EMS	3.9	10.2	9.7	9.3	7.2	4.2	4.2	3.2	2.8	2.0	2.3	2.7
MEASURES OF DISPERSION RELATED TO AVERAGE 1)												
EUR12	1.4	2.3	4.9	5.2	5.9	4.6	4.1	2.7	3.5	3.6	3.4	3.1
EMS	1.1	1.8	4.3	4.0	4.3	2.7	1.9	1.1	2.6	1.7	1.5	1.5
MEASURES OF DISPERSION RELATED TO LOWEST 1)												
EUR12	3.3	5.0	7.2	7.4	9.1	9.3	6.1	3.7	5.8	4.0	5.1	4.6
EMS	1.9	3.9	4.6	5.2	6.4	6.1	3.0	1.7	4.0	1.5	2.6	2.5

1) THE DISPERSION INDEX IS AN UNWEIGHTED ARITHMETIC MEAN OF EACH COUNTRY'S ABSOLUTE DEVIATION FROM THE RESPECTIVE REFERENCE VALUE

TABLE A8

SYNTHETIC INDICATORS OF BUDGETARY POLICY; GENERAL GOVERNMENT 1)

EUR12	PERCENTAGE OF GDP								
	1970 ²⁾	1980	1982	1985	1986	1987	1988	1989	1990
RECEIPTS									
1. INDIRECT TAXES	13.1	12.5	12.7	12.9	13.1	13.1	13.2	13.2	13.0
2. DIRECT TAXES	9.4	11.3	11.8	12.4	12.2	12.4	12.4	12.4	12.2
3. SOCIAL SECURITY CONTRIBUTIONS	10.2	13.7	14.4	14.6	14.6	14.6	14.5	14.4	14.3
4. TAX BURDEN (1+2+3)	32.7	37.5	38.9	39.8	39.8	40.1	40.1	40.0	39.6
5. OTHER CURRENT RECEIPTS	3.0	3.5	3.8	4.0	3.8	3.6	3.4	3.4	3.2
6. TOTAL CURRENT RECEIPTS (4+5)	35.7	40.9	42.7	43.8	43.6	43.7	43.5	43.5	42.8
EXPENDITURE									
7. CURRENT TRANSFERS	14.6	19.4	21.3	21.4	21.2	21.1	20.7	20.4	20.2
8. INTEREST PAYMENTS	1.9	3.2	4.1	5.0	5.0	4.8	4.8	4.8	4.8
9. GOVERNMENT CONSUMPTION	14.3	18.1	18.8	18.6	18.5	18.5	18.3	18.0	17.7
10. CURRENT EXPENDITURE (7+8+9)	30.8	40.6	44.3	45.0	44.7	44.4	43.7	43.2	42.7
11. PUBLIC INVESTMENT	4.0	.0	3.0	2.9	2.8	2.7	2.7	2.7	2.7
12. OTHER NET CAPITAL EXPENDITURE	.8	.0	.9	1.1	.9	.9	.7	.7	.6
13. TOTAL EXPENDITURE (10+11+12)	35.5	.0	48.2	49.0	48.4	48.0	47.1	46.5	46.0
GROSS SAVING AND BUDGET BALANCE									
14. GROSS SAVING (6-10)	5.0	.3	-1.6	-1.2	-1.1	-.7	-.2	.3	.1
15. NET LENDING (+) OR BORROWING (-) (6-13)	.2	.0	-5.5	-5.2	-4.8	-4.3	-3.6	-3.0	-3.2
16. NET LENDING EXCL. INT. PAYMENTS (15+8)	2.1	.0	-1.4	-.2	.2	.5	1.2	1.8	1.5
GROSS PUBLIC DEBT	40.2	40.8	47.9	56.8	58.0	59.5	59.6	59.6	59.2

1 INCL. SOCIAL SECURITY FUNDS

2 1970: EXCL. GREECE AND PORTUGAL

TABLE A9

GENERAL GOVERNMENT TOTAL EXPENDITURE 1)

	PERCENTAGE OF GDP								
	1970	1980	1982	1985	1986	1987	1988	1989	1990
B	38.6	53.2	57.6	55.8	55.1	53.5	52.4	51.4	50.6
DK	42.1	56.2	61.2	59.3	56.0	58.3	59.9	60.1	59.0
D	38.7	48.3	49.4	47.5	46.9	46.9	46.5	45.7	44.8
GR	:	.0	39.7	48.1	46.9	47.1	50.0	50.0	49.7
E	21.7	32.8	37.5	42.1	41.7	40.9	40.5	40.4	40.2
F	38.9	46.1	50.3	52.1	51.7	51.8	50.7	50.4	49.9
IRL	37.5	50.4	54.0	53.0	53.0	51.4	48.1	44.9	42.7
I	29.7	41.6	47.4	50.8	50.9	50.7	50.8	51.3	51.1
L	33.1	54.8	55.8	51.8	52.3	53.8	52.2	52.1	51.7
NL	42.3	57.5	61.3	59.6	59.4	60.8	59.3	56.9	56.5
P	:	.0	43.8	43.5	45.3	43.1	42.1	41.5	40.9
UK	36.7	43.1	44.7	44.3	43.0	41.3	38.7	37.1	36.6
EUR12 2)	37.2	.0	48.2	49.0	48.4	48.0	47.1	46.5	46.0

1 INCL. SOCIAL SECURITY FUNDS

2 1970: EXCL. GREECE AND PORTUGAL

TABLE A10

GENERAL GOVERNMENT TOTAL RECEIPTS 1)

	PERCENTAGE OF GDP								
	1970	1980	1982	1985	1986	1987	1988	1989	1990
B	36.5	44.2	46.7	47.2	46.3	46.5	45.8	45.2	44.4
DK	46.2	52.9	52.0	57.3	59.4	60.1	60.4	60.7	60.2
D	38.9	45.4	46.1	46.4	45.6	45.1	44.5	45.4	43.9
GR	26.5	30.2	32.0	34.3	35.3	37.2	35.7	35.5	35.5
E	22.5	30.2	31.9	35.1	35.6	37.3	37.3	37.4	37.4
F	39.8	46.1	47.6	49.3	48.8	49.2	49.0	48.7	48.3
IRL	33.2	37.7	40.3	41.9	42.1	42.5	44.7	40.3	38.5
I	26.7	33.1	36.1	38.2	39.3	39.6	40.2	40.9	40.1
L	35.8	54.9	55.4	56.3	54.8	56.5	54.7	54.5	54.3
NL	41.1	53.5	54.2	54.9	53.6	54.6	54.3	52.4	51.7
P	:	30.8	33.4	33.4	37.5	36.1	35.5	35.1	34.6
UK	39.7	39.8	42.3	41.5	40.7	39.8	39.5	38.9	38.5
EUR12 2)	36.1	40.9	42.7	43.8	43.6	43.7	43.5	43.5	42.8

1 INCL. SOCIAL SECURITY FUNDS

2 1970: EXCL. GREECE AND PORTUGAL

TABLE A11

GENERAL GOVERNMENT NET LENDING (+) OR BORROWING (-) 1)

PERCENTAGE OF GDP

	1970	1980	1982	1985	1986	1987	1988	1989	1990
B	-2.2	-9.0	-10.9	-8.6	-8.8	-7.0	-6.5	-6.2	-6.2
DK	4.1	-3.3	-9.1	-2.0	3.5	1.8	.4	.5	1.1
D	.2	-2.9	-3.3	-1.1	-1.3	-1.8	-2.0	-.3	-.9
GR	:	.0	-7.7	-13.8	-11.6	-9.9	-14.3	-14.5	-14.2
E	.7	-2.6	-5.6	-7.0	-6.1	-3.6	-3.2	-3.0	-2.8
F	.9	.0	-2.8	-2.8	-2.9	-2.5	-1.6	-1.7	-1.6
IRL	-4.3	-12.7	-13.7	-11.1	-11.0	-8.9	-3.4	-4.6	-4.2
I	-3.1	-8.5	-11.3	-12.5	-11.7	-11.2	-10.6	-10.4	-10.9
L	2.7	.1	-.5	4.5	2.5	2.7	2.6	2.5	2.6
NL	-1.2	-4.0	-7.1	-4.8	-5.9	-6.2	-5.0	-4.5	-4.7
P	:	.0	-10.4	-10.1	-7.8	-7.0	-6.6	-6.3	-6.3
UK	3.0	-3.4	-2.5	-2.7	-2.4	-1.5	.8	1.7	1.8
EUR12 2)	-1.1	.0	-5.5	-5.2	-4.8	-4.3	-3.6	-3.0	-3.2

1 INCL. SOCIAL SECURITY FUNDS
2 1970: EXCL. GREECE AND PORTUGAL

TABLE A12

GROSS PUBLIC DEBT IN COMMUNITY COUNTRIES 1)

PERCENTAGE OF GDP

	1970	1980	1982	1985	1986	1987	1988	1989	1990
B	67.5	75.7	95.3	115.4	118.8	125.5	127.5	127.8	128.3
DK	14.8	39.3	64.5	74.5	67.2	63.4	62.8	62.3	59.5
D	18.4	32.7	39.3	42.5	42.7	43.9	44.6	43.8	43.3
GR	21.3	27.7	36.1	57.9	58.3	63.3	71.4	76.5	81.0
E	15.5	18.2	27.9	46.5	47.5	47.9	47.5	46.9	46.0
F	28.0	24.6	27.9	33.4	34.9	36.2	36.4	36.8	37.1
IRL	62.1	76.8	87.2	105.0	116.5	119.8	118.0	114.4	112.6
I	41.6	58.5	66.4	84.0	88.5	92.9	96.1	101.0	103.7
L	28.1	13.8	14.5	14.0	14.1	12.5	10.4	9.2	8.1
NL	52.2	45.9	55.6	69.6	71.1	74.9	78.5	81.2	83.3
P	:	37.1	50.0	69.5	68.7	71.8	74.4	76.0	78.0
UK	79.8	53.5	58.2	57.6	56.6	54.8	49.2	43.5	38.9
EUR12 2)	37.1	40.8	47.9	56.8	58.0	59.5	59.6	59.6	59.2

1 GENERAL GOVERNMENT; FOR BELGIUM AND THE NETHERLANDS: EXCL. SOCIAL SECURITY FUND
FOR GREECE AND IRELAND: CENTRAL GOVERNMENT ONLY
2 1970: EXCL. GREECE AND PORTUGAL

TABLE A13
SHARE OF SELECTED CATEGORIES OF TOTAL GOVERNMENT RECEIPTS

	PERCENTAGE OF GDP															
	INDIRECT TAXES				DIRECT TAXES				SOCIAL SECURITY CONTR. RECEIVED				OTHER RECEIPTS			
	1983	1988	1989	1990	1983	1988	1989	1990	1983	1988	1989	1990	1983	1988	1989	1990
B	12.1	11.5	11.7	12.0	18.5	17.9	17.4	16.6	13.2	14.5	14.3	14.0	2.1	1.8	1.9	1.8
DK	17.8	19.4	19.3	19.1	26.6	31.2	31.5	31.3	2.9	1.9	1.8	1.8	7.0	7.8	8.0	8.0
D	12.8	12.2	12.5	12.5	12.0	12.1	12.4	11.4	17.3	17.4	17.2	16.8	3.7	2.9	3.3	3.2
GR	15.1	16.5	16.5	16.7	5.5	6.2	6.1	6.1	10.9	11.2	11.2	11.1	1.7	1.7	1.7	1.7
E	8.5	10.2	10.2	10.1	7.9	10.3	10.6	10.7	13.7	12.8	12.7	12.6	3.9	3.9	4.0	4.0
F	14.6	14.7	14.5	14.3	8.9	9.3	9.3	9.2	20.7	20.8	21.0	21.0	4.0	4.2	4.0	3.9
IRL	17.5	17.9	16.3	15.6	13.8	17.1	15.3	14.5	5.7	5.6	5.4	5.4	5.0	4.0	3.3	3.0
I	9.2	10.1	10.5	10.5	12.4	13.4	13.3	13.3	14.0	13.9	14.1	13.8	2.4	2.8	3.0	2.6
L	16.0	16.0	16.1	16.1	20.1	18.4	17.9	17.5	14.6	14.6	14.9	15.2	7.0	5.8	5.6	5.5
NL	11.6	13.0	12.5	12.4	13.6	14.5	14.8	14.6	21.9	20.5	19.0	19.1	8.5	6.4	6.0	5.6
P	15.6	16.0	15.6	15.4	8.5	6.5	6.8	6.7	9.9	10.7	10.4	10.2	3.0	2.3	2.4	2.3
UK	16.3	16.4	16.0	15.7	14.4	13.3	13.4	13.9	6.9	6.9	6.9	6.7	4.0	2.9	2.5	2.2
EUR12	12.9	13.2	13.2	13.0	11.9	12.4	12.4	12.2	14.7	14.5	14.4	14.3	3.8	3.4	3.4	3.2

TABLE A14
SHARE OF SELECTED CATEGORIES OF TOTAL GOVERNMENT EXPENDITURE

	PERCENTAGE OF GDP																			
	CURRENT TRANSFERS				GOVERNMENT CONSUMPTION				INTEREST PAYMENTS				PUBLIC INVESTMENT				NET CAPITAL TRANSFERS			
	1983	1988	1989	1990	1983	1988	1989	1990	1983	1988	1989	1990	1983	1988	1989	1990	1983	1988	1989	1990
B	26.2	23.9	23.0	22.4	18.1	16.1	15.8	15.5	9.3	10.2	10.6	10.7	3.0	1.8	1.7	1.6	.6	.4	.4	.4
DK	22.9	23.4	24.4	24.3	27.4	25.9	25.7	25.4	8.1	8.0	7.7	7.0	2.3	2.2	1.9	1.9	.9	.4	.4	.4
D	21.3	20.8	20.6	20.4	20.1	19.4	18.9	18.4	3.0	2.8	2.7	2.7	2.5	2.4	2.4	2.3	1.5	1.1	1.1	1.0
GR	15.3	15.8	15.1	14.3	18.8	20.6	21.1	21.1	3.7	8.8	9.4	10.0	3.3	3.4	3.4	3.5	.3	1.3	.9	.8
E	18.8	17.8	17.6	17.3	13.9	14.3	14.3	14.2	1.3	3.3	3.4	3.3	2.8	3.8	4.1	4.3	2.0	1.3	1.1	1.0
F	25.8	25.6	25.6	25.5	19.5	18.8	18.6	18.3	2.6	2.8	2.9	2.8	3.3	3.3	3.3	3.3	.3	.1	.1	.1
IRL	19.9	18.9	17.3	16.1	19.2	17.0	16.1	15.5	9.3	9.7	9.1	8.8	4.5	2.2	2.0	2.0	.7	.2	.2	.2
I	20.9	20.7	20.6	20.4	16.4	17.2	17.1	16.9	7.5	8.2	9.0	9.1	3.7	3.5	3.4	3.4	.1	1.3	1.2	1.2
L	30.1	28.3	28.0	27.8	15.8	16.2	16.4	16.4	1.1	1.2	1.0	.9	5.9	5.6	5.6	5.7	2.2	1.0	1.0	.9
NL	33.9	33.2	32.2	32.6	17.5	15.5	14.9	14.4	5.7	6.0	6.0	5.9	2.7	2.3	2.2	2.3	2.3	2.2	1.6	1.3
P	19.7	15.4	14.8	14.5	15.1	15.0	14.6	14.2	6.4	7.7	8.1	8.2	3.1	2.9	3.0	3.3	1.8	1.1	.9	.8
UK	15.9	13.8	13.3	13.0	21.7	20.0	19.5	19.6	4.7	4.0	3.4	3.0	2.0	1.2	1.2	1.2	.6	-.3	-.2	-.3
EUR12	21.6	20.7	20.4	20.2	18.9	18.3	18.0	17.7	4.4	4.8	4.8	4.8	2.9	2.7	2.7	2.7	.9	.7	.7	.6

Table A15: GROSS CAPITAL FORMATION, GROSS SAVING AND CURRENT ACCOUNT BALANCE IN THE COMMUNITY, USA, JAPAN AND IN MEMBER COUNTRIES AS % OF GDP

	Gross Capital Formation				Current Account Balance	Statistical Discrepancies	Gross Saving		
	Fixed Capital		Variation of stocks	Total			Total	Private	Public
	Private	Public							

EUR12

1970	20,0	4,0	1,7	25,7	0,7	0,6	25,8	20,8	5,0
1983	16,7	2,9	0,0	19,7	0,0	0,0	19,7	21,2	-1,5
1988	17,2	2,7	0,8	20,7	0,1	-0,1	20,9	21,1	-0,2
1990	18,3	2,7	0,8	21,8	-0,2	-0,2	21,8	21,7	0,1

USA

1970	15,1	2,6	0,1	17,8	0,4	0,0	18,2	17,5	0,7
1983	15,8	1,5	-0,3	17,0	-1,0	0,0	16,0	19,6	-3,6
1988		17,1	0,7	17,8	-2,8	0,0	15,0	:	:
1990		16,9	0,5	17,4	-2,1	0,1	15,2	:	:

JAPAN

1970	30,5	5,0	3,5	39,0	1,0	0,0	40,0	32,9	7,1
1983	21,8	6,5	0,1	28,3	1,8	-0,1	30,2	27,2	3,0
1988		31,2	0,0	31,2	2,8	0,7	33,3	:	:
1990		32,1	0,0	32,1	2,7	1,2	33,6	:	:

Table A15: GROSS CAPITAL FORMATION, GROSS SAVING AND CURRENT ACCOUNT BALANCE IN THE COMMUNITY, USA, JAPAN, AND IN MEMBER COUNTRIES AS % OF GDP (cont.)

	Gross Capital Formation			Current Account Balance	Statistical Discrepancies	Gross Saving			
	Fixed Capital		Variation of stocks			Total	Total	Private	Public
	Private	Public							

BELGIUM

1970	18,5	4,2	1,6	24,3	2,8	0,0	27,1	24,7	2,4
1983	13,3	3,0	-0,8	15,5	-0,6	0,0	14,9	22,6	-7,7
1988	16,2	1,8	0,1	18,1	1,0	0,1	19,0	23,4	-4,4
1990	18,2	1,6	0,1	19,9	0,5	0,1	20,3	24,5	-4,2

DENMARK

1970	19,7	5,0	1,0	25,7	-3,9	0,0	21,8	11,8	10,0
1983	13,7	2,3	0,0	16,0	-2,6	0,0	13,4	17,4	-4,0
1988	15,4	2,2	-0,5	17,1	-1,7	-0,3	15,7	18,7	3,0
1990	14,9	1,9	0,3	17,1	-1,4	-0,4	16,1	19,5	3,4

GERMANY

1970	20,9	4,6	2,0	27,5	0,6	0,0	28,1	21,8	6,3
1983	18,0	2,5	-0,1	20,4	0,7	0,0	21,1	19,6	1,5
1988	17,4	2,4	0,7	20,5	4,1	-0,2	24,8	23,3	1,5
1990	18,7	2,3	0,7	21,7	4,4	0,1	26,0	23,6	2,4

GREECE

1970		23,6	4,5	28,1	-3,1	0,2	22,8	27,2	4,4
1983	17,0	3,3	1,6	21,9	-5,0	-2,8	19,7	24,3	-4,6
1988	14,7	3,4	0,9	19,0	-1,9	-0,4	17,5	27,1	-9,6
1990	16,0	3,5	0,8	20,3	-1,5	-0,3	19,1	29,0	-9,9

Table A15: GROSS CAPITAL FORMATION, GROSS SAVING AND CURRENT ACCOUNT BALANCE IN THE COMMUNITY, USA, JAPAN AND IN MEMBER COUNTRIES AS % OF GDP (cont.)

	Gross Capital Formation				Current Account Balance	Statistical Discrepancies	Gross Saving		
	Fixed Capital		Variation of stocks	Total			Total	Private	Public
	Private	Public							

SPAIN

1970	23,6	2,5	0,8	26,9	0,2	0,0	27,1	23,0	4,1
1983	17,8	2,8	-0,5	20,1	-1,5	0,0	18,6	18,5	0,1
1988	18,7	3,8	1,4	23,8	-1,1	-0,2	22,9	21,1	1,8
1990	21,5	4,3	1,2	27,1	-3,4	-0,3	24,0	21,5	2,5

FRANCE

1970	20,4	3,9	2,5	26,9	0,8	0,1	27,6	22,5	5,1
1983	16,9	3,3	-0,4	19,9	-0,8	0,0	19,1	18,7	0,4
1988	16,7	3,3	0,7	20,6	-0,3	0,3	20,0	18,2	1,8
1990	17,8	3,3	0,6	21,7	-0,4	0,3	21,0	19,3	1,7

IRELAND

1970	18,4	4,3	1,7	24,5	-4,0	0,1	20,4	18,6	1,8
1983	18,6	4,5	0,7	23,8	-6,9	0,0	16,9	23,4	-6,5
1988	15,1	2,2	-1,0	16,3	2,1	-0,1	18,5	19,5	-1,0
1990	16,6	2,0	0,1	18,7	1,9	-0,1	20,7	22,7	-2,0

ITALY

1970	23,5	2,7	1,7	27,9	1,2	3,1	26,0	25,5	0,5
1983	17,6	3,7	0,5	21,8	0,3	0,0	22,1	28,9	-6,8
1988	16,3	3,5	1,5	21,2	-0,6	-0,6	21,4	27,3	-5,9
1990	16,5	3,4	1,7	21,7	-1,1	-0,6	21,2	27,5	-6,3

Table A15: GROSS CAPITAL FORMATION, GROSS SAVING AND CURRENT ACCOUNT BALANCE IN THE COMMUNITY, USA, JAPAN AND IN MEMBER COUNTRIES AS % OF GDP (cont.)

	Gross Capital Formation				Current Account Balance	Statistical Discrepancies	Gross Saving		
	Fixed Capital		Variation of stocks	Total			Total	Private	Public
	Private	Public							

LUXEMBOURG

1970	19,5	3,6	3,1	26,1	15,1	-0,1	41,3	34,2	7,1
1983	15,4	5,9	3,3	24,6	39,6	0,0	64,2	53,5	10,7
1988	17,0	5,6	1,3	23,9	31,6	0,0	55,5	46,4	9,1
1990	17,6	5,7	1,3	24,6	25,6	0,0	50,2	41,0	9,2

NETHERLANDS

1970	21,2	4,7	2,0	27,9	-1,4	0,0	26,5	22,1	4,4
1983	15,5	2,7	0,1	18,4	3,1	0,1	21,4	22,8	-1,4
1988	18,9	2,3	-0,2	21,0	2,4	0,0	23,4	23,9	-0,5
1990	19,6	2,3	0,3	22,2	1,7	0,0	23,9	25,1	-1,2

PORTUGAL

1970	23,3		5,9	29,2	1,9	2,4	28,7	:	:
1983	26,1	3,1	-0,9	28,3	-8,3	0,0	20,0	24,2	-4,2
1988	25,3	2,9	0,9	29,1	-1,4	0,4	27,3	30,0	-2,7
1990	28,5	3,3	1,5	33,3	-4,8	0,4	28,1	30,3	-2,2

UNITED KINGDOM

1970	14,2	4,7	0,7	19,7	1,3	0,1	20,9	13,0	7,9
1983	14,1	2,0	0,5	16,6	0,9	0,0	17,5	18,2	-0,7
1988	17,3	1,2	0,5	19,0	-3,2	0,0	15,8	14,0	1,8
1990	18,1	1,2	0,0	19,3	-2,9	-0,4	16,8	14,0	2,8

Table A.16 NET BUDGET POSITIONS AND CURRENT EXTERNAL BALANCES, AS % OF GDP

	1985		1988		1990*	
	Budget balance(1)	Current ext.bal.	Budget balance(1)	Current ext.bal.	Budget balance(1)	Current ext.bal.
<u>Countries with a budget surplus in 1988-1990</u>						
DK	- 2.0	- 4.6	0.4	- 1.7	1.1	- 1.4
L	5.8	43.8	2.6	31.7	2.6	25.6
UK	- 2.7	0.7	0.8	- 3.2	1.8	- 2.9
<u>Countries with a sustainable budget deficit</u>						
D	- 1.1	2.6	- 2.0	4.1	- 0.9	4.4
F	- 2.8	0.1	- 1.6	- 0.3	- 1.6	- 0.4
<u>Countries with high budget deficits and high levels of public debt</u>						
B	- 8.6	0.5	- 6.5	1.0	- 6.2	0.5
I	-12.5	- 0.9	-10.6	- 0.6	-10.9	- 1.1
NL	- 4.8	4.1	- 5.0	2.4	- 4.7	1.7
<u>Catching-up countries</u>						
E	- 7.0	1.6	- 3.2	- 1.1	- 2.8	- 3.4
GR	-13.6	- 8.2	-14.3	- 1.9	-14.2	- 1.5
IRL	-11.1	- 4.0	- 3.4	2.1	- 4.2	1.9
P	-10.1	0.4	- 6.6	- 1.4	- 6.3	- 4.8
EC	- 5.2	0.8	- 3.6	0.4	- 3.2	0.0
(1) General government net lending or borrowing.						
Source : Commission services						
* Forecast						

TABLE A17 A

NOMINAL EFFECTIVE EXCHANGE RATES
PERFORMANCE AGAINST 19 INDUSTRIAL COUNTRIES; DOUBLE EXPORT WEIGHTS

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR12	USA	J
1961-73 = 100														
1960	99.8	102.9	99.4	102.3	106.2	104.5	104.2	101.7	95.3	98.5	108.5	96.9	100.1	96.7
1961	98.6	101.9	92.7	101.5	105.6	103.6	104.0	100.9	98.2	98.0	108.0	100.4	100.3	96.2
1962	98.6	102.0	93.1	101.4	105.8	103.6	104.2	100.8	98.8	98.2	108.3	100.9	101.2	96.4
1963	98.4	102.0	93.4	101.4	105.9	103.7	104.2	100.7	99.0	98.0	108.1	101.1	101.4	96.3
1964	98.6	101.8	93.8	101.4	106.0	103.7	104.0	100.2	98.8	97.8	107.8	101.0	101.4	96.2
1965	98.9	101.9	93.3	101.6	106.0	103.7	104.1	100.2	99.0	97.9	108.0	100.9	101.4	96.3
1966	98.9	102.1	93.3	101.6	106.0	103.8	104.1	100.4	98.6	98.0	108.0	100.8	101.6	96.1
1967	99.1	101.4	93.8	101.8	104.4	103.7	103.4	100.7	99.3	98.4	106.2	100.6	101.8	96.4
1968	100.1	97.9	95.6	103.6	93.3	105.2	97.1	102.7	100.8	102.4	93.8	97.0	104.1	96.6
1969	100.3	97.4	96.1	103.7	93.4	100.0	97.2	102.5	100.9	103.2	93.9	96.6	104.2	99.3
1970	100.4	96.7	106.4	102.3	93.0	92.0	97.0	101.4	99.4	102.6	93.5	97.9	102.9	96.7
1971	100.3	95.8	109.6	100.0	91.9	89.9	97.1	100.4	100.3	102.0	93.5	98.8	100.1	100.4
1972	103.2	96.5	112.8	93.6	93.6	92.1	96.1	99.7	101.7	100.9	90.2	100.7	93.5	111.5
1973	104.6	102.4	124.4	86.1	95.1	95.2	88.6	89.5	105.0	102.7	80.8	103.4	86.0	117.7
1974	106.1	102.8	131.1	86.4	97.9	88.8	86.4	80.8	110.5	101.3	78.0	101.5	87.7	110.0
1975	107.7	106.4	133.2	77.9	95.4	97.5	81.4	77.5	113.2	98.3	71.7	102.9	87.0	108.9
1976	110.2	108.6	140.7	73.7	87.8	93.9	73.1	64.2	118.2	99.7	61.4	93.2	91.6	112.3
1977	116.4	108.2	152.1	71.5	78.7	89.4	70.6	59.1	122.4	70.3	58.5	92.3	90.9	124.5
1978	119.9	108.1	161.0	65.0	69.4	88.3	71.0	55.4	125.3	58.0	58.8	92.8	82.5	151.6
1979	121.3	107.3	166.7	61.3	75.8	88.8	71.1	53.6	127.1	47.5	62.2	98.9	80.2	140.4
1980	120.7	96.8	168.4	53.1	70.6	89.2	69.6	51.7	127.4	45.9	68.4	100.4	80.1	134.7
1981	113.7	91.4	159.9	47.7	63.8	81.3	63.6	45.3	121.9	44.2	68.6	84.3	90.3	153.1
1982	103.2	87.4	167.9	43.8	59.9	74.6	62.8	42.1	120.1	38.5	65.5	78.4	101.1	145.4
1983	100.4	86.9	174.6	35.8	49.8	69.3	60.3	40.8	130.7	30.4	61.0	71.7	106.9	161.2
1984	98.1	83.7	171.8	30.8	46.4	65.9	57.7	38.2	128.6	25.1	58.1	65.1	115.3	170.6
1985	99.0	84.7	172.4	25.9	47.3	66.6	58.4	36.2	129.0	22.2	58.0	63.8	120.0	175.8
1986	104.4	80.1	190.8	20.4	46.6	69.6	60.6	37.6	138.9	20.5	53.8	70.0	97.1	223.7
1987	108.7	83.9	204.0	18.4	46.7	70.4	59.3	38.0	146.0	19.0	53.2	74.8	85.4	242.1
1988	107.3	82.2	202.4	17.1	48.2	68.7	58.5	36.6	145.3	18.1	56.3	73.8	80.2	267.2
1989	105.6	88.7	198.1	15.6	50.3	67.5	67.1	36.3	142.9	17.4	56.4	71.0	82.3	269.5
1990	105.7	88.8	198.5	14.2	50.5	67.7	57.2	36.4	143.1	16.7	56.3	71.0	81.6	274.9
ANNUAL PERCENTAGE CHANGES														
1961	-1.2	-9	3.7	-8	-6	-8	-2	-9	3.0	-5	-5	1.5	.2	-5
1962	.0	.0	.5	-1	.3	.0	.2	-1	.7	.2	.3	.5	.8	.2
1963	-2	-1	.4	.0	.1	.0	-1	-1	.1	-2	-2	.1	.2	-1
1964	.2	-2	.3	.0	.0	.0	-1	-5	-2	-2	-3	-1	.0	-1
1965	.3	-1	-5	.1	.0	.1	.1	.0	.3	.1	.2	-1	.0	.1
1966	-1	-2	.0	.1	.0	-2	.0	.2	-4	-1	.0	-1	.1	-2
1967	-2	-7	.6	.2	-1.6	.1	-7	.3	.7	.4	-1.6	-2	.3	.3
1968	1.0	-3.5	1.9	1.7	-10.6	1.5	-6.1	2.0	1.5	4.1	-11.7	-3.6	2.2	2.2
1969	.2	-4	2.6	.2	.1	-4.9	.1	-2	.1	.8	.1	-4	.1	.8
1970	.1	-8	8.4	-1.4	-4	-8.0	-2	-1.1	-1.6	-6	-4	1.4	-1.2	-5
1971	-1	-8	3.0	-2.3	-1.2	-2.3	.1	-8	1.0	-8	.0	.9	-2.7	1.6
1972	2.8	.7	2.7	-6.4	1.9	2.5	-2.0	-7	1.4	-1.1	-3.6	2.0	-6.6	11.1
1973	1.4	6.1	10.5	-8.0	1.5	3.3	-6.9	-10.2	3.2	1.8	-10.4	2.7	-8.0	5.6
1974	1.4	.5	5.4	.3	3.0	-6.7	-2.5	-9.7	5.2	-1.4	-3.5	-1.8	2.0	-6.5
1975	1.5	3.4	1.6	-9.8	-2.5	3.8	-5.7	-4.2	2.4	-3.0	-8.0	1.4	-8	-2.9
1976	2.3	2.2	5.6	-5.4	-8.2	-3.7	-10.2	-17.1	2.7	-8.7	-14.4	-9.5	5.3	5.1
1977	5.7	-5	8.0	-2.9	-12.5	-4.8	-3.5	-8.0	5.3	-21.6	-4.6	-1.0	-7	10.8
1978	2.8	-1	5.8	-8.1	-9.8	-1.2	.5	-6.2	2.4	-20.4	.2	.6	-9.2	21.8
1979	1.2	-8	4.8	-5.6	9.3	.8	.2	-3.3	1.4	-15.2	6.1	6.6	-2.8	-7.4
1980	-5	-7.9	.4	-13.4	-6.9	.5	-2.1	-3.6	.2	-3.2	10.0	1.6	-2	-4.0
1981	-5.8	-7.5	-5.6	-10.2	-9.8	-8.8	-8.7	-12.4	-4.3	-3.8	.2	-16.1	12.8	13.6
1982	-9.2	-4.4	6.0	-8.0	-6.0	-6.3	-1.1	-6.9	5.1	-12.9	-4.4	-7.0	12.0	-5.0
1983	-2.8	-6	4.0	-16.1	-17.2	-7.1	-4.1	-3.8	2.0	-21.1	-7.0	-8.5	5.7	10.9
1984	-2.1	-3.7	-1.6	-14.4	-2.4	-4.8	-4.2	-5.9	-1.6	-17.4	-4.7	-9.3	7.8	5.8
1985	.9	1.2	.3	-15.8	-2.3	1.1	1.2	-5.2	.3	-11.5	-2	-1.9	4.1	3.0
1986	5.5	6.3	10.7	-21.3	-1.5	4.5	3.7	3.7	7.7	-7.8	-7.3	9.6	-19.1	27.2
1987	4.1	4.2	6.9	-9.9	.2	1.1	-2.1	1.1	5.1	-7.1	-1.0	7.0	-12.1	8.2
1988	-1.3	-1.8	.8	-7.2	3.1	-2.3	-1.4	-3.5	-4	-5.1	5.7	-1.6	-6.1	10.4
1989	-1.5	-3.7	-2.1	-8.7	4.5	-1.9	-2.3	-9	-1.7	-3.9	.2	-3.8	2.8	.8
1990	.1	.1	.2	-8.8	.3	.3	.1	.2	.2	-3.5	-1	.0	-9	2.0

EUR12: AGAINST 9 INDUSTRIAL NON MEMBER COUNTRIES

TABLE A17 B

NOMINAL EFFECTIVE EXCHANGE RATES
PERFORMANCE AGAINST ERM; DOUBLE EXPORT WEIGHTS

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR8	USA	J
	1961-73 = 100													
1960	102.3	107.7	90.3	105.2	109.4	106.5	111.5	105.2	97.7	102.5	111.6	94.2	105.0	101.6
1961	100.0	105.2	93.1	103.2	107.6	106.1	108.5	102.9	99.8	100.8	109.5	96.1	103.0	99.4
1962	99.9	104.9	93.3	102.8	107.6	105.9	109.3	102.6	100.3	100.7	109.3	96.5	102.5	99.2
1963	99.5	104.6	93.6	102.8	107.6	105.7	109.0	102.3	100.3	100.4	109.0	96.8	102.6	98.9
1964	99.7	104.5	94.0	102.7	107.6	105.6	108.7	101.7	100.0	100.1	108.8	96.8	102.5	99.6
1965	100.1	104.7	93.5	102.9	107.7	105.8	108.9	101.8	100.4	100.3	108.9	96.6	102.7	99.1
1966	100.0	105.0	93.8	103.1	107.8	105.7	109.0	102.1	100.0	100.5	109.0	96.6	102.9	99.0
1967	100.0	103.7	93.9	103.0	105.8	105.4	107.1	102.1	100.4	100.4	107.1	97.2	102.8	98.9
1968	100.2	97.6	94.8	103.5	93.5	105.3	94.4	103.0	100.7	101.8	94.5	99.8	103.6	100.0
1969	100.5	97.2	96.2	103.8	93.8	99.9	94.7	102.8	101.0	103.0	94.8	99.5	104.0	101.0
1970	100.1	95.0	107.5	101.6	92.6	90.4	93.7	100.7	96.7	101.7	93.4	101.2	102.2	99.1
1971	99.5	93.3	110.9	99.7	90.8	87.7	93.0	99.1	99.3	100.4	92.7	102.3	99.3	99.2
1972	101.0	91.6	111.9	91.0	80.1	88.4	87.6	96.3	99.3	98.7	87.5	106.3	91.5	104.8
1973	99.7	92.4	121.6	81.0	87.4	88.3	75.1	82.7	99.8	93.2	75.6	114.3	80.4	102.5
1974	101.2	92.6	131.0	81.3	90.1	82.2	72.6	74.4	105.2	91.9	73.4	113.5	81.8	96.8
1975	100.6	93.0	129.6	71.7	85.2	88.6	84.7	69.1	105.6	86.3	65.9	119.5	77.2	89.9
1976	103.6	95.4	142.3	89.8	79.6	86.1	56.7	57.4	108.9	79.0	58.2	116.5	84.0	97.7
1977	106.1	92.5	154.2	86.1	86.6	80.0	53.0	51.8	113.2	60.8	54.7	119.9	81.5	104.6
1978	110.1	89.7	163.2	69.4	60.9	77.7	52.1	47.5	114.5	47.2	53.9	122.6	73.0	119.8
1979	110.4	87.6	168.5	55.2	65.1	77.0	52.0	44.9	115.1	39.7	55.7	126.8	68.2	107.2
1980	110.6	81.6	172.1	48.0	61.0	77.6	52.2	43.4	116.2	38.8	61.1	125.2	68.2	103.8
1981	110.5	81.8	178.0	47.0	60.3	76.9	51.9	41.2	117.4	40.0	67.2	107.4	66.7	135.3
1982	101.3	78.9	195.1	44.3	58.1	71.5	52.1	39.1	125.2	35.4	66.3	103.2	98.8	136.4
1983	99.0	78.4	208.4	36.9	49.1	66.7	50.0	38.1	128.3	27.9	63.1	100.9	108.6	156.4
1984	99.1	78.2	213.8	32.7	49.6	65.6	49.2	37.1	129.1	23.7	62.8	94.7	123.0	177.0
1985	100.2	79.6	216.0	27.7	48.7	66.7	50.0	35.2	129.6	21.1	63.0	94.0	127.7	183.9
1986	100.5	78.4	224.1	20.7	44.8	64.9	47.6	33.8	132.6	16.3	54.2	106.8	96.6	196.5
1987	101.6	78.2	231.7	16.1	43.2	63.0	44.6	32.7	135.4	16.4	51.3	114.7	81.8	193.2
1988	101.6	78.2	234.7	17.0	45.1	62.5	45.0	32.0	136.7	15.8	54.9	111.0	80.8	214.4
1989	101.5	78.9	234.2	15.8	47.9	62.6	44.9	32.4	136.2	15.5	56.4	107.2	85.7	225.1
1990	101.4	76.9	234.1	14.4	47.9	62.7	44.9	32.3	136.2	14.9	56.2	107.6	85.0	228.3
	ANNUAL PERCENTAGE CHANGES													
1961	-2.3	-2.3	3.1	-1.9	-1.6	-2.2	-1.8	-2.2	2.2	-1.6	-1.9	2.1	-1.8	-2.2
1962	-.2	-.3	.3	-.3	.0	-.3	-.1	-.3	.5	-.1	-.1	.4	-.3	-.2
1963	-.3	-.1	.3	-.1	.0	-.1	-.3	-.2	.0	-.3	-.3	.2	-.1	-.3
1964	.2	-.2	.4	.0	.0	-.1	-.3	-.6	-.3	-.3	-.3	.1	.0	-.2
1965	.4	.2	-.5	.2	.1	.2	.2	.1	.4	.2	.3	-.2	.2	-.3
1966	.0	.3	.1	.1	.1	-.1	.1	.3	-.4	-.1	.0	-.1	.2	-.1
1967	.0	-1.2	.3	-.1	-1.8	-.3	-1.7	.0	.4	-.1	-1.8	.7	-.1	.0
1968	.2	-6.0	.9	.5	-11.7	.0	-11.9	.9	.3	1.4	-11.6	2.7	.8	1.1
1969	.3	-.4	3.6	.3	.3	-5.2	.3	-.1	.2	1.1	.3	-.4	.4	1.0
1970	-.4	-2.2	9.5	-2.1	-1.2	-9.5	-1.1	-2.1	-2.2	-1.3	-1.4	1.6	-1.8	-1.9
1971	-.5	-1.8	3.2	-2.8	-2.0	-3.0	-.7	-1.6	.8	-1.3	-.8	1.1	-2.8	.1
1972	1.5	-1.8	.8	-7.8	-.7	.8	-5.8	-2.8	.1	-3.6	-5.6	3.9	-7.8	5.8
1973	-1.3	-.9	8.7	-11.0	-3.0	-.1	-14.2	-14.1	.4	-3.6	-13.6	7.5	-12.2	-2.2
1974	1.5	.2	7.8	.4	3.1	-7.0	-3.4	-10.0	5.5	-1.4	-2.9	-.7	1.8	-5.6
1975	-.5	.5	-1.1	-11.9	-5.4	7.8	-10.8	-7.1	.4	-6.1	-10.3	5.4	-5.6	-7.1
1976	2.9	2.5	9.8	-4.0	-6.6	-2.8	-12.4	-17.0	3.1	-8.4	-11.6	-2.5	8.7	6.6
1977	4.4	-3.1	8.4	-4.0	-13.8	-7.0	-6.5	-10.0	3.9	-23.3	-8.0	2.9	-3.0	7.1
1978	1.9	-3.0	5.9	-10.1	-11.3	-2.9	-1.6	-8.0	1.2	-22.0	-1.5	2.4	-10.4	14.5
1979	.2	-2.4	3.8	-7.2	8.8	-1.0	-.3	-5.4	.5	-16.0	3.3	3.2	-6.5	-10.5
1980	.2	-6.9	1.5	-12.9	-6.3	1.1	.5	-3.4	1.0	-2.2	9.7	-1.3	.0	-3.2
1981	-.1	.3	3.5	-2.2	-1.0	-1.2	-.6	-4.9	1.0	3.2	10.1	-14.2	27.0	30.3
1982	-8.3	-3.6	8.6	-5.8	-3.7	-7.0	.3	-5.2	6.6	-11.6	-1.5	-3.9	14.0	.8
1983	-2.3	-.6	6.8	-16.6	-15.6	-6.7	-4.0	-2.6	2.5	-21.1	-4.8	-2.3	9.9	14.7
1984	.1	-.2	2.8	-11.4	1.0	-1.6	-1.5	-2.5	.6	-15.0	-.4	-6.1	13.2	13.2
1985	1.2	1.7	1.0	-15.3	-1.7	1.7	1.5	-5.3	.4	-11.2	.3	-.7	3.9	3.8
1986	.2	-1.5	3.7	-25.3	-8.0	-2.7	-4.7	-3.8	2.3	-13.4	-14.0	13.8	-24.4	6.8
1987	1.2	-.2	3.4	-12.6	-3.7	-3.1	-6.3	-3.3	2.2	-10.1	-5.4	7.5	-15.3	-1.6
1988	.0	.0	1.3	-5.8	4.5	-.7	.9	-2.2	.9	-3.5	7.0	-3.3	-1.5	11.0
1989	-.2	-1.7	-.2	-7.2	6.3	.0	-.3	1.1	-.4	-2.1	2.6	-3.4	6.4	5.0
1990	.0	.0	.0	-8.8	.0	.2	-.1	-.1	.0	-3.7	-.3	.4	-.8	1.4

EUR8: AGAINST 13 INDUSTRIAL NON ERM COUNTRIES

TABLE A17 C

RELATIVE UNIT LABOUR COSTS; TOTAL ECONOMY
PERFORMANCE AGAINST 19 INDUSTRIAL COUNTRIES; DOUBLE EXPORT WEIGHTS

USD

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR12	USA	J
1961-73 = 100														
1960	105.6	85.6	90.4	128.1	86.4	102.5	97.2	97.5	80.1	107.4	106.6	92.7	112.0	89.7
1961	98.6	88.1	87.4	118.0	84.2	103.5	86.5	93.5	84.4	104.1	108.1	96.8	108.6	88.5
1962	99.1	90.4	88.1	116.5	85.4	104.2	88.0	95.1	85.5	99.8	109.4	98.8	106.7	92.8
1963	98.7	92.0	87.3	107.4	83.2	107.0	86.9	102.5	88.0	98.5	106.4	100.6	103.5	95.6
1964	95.2	92.0	85.1	107.3	87.1	107.1	102.9	107.6	83.3	96.6	105.4	101.5	101.1	95.6
1965	101.2	97.8	84.7	104.9	102.2	104.6	101.2	106.0	86.0	96.1	107.2	102.5	97.6	99.8
1966	102.3	100.9	84.8	105.9	108.8	101.5	103.5	101.9	100.1	97.3	108.0	102.4	98.1	98.0
1967	102.8	103.7	81.7	105.7	115.2	100.8	102.1	101.4	101.7	99.8	104.4	99.6	99.2	97.4
1968	102.3	103.3	81.2	106.2	102.3	106.3	95.2	100.8	103.4	94.7	91.8	94.6	104.3	98.0
1969	100.7	104.0	82.6	101.1	100.9	102.2	97.3	87.8	107.4	97.5	92.8	94.0	106.9	96.8
1970	95.7	105.1	105.3	92.9	88.5	92.0	89.8	98.6	105.1	104.4	94.5	98.3	105.2	95.5
1971	96.3	105.6	108.0	85.1	98.8	88.5	103.1	100.9	107.6	104.9	94.5	100.8	98.2	101.7
1972	100.8	104.2	111.0	78.4	103.6	90.1	102.2	100.3	111.0	103.9	94.7	103.9	90.1	112.8
1973	101.3	113.0	121.3	73.7	108.7	87.0	101.4	83.4	116.5	102.6	83.2	108.1	80.6	126.4
1974	104.3	118.1	121.5	80.6	113.0	88.6	97.6	88.0	119.8	117.0	84.3	104.5	77.4	131.6
1975	108.5	119.5	112.2	72.9	115.2	98.2	95.1	93.9	121.1	136.3	90.3	111.1	71.7	128.0
1976	112.8	120.2	110.0	74.9	116.0	97.7	82.3	83.7	122.2	133.6	78.5	100.8	73.9	133.7
1977	119.7	120.0	112.6	60.7	114.8	94.3	88.8	86.3	127.0	113.5	76.1	102.1	72.4	145.8
1978	120.1	121.7	114.0	78.5	117.0	95.1	91.4	88.5	128.3	95.1	78.8	104.7	68.6	170.8
1979	118.3	120.4	113.6	83.6	138.6	97.4	88.8	88.5	127.3	86.1	88.0	114.4	68.6	147.8
1980	111.8	110.3	109.6	75.7	130.4	100.7	102.8	92.5	121.9	89.6	108.9	121.7	66.9	131.0
1981	102.5	101.8	98.1	79.6	121.4	94.5	97.5	90.9	110.1	95.5	111.4	104.4	74.9	140.9
1982	90.7	99.2	97.8	86.1	117.6	89.9	100.7	92.1	113.1	90.3	104.0	97.6	85.2	126.2
1983	88.7	100.3	97.1	82.2	103.4	87.1	102.9	98.6	110.2	81.9	95.8	92.0	86.9	136.8
1984	87.7	98.2	82.6	81.4	102.8	85.1	99.9	98.1	101.8	79.3	93.5	85.2	85.3	140.2
1985	88.0	97.4	81.0	80.0	102.3	86.8	100.8	97.5	98.8	80.7	94.7	85.0	89.1	138.7
1986	83.8	103.2	88.5	88.3	105.8	89.2	106.5	103.2	104.6	80.6	88.6	93.3	79.7	174.2
1987	84.3	115.0	104.7	87.0	109.0	88.7	102.9	107.6	107.9	80.8	89.6	100.1	70.7	181.6
1988	90.8	112.1	100.9	89.4	114.1	85.0	98.4	107.7	104.8	81.4	89.5	98.3	67.5	193.6
1989	89.1	105.8	86.1	71.0	121.4	81.5	83.8	109.4	99.4	82.8	104.9	94.3	70.7	189.9
1990	85.2	104.2	84.3	71.4	123.8	79.8	82.0	113.4	86.3	83.9	108.7	94.2	70.6	190.2
ANNUAL PERCENTAGE CHANGES														
1961	-5.6	3.0	7.6	-9.5	-2.8	1.0	-7	-4.1	5.3	-3.0	1.4	4.5	-3.0	-2
1962	-5	2.6	-7	-4	2.8	.8	1.6	1.7	1.3	-4.2	1.1	2.0	-1.7	3.7
1963	-4	1.8	-8	-7.1	7.9	2.7	-1.2	7.6	3.0	-1.3	-2.8	1.8	-3.1	3.0
1964	.5	.0	-2.2	.0	4.3	.0	6.2	5.0	6.0	-1.9	-9	1.0	-2.3	.0
1965	2.0	6.3	-5	-2.3	5.2	-2.3	-1.7	-1.5	2.9	-5	1.7	.9	-3.6	4.4
1966	1.2	3.2	-1	1.0	8.5	-3.0	2.3	-3.9	4.2	1.2	.7	.0	.5	-1.8
1967	.5	2.7	-3.0	-2	5.9	-6	-1.4	-4	1.6	2.3	-3.3	-2.8	1.1	-7
1968	-5	-3	-5	.5	-11.2	5.4	-6.7	-8	1.6	-4.9	-12.2	-5.0	5.2	.6
1969	-1.6	.7	1.5	-4.8	-1.3	-3.9	2.2	-3.0	3.9	2.9	1.1	-.6	2.4	-1.1
1970	-5.0	1.1	13.7	-8.1	-2.4	-9.9	2.6	.8	-2.1	7.1	2.0	4.6	-1.6	-1.4
1971	.6	.4	4.3	-8.4	.4	-3.9	3.3	2.3	2.4	.4	.0	2.5	-8.7	6.4
1972	4.5	-1.3	1.2	-7.8	4.7	1.8	-.9	-.6	3.2	-.9	.2	3.0	-8.2	11.0
1973	.7	8.4	9.2	-8.0	4.9	2.2	-.8	-6.8	4.8	-1.3	-12.1	2.2	-10.6	12.0
1974	2.9	4.6	.2	9.4	3.9	-5.9	-3.8	-5.8	2.8	14.1	1.3	-1.6	-3.9	4.1
1975	4.1	1.1	-7.7	-9.8	2.0	13.3	-2.6	6.6	1.1	16.5	7.1	6.4	-7.3	-2.7
1976	4.1	.6	-1.9	2.7	.7	-.5	-3.0	-10.8	.9	-2.0	-13.0	-9.3	3.1	4.4
1977	6.0	-1	2.3	7.7	-1.0	-3.5	-3.8	3.0	3.9	-15.0	-3.1	1.3	-2.1	8.9
1978	.3	1.5	1.3	-1.5	1.9	.9	3.0	.2	1.1	-16.3	3.3	2.5	-8.1	17.4
1979	-1.5	-1.1	-.4	5.1	18.5	2.4	8.2	2.4	-.6	-9.4	13.2	9.3	.0	-13.5
1980	-5.4	-8.4	-3.5	-9.4	-5.9	3.3	3.0	4.5	-4.3	4.1	22.3	6.4	.4	-11.4
1981	-8.4	-7.8	-10.5	5.2	-6.8	-6.2	-5.2	-1.7	-9.7	6.5	2.3	-14.2	12.0	7.6
1982	-11.5	-2.6	-.3	8.2	-3.2	-4.9	3.3	1.3	2.7	-5.4	-6.7	-6.5	13.8	-10.4
1983	-2.2	1.1	-.7	-4.6	-12.1	-3.1	2.2	7.1	-2.5	-8.3	-7.9	-5.7	4.2	8.4
1984	-1.1	-4.1	-4.6	-1.0	-.6	-2.3	-2.9	-.5	-7.7	-3.2	-2.3	-7.4	7.2	2.5
1985	1.6	1.2	-1.8	-1.7	-.5	2.0	.9	-.6	-2.9	1.8	1.2	-.2	4.0	-1.0
1986	5.3	8.0	8.4	-14.6	3.2	2.8	5.7	5.8	5.8	-.2	-6.4	9.8	-19.5	25.5
1987	.5	11.5	5.2	-1.9	3.2	-.6	-3.4	4.2	3.2	.3	1.0	7.3	-11.3	4.3
1988	-3.7	-2.5	-3.7	3.8	4.7	-4.1	-4.4	1.1	-2.8	.8	11.1	-1.8	-4.4	8.6
1989	-1.8	-5.8	-4.8	2.2	8.4	-4.2	-4.6	1.8	-5.2	1.4	5.4	-4.1	4.8	-1.9
1990	.1	-1.6	-1.8	.8	2.0	-1.8	-2.0	3.8	-3.1	1.5	3.6	-.1	-.1	.2

EUR12: AGAINST 9 INDUSTRIAL NON MEMBER COUNTRIES

TABLE A17 D

RELATIVE UNIT LABOUR COSTS; TOTAL ECONOMY
PERFORMANCE AGAINST ERM; DOUBLE EXPORT WEIGHTS

USD

	B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR8	USA	J
	1961-73 = 100													
1960	112.2	92.6	95.3	136.3	93.0	109.6	111.0	104.4	83.8	116.3	115.0	89.2	121.2	102.4
1961	103.2	92.9	101.7	120.6	88.6	107.8	107.3	97.0	86.7	110.1	112.8	93.1	113.8	98.2
1962	101.7	94.4	101.4	118.8	89.7	107.6	107.3	97.7	87.2	104.2	112.1	94.6	109.5	99.2
1963	99.8	94.0	98.1	108.0	94.7	106.6	101.9	103.8	88.7	100.5	106.8	97.7	103.9	98.4
1964	99.5	92.9	94.4	107.0	87.7	107.8	108.6	108.6	93.6	97.6	105.0	99.0	100.7	96.8
1965	101.3	99.2	93.8	104.6	102.6	105.1	104.6	106.6	96.4	97.1	106.5	98.9	97.7	100.0
1966	102.7	103.0	94.2	106.1	109.5	102.2	107.1	102.7	101.0	98.8	107.6	98.0	98.4	98.6
1967	103.8	106.9	91.9	106.7	116.9	102.8	104.9	103.4	103.3	101.7	105.7	96.3	101.0	99.6
1968	102.9	104.8	90.6	106.6	103.3	107.5	92.0	101.9	104.1	94.8	93.3	98.0	104.7	100.7
1969	101.6	105.8	82.8	102.0	102.9	103.5	95.1	99.2	108.6	98.2	95.1	97.1	107.9	101.3
1970	95.2	103.8	106.1	92.2	98.9	90.7	96.7	98.0	104.9	103.5	94.6	101.0	104.1	97.2
1971	94.7	102.2	108.6	83.3	87.1	85.8	87.3	98.8	106.3	102.0	92.5	104.0	96.0	98.8
1972	87.8	98.9	109.0	75.7	89.2	86.1	84.1	96.4	108.6	99.1	90.8	107.1	87.3	104.1
1973	95.7	101.1	116.4	68.6	99.0	84.9	85.3	86.0	110.7	92.1	77.0	115.3	74.9	107.2
1974	99.4	107.1	118.9	75.9	104.3	80.7	83.4	81.9	115.0	106.4	79.4	112.0	74.5	113.3
1975	102.4	108.1	106.2	87.6	103.9	91.1	80.7	86.0	115.3	122.6	82.3	115.4	66.7	104.8
1976	107.9	111.2	108.1	70.8	107.0	92.6	77.4	77.8	117.6	122.0	74.5	110.6	71.9	114.0
1977	113.2	109.1	107.0	75.3	104.1	87.5	72.8	79.2	120.8	102.0	71.1	113.8	68.8	119.7
1978	112.7	108.3	107.4	73.5	104.2	87.5	73.9	78.8	121.2	84.1	72.1	115.7	62.0	132.7
1979	110.7	108.4	105.6	76.4	121.7	89.4	82.4	79.9	120.1	76.3	79.7	117.6	59.7	113.4
1980	106.0	99.8	102.1	69.8	115.8	93.7	89.7	84.5	116.5	81.1	96.7	115.4	59.9	102.5
1981	103.1	100.3	98.7	78.8	117.8	95.8	93.3	91.0	111.2	92.9	108.4	99.1	75.2	126.7
1982	92.1	98.6	101.0	87.9	116.6	92.8	97.6	94.7	115.8	89.0	104.4	95.5	86.5	121.3
1983	90.1	98.1	100.4	84.4	103.5	90.0	98.9	102.8	112.7	80.4	97.5	94.9	92.0	133.6
1984	91.6	98.9	99.2	86.2	108.6	91.2	99.3	106.6	106.3	80.3	99.3	89.1	102.8	146.1
1985	93.3	100.9	97.4	85.0	106.6	93.7	100.8	108.3	103.5	82.2	100.7	88.5	105.9	145.5
1986	93.8	100.1	100.3	89.0	103.2	90.2	98.8	105.2	104.5	77.6	87.9	99.3	79.9	153.9
1987	92.2	108.2	102.6	85.9	103.1	86.5	92.0	106.0	105.5	75.9	85.3	105.4	68.2	147.3
1988	91.0	109.4	101.8	70.0	110.8	85.5	81.9	109.6	105.2	79.0	96.8	99.3	69.0	161.3
1989	91.7	107.4	100.2	73.6	121.7	84.7	81.7	115.8	102.4	82.9	105.8	93.0	76.7	168.6
1990	92.6	106.9	99.0	74.5	125.1	83.8	81.1	121.5	99.8	85.1	110.2	91.4	76.4	170.3

ANNUAL PERCENTAGE CHANGES

1961	-8.0	.4	6.6	-11.6	-4.7	-1.6	-3.3	-7.1	3.5	-5.3	-1.9	4.4	-6.1	-4.1
1962	-1.5	1.7	-2	-1.4	1.4	-2	.0	.7	.6	-5.4	-6	1.6	-3.8	1.0
1963	-1.9	-4	-3.3	-8.1	6.6	1.0	-5.0	8.2	1.6	-3.6	-4.7	3.3	-5.0	-7
1964	-3	-1.2	-3.8	-1.0	3.2	-8	4.6	4.6	6.8	-2.9	-1.8	1.3	-3.1	-1.7
1965	1.8	6.7	-8	-2.2	4.8	-2.5	-1.8	-1.7	3.0	-5	1.5	-1	-2.9	3.3
1966	1.4	3.9	.5	1.4	6.8	-2.8	2.5	-3.7	4.7	1.7	1.0	-9	.7	-1.4
1967	1.2	3.7	-2.6	.6	6.8	.4	-2.1	.6	2.3	2.9	-1.8	-1.7	2.6	1.0
1968	-9	-1.9	-1.4	-2	-11.6	4.7	-12.3	-1.4	.8	-6.9	-11.7	1.8	3.7	1.0
1969	-1.3	1.0	2.6	-4.3	-4	-3.7	3.4	-2.7	4.4	3.7	1.9	-1.0	3.1	.7
1970	-6.2	-1.8	14.3	-8.8	-3.9	-12.4	1.8	-1.2	-3.5	5.4	-6	4.1	-3.6	-4.1
1971	-8	-1.6	3.3	-9.7	-1.8	-5.6	.7	.8	1.3	-1.5	-2.1	2.9	-7.7	1.8
1972	3.3	-3.3	-6	-9.1	2.2	.6	-3.3	-2.4	2.2	-2.8	-1.9	3.0	-9.1	5.4
1973	-2.2	2.3	6.8	-9.4	-2	-1.4	-9.4	-10.8	1.9	-7.1	-15.2	7.7	-14.2	3.0
1974	3.8	5.9	2.2	10.7	5.4	-5.0	-2.3	-4.7	3.9	15.5	3.0	-2.9	-6	5.7
1975	3.1	.8	-11.6	-11.1	-4	12.9	-3.2	4.9	.3	15.3	3.7	3.1	-10.4	-7.5
1976	5.4	2.9	.9	4.8	3.0	1.7	-4.1	-9.5	2.0	-5	-9.5	-4.2	7.8	8.7
1977	4.9	-1.9	.9	6.3	-2.7	-5.6	-6.3	1.7	2.7	-16.4	-4.6	2.9	-4.4	5.0
1978	-4	-7	.4	-2.4	.2	.0	1.9	-7	.3	-17.5	1.4	1.7	-9.8	10.9
1979	-1.8	-1.8	-1.8	4.0	16.8	2.1	11.5	1.7	-9	-9.3	10.5	1.6	-3.6	-14.5
1980	-4.2	-6.4	-3.3	-8.7	-4.9	4.9	6.8	5.7	-3.0	6.2	21.3	-1.8	.2	-9.8
1981	-2.7	.8	-3.3	14.1	1.7	2.3	4.0	7.7	-4.5	14.6	12.2	-14.2	25.6	23.6
1982	-10.7	-1.7	2.4	10.6	-1.0	-3.2	4.6	4.1	4.1	-4.1	-3.7	-3.6	15.0	-4.2
1983	-2.2	.6	-6	-4.0	-11.2	-3.0	1.4	8.5	-2.7	-9.7	-6.6	-6	6.4	10.1
1984	1.6	-2	-1.2	2.1	3.0	1.3	.4	3.7	-5.6	-1	1.8	-6.1	11.7	9.3
1985	2.0	2.0	-1.7	-1.4	.0	2.7	1.6	-3	-2.7	2.3	1.5	-7	3.0	-4
1986	.6	-8	3.0	-18.7	-3.1	-3.7	-2.2	-1.0	-5.5	-12.7	12.3	-24.6	5.8	
1987	-1.8	8.1	2.1	-4.5	-1	-4.1	-6.7	.8	1.0	-2.2	-3.0	6.1	-14.5	-4.3
1988	-1.3	1.1	-6	6.1	7.4	-1.2	-1	3.3	-3	4.0	13.6	-5.8	1.1	9.5
1989	.8	-1.6	-1.6	5.1	9.8	-9	-3	5.7	-2.7	5.0	9.2	-6.3	9.8	4.5
1990	.9	-5	-1.2	1.3	2.8	-1.1	-6	4.9	-2.4	2.6	4.2	-1.7	.9	1.1

EUR8: AGAINST 13 INDUSTRIAL NON ERM COUNTRIES

TABLE A17 E

RELATIVE UNIT LABOUR COSTS; TOTAL ECONOMY
PERFORMANCE AGAINST 18 INDUSTRIAL COUNTRIES; DOUBLE EXPORT WEIGHTS

														NATIONAL CURRENCY	
B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR12	USA	J		
1961-73 = 100															
1980	105.8	83.0	101.0	125.6	81.0	98.1	93.0	85.8	84.1	109.0	98.2	93.8	112.0	92.9	
1981	101.0	86.3	105.0	114.6	79.4	99.8	92.5	92.7	86.0	106.2	100.1	96.5	108.4	93.2	
1982	100.6	88.5	105.2	114.2	81.2	100.7	93.8	84.3	86.5	101.8	100.9	97.9	105.8	96.4	
1983	100.3	90.0	104.0	106.1	87.5	103.3	92.7	101.8	89.0	100.4	98.3	99.5	102.1	99.4	
1984	100.6	90.2	101.3	106.1	91.2	103.3	98.7	107.4	94.8	98.8	97.7	100.6	99.8	99.5	
1985	102.2	95.8	101.4	103.8	95.9	100.9	96.9	105.7	97.1	98.2	99.2	101.6	98.3	103.8	
1986	103.5	96.7	101.3	104.5	102.1	98.0	99.2	101.4	101.6	99.3	99.9	101.7	96.7	102.1	
1987	103.8	102.0	97.6	104.0	109.8	97.4	98.5	100.7	102.5	101.2	98.2	99.1	97.5	101.1	
1988	102.2	105.4	95.3	102.8	109.1	101.1	97.8	98.1	102.6	92.5	97.6	97.6	100.3	99.5	
1989	100.4	108.5	94.3	97.7	107.5	102.2	99.9	95.4	106.5	94.5	98.6	97.4	102.8	97.7	
1970	95.3	108.5	98.8	81.1	105.3	100.1	102.7	97.2	105.9	101.7	100.9	100.4	102.3	96.9	
1971	96.0	110.0	100.0	85.4	107.1	98.5	105.8	100.5	107.4	102.8	100.9	102.1	96.2	101.4	
1972	97.5	107.8	98.5	84.0	110.1	97.9	107.2	100.5	109.3	103.0	104.9	103.1	96.5	101.3	
1973	98.8	110.1	97.3	85.8	113.8	96.7	114.2	104.3	111.1	99.9	102.9	102.8	93.8	107.5	
1974	98.2	114.7	92.6	92.6	114.8	97.6	112.7	106.8	108.5	115.5	108.0	102.9	88.3	119.8	
1975	100.8	112.1	84.1	93.9	120.1	100.7	116.4	121.1	107.1	138.7	125.7	108.0	82.5	120.0	
1976	102.5	110.3	78.1	102.0	131.7	104.1	125.8	130.3	105.3	148.8	127.9	108.2	80.8	119.3	
1977	102.8	110.7	73.9	113.1	148.8	105.5	125.4	145.9	103.9	181.4	130.0	110.7	79.7	117.1	
1978	100.1	112.4	70.7	122.8	167.8	107.8	128.5	155.8	102.5	189.7	134.0	112.8	80.7	112.8	
1979	97.4	112.0	67.3	136.8	181.9	109.7	140.1	165.1	100.3	181.3	143.0	115.7	83.1	105.4	
1980	92.8	111.3	84.6	142.9	183.9	112.9	147.4	178.9	95.8	195.1	159.0	121.2	83.6	97.4	
1981	80.1	111.2	81.3	167.4	189.3	116.2	153.0	200.6	80.4	215.9	182.4	123.9	83.1	92.2	
1982	87.8	113.3	88.2	198.8	195.1	120.8	159.9	218.4	88.4	234.4	158.4	124.5	84.4	86.9	
1983	88.3	115.2	65.5	229.3	207.3	125.8	170.3	243.0	84.4	269.7	156.9	128.3	83.2	85.0	
1984	89.3	114.8	53.8	285.1	211.2	129.2	172.8	256.9	79.2	318.1	160.9	130.9	82.7	82.3	
1985	89.8	114.7	52.7	308.8	215.1	130.3	172.1	289.2	78.7	363.4	163.0	133.2	82.6	79.0	
1986	89.8	114.4	52.1	338.1	225.4	128.2	175.5	274.7	75.3	393.3	164.7	133.4	82.2	78.0	
1987	88.7	122.3	51.3	388.7	232.3	128.1	173.0	283.2	74.0	424.5	168.1	133.7	82.8	75.1	
1988	84.8	121.4	48.8	408.2	235.8	123.8	167.8	293.7	72.2	450.7	176.5	133.5	84.3	72.5	
1989	84.3	119.1	48.4	458.8	240.0	120.8	164.1	301.1	69.6	475.9	185.8	132.8	85.9	70.6	
1990	84.3	117.0	47.5	504.1	244.2	118.2	160.6	311.5	67.4	500.9	192.9	132.6	86.6	69.3	
ANNUAL PERCENTAGE CHANGES															
1981	-4.5	4.0	4.0	-8.7	-2.0	1.8	-6	-3.3	2.2	-2.5	2.0	2.9	-3.2	.3	
1982	-6	2.5	.2	-3	2.3	.8	1.3	1.8	.6	-4.4	.8	1.5	-2.8	3.5	
1983	-2	1.7	-1.2	-7.1	7.8	2.5	-1.1	7.8	2.9	-1.1	-2.6	1.7	-3.3	3.1	
1984	.3	.2	-2.5	.0	4.2	.0	6.4	5.5	6.2	-1.8	-.6	1.1	-2.3	.1	
1985	1.7	8.3	.1	-2.4	5.2	-2.3	-1.8	-1.6	2.6	-.6	1.6	1.0	-3.5	4.3	
1986	1.2	3.0	-.1	.9	8.5	-2.9	2.3	-4.0	4.7	1.2	.7	.1	.4	-1.6	
1987	.3	3.4	-3.6	-.4	7.5	-.7	-.7	-.7	.9	1.9	-1.7	-2.5	.8	-1.0	
1988	-1.5	3.3	-2.4	-1.2	-.7	3.8	-.7	-2.6	.1	-8.6	-.8	-1.5	2.9	-1.6	
1989	-1.8	1.1	-1.1	-4.9	-1.4	1.1	2.1	-2.8	3.8	7.1	1.0	-.3	2.3	-1.9	
1970	-5.1	1.8	4.8	-8.8	-2.0	-2.1	2.8	1.9	-.6	7.7	2.4	3.1	-.3	-.9	
1971	.7	1.3	1.2	-8.3	1.7	-1.8	3.2	3.3	1.4	1.0	.0	1.7	-4.0	4.7	
1972	1.6	-2.0	-1.5	-1.6	2.8	-.6	1.2	.1	1.8	.1	4.0	1.0	-1.7	-.1	
1973	-.7	2.2	-1.2	2.1	3.3	-1.1	8.5	3.7	1.7	-3.0	-1.9	-.5	-2.8	6.1	
1974	1.4	4.1	-4.9	9.2	.9	.9	-1.3	4.4	-2.3	15.6	5.0	.3	-5.8	11.4	
1975	2.6	-2.2	-8.2	.2	4.6	2.2	3.3	11.2	-1.3	20.1	16.4	4.9	-8.6	.1	
1976	1.7	-1.6	-7.2	8.6	3.6	3.4	8.0	7.6	-1.7	7.3	1.7	.2	-2.1	-.6	
1977	.3	.4	-5.3	11.0	13.0	1.3	-.3	12.0	-1.4	8.5	1.6	2.3	-1.3	-1.8	
1978	-2.6	1.5	-4.3	8.4	12.7	2.2	2.4	8.9	-1.3	5.1	3.1	1.9	1.3	-3.6	
1979	-2.7	-.3	-4.9	11.4	6.4	1.8	9.0	5.9	-2.2	6.8	6.7	2.6	2.9	-8.6	
1980	-4.8	-.8	-3.9	4.6	1.1	2.9	5.2	8.4	-4.5	7.6	11.2	4.7	.6	-7.6	
1981	-2.7	-.1	-5.2	17.1	3.0	2.9	3.8	12.1	-5.6	10.7	2.1	2.2	-.7	-5.3	
1982	-2.5	1.9	-5.1	17.6	3.1	3.8	4.5	8.9	-2.3	8.6	-2.4	.5	1.6	-5.7	
1983	.6	1.6	-4.6	18.5	6.2	4.4	6.5	11.2	-4.5	15.1	-1.0	3.0	-1.4	-2.2	
1984	1.1	-.4	-3.0	15.6	1.9	2.8	1.4	5.7	-6.2	17.2	2.5	2.1	-.6	-3.1	
1985	-.7	.0	-2.1	18.8	1.8	.8	-.3	4.8	-3.2	15.0	1.3	1.7	-.1	-3.8	
1986	-.2	-.3	-1.2	8.5	4.8	-1.6	1.9	2.0	-1.7	8.2	1.0	.2	-.6	-1.4	
1987	-3.4	6.9	-1.8	8.8	3.1	-1.8	-1.4	3.1	-1.8	7.9	2.0	.3	.8	-3.7	
1988	-2.4	-.7	-2.8	11.6	1.5	-1.9	-3.0	3.7	-2.4	6.2	5.1	-.2	1.8	-3.4	
1989	-.4	-1.9	-2.7	11.9	1.8	-2.4	-2.2	2.5	-3.8	5.6	5.3	-.5	2.0	-2.7	
1990	.0	-1.7	-2.0	10.4	1.7	-2.2	-2.1	3.5	-3.3	5.2	3.8	-.1	.8	-1.8	

EUR12: AGAINST 9 INDUSTRIAL NON MEMBER COUNTRIES

TABLE A17 F

RELATIVE UNIT LABOUR COSTS; TOTAL ECONOMY
PERFORMANCE AGAINST ERM; DOUBLE EXPORT WEIGHTS

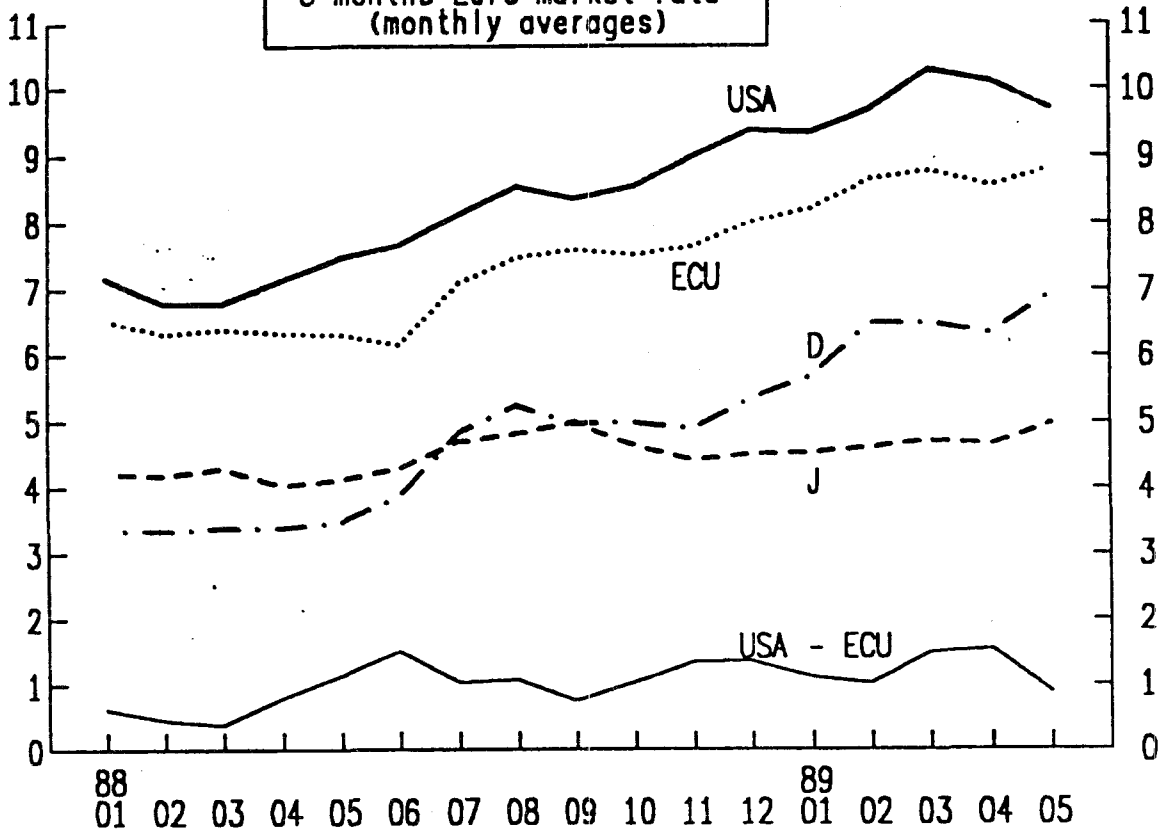
													NATIONAL CURRENCY			
B/L	DK	D	GR	E	F	IRL	I	NL	P	UK	EUR0	USA	J			
1961-73 = 100																
1960	109.7	85.5	105.4	130.2	84.4	101.1	99.0	99.1	95.7	113.5	102.9	94.7	115.7	100.8		
1961	103.3	87.9	105.0	117.3	81.7	101.8	97.5	94.2	86.9	109.2	102.9	96.9	110.8	98.7		
1962	101.9	89.8	106.5	116.1	82.8	101.8	97.7	85.2	87.0	103.5	102.4	98.0	106.8	100.0		
1963	100.3	88.4	104.5	105.6	87.5	102.9	93.1	101.4	88.4	100.1	98.0	101.0	101.5	99.5		
1964	99.8	89.8	100.2	104.7	80.2	102.1	97.5	106.8	93.6	97.5	96.5	102.3	98.4	98.0		
1965	101.2	94.3	100.1	102.1	84.5	99.4	95.5	104.8	96.0	96.8	97.7	102.3	95.3	101.0		
1966	102.7	97.7	100.5	103.4	100.9	96.8	97.8	100.5	101.0	98.4	98.7	101.5	95.8	99.7		
1967	103.8	102.6	97.6	104.1	109.7	97.5	97.4	101.2	102.8	101.3	98.6	99.1	98.4	100.7		
1968	102.7	107.0	95.3	103.4	109.8	102.1	97.0	98.9	103.3	93.1	98.7	98.2	101.3	100.8		
1969	101.1	108.5	94.3	96.7	109.0	103.7	98.9	96.4	107.6	95.4	100.2	97.6	104.0	100.3		
1970	95.2	108.8	98.4	81.2	106.0	100.4	102.7	87.3	106.2	101.8	101.1	99.8	102.1	98.0		
1971	95.1	109.1	98.8	84.7	106.2	97.7	104.1	99.6	107.0	101.6	99.7	101.7	96.8	99.5		
1972	98.9	107.5	97.2	83.6	109.3	97.5	107.0	100.0	109.3	102.5	103.6	100.8	95.5	99.3		
1973	96.0	109.0	95.6	85.1	112.5	96.2	113.0	104.0	111.0	98.8	101.7	100.9	93.4	104.6		
1974	98.2	115.3	90.6	93.8	114.9	98.3	114.3	110.1	109.3	115.7	108.0	98.7	91.2	117.1		
1975	101.8	115.7	91.0	94.8	121.1	103.0	124.2	124.4	109.2	142.1	124.9	96.6	86.5	116.8		
1976	104.2	116.1	74.4	103.3	133.5	107.4	136.0	135.6	108.0	154.5	127.9	95.0	85.8	116.7		
1977	104.7	117.8	89.3	114.4	150.6	109.4	136.3	153.2	106.8	168.3	129.8	94.9	84.6	114.4		
1978	102.3	120.2	85.7	124.2	170.0	112.7	141.1	165.4	105.8	178.1	133.7	94.2	85.1	110.8		
1979	100.3	121.0	82.1	139.1	185.8	118.2	157.8	177.8	104.3	192.5	143.0	92.7	87.7	105.8		
1980	95.8	121.6	89.2	145.9	188.6	120.8	171.0	194.6	100.2	209.0	158.1	92.2	87.9	98.8		
1981	93.4	122.1	85.3	170.0	193.8	124.8	178.8	220.5	94.7	222.0	161.1	92.3	86.9	93.7		
1982	80.8	124.5	81.7	199.4	199.3	130.0	186.5	242.1	92.5	251.7	157.4	92.5	87.7	89.0		
1983	81.0	125.9	48.1	229.8	209.5	135.1	196.9	269.6	87.8	287.9	154.3	94.1	84.9	85.4		
1984	92.3	125.9	46.3	285.1	213.5	139.1	200.7	288.8	82.4	338.2	157.8	94.1	83.7	82.5		
1985	93.1	126.3	45.0	306.7	217.2	140.5	200.7	301.9	79.8	389.5	159.6	94.2	83.0	79.2		
1986	93.4	127.2	44.7	335.9	228.9	139.0	208.1	310.8	78.8	424.9	162.0	93.1	82.8	78.4		
1987	90.7	137.8	44.1	368.9	237.4	137.5	205.2	323.6	77.9	462.5	166.0	91.9	83.5	76.2		
1988	89.5	138.3	43.3	413.4	244.2	138.8	203.2	341.9	76.9	488.5	176.1	89.5	85.8	75.2		
1989	90.4	139.1	42.7	487.9	252.3	135.6	203.3	357.4	75.1	535.1	187.5	86.8	88.5	74.9		
1990	81.3	138.4	42.2	520.1	259.3	133.8	202.1	375.4	73.3	569.7	198.0	85.0	90.0	74.8		

ANNUAL PERCENTAGE CHANGES																
1961	-5.9	2.8	3.4	-9.9	-3.2	.8	-1.5	-8.0	1.3	-3.8	.0	2.3	-4.3	-2.0		
1962	-1.3	2.0	-.5	-1.1	1.3	.1	.7	1.1	.1	-5.3	-.5	1.1	-3.5	1.2		
1963	-1.8	-2.3	-3.6	-9.0	5.8	1.0	-4.7	6.5	1.7	-3.2	-4.4	3.1	-5.0	-5.5		
1964	-.5	-3.9	-4.2	-.9	3.2	-.7	4.8	5.2	5.8	-2.6	-1.5	1.2	-3.1	-1.5		
1965	1.4	6.5	-.1	-2.4	4.7	-2.6	-2.1	-1.8	2.6	-.7	1.2	.1	-3.1	3.0		
1966	1.4	3.8	.4	1.3	6.7	-2.7	2.4	-3.9	5.1	1.8	1.0	-.8	.5	-1.3		
1967	1.1	5.0	-2.9	.7	8.8	.7	-.4	.7	1.8	3.0	.0	-2.4	2.7	1.0		
1968	-1.1	4.3	-2.3	-.7	.0	4.7	-.5	-2.2	.5	-8.2	.1	-.9	2.9	-.1		
1969	-1.6	1.4	-1.1	-4.5	-.7	1.6	3.0	-2.6	4.1	2.5	1.5	-.6	2.7	-.3		
1970	-5.9	.3	4.4	-7.6	-2.8	-3.2	2.8	.9	-1.3	6.7	.9	2.3	-1.8	-2.3		
1971	.0	.2	.2	-7.1	.2	-2.7	1.4	2.4	.8	-.2	-1.4	1.8	-5.1	1.5		
1972	1.8	-1.5	-1.4	-1.4	3.0	-.2	2.7	.4	2.1	.8	3.9	-.8	-1.3	-.2		
1973	-.9	1.4	-1.7	1.8	2.9	-1.3	5.7	4.0	1.5	-3.6	-1.8	.1	-2.2	5.3		
1974	2.3	6.7	-8.2	10.2	2.2	2.2	1.2	5.9	-1.5	17.1	8.1	-2.2	-2.4	11.9		
1975	3.8	.4	-10.6	.9	5.4	4.8	8.8	13.0	-.1	22.8	15.7	-2.2	-6.1	-.4		
1976	2.4	.4	-8.1	9.2	10.3	4.6	9.5	9.0	-1.1	8.7	2.4	-1.7	-.8	.1		
1977	.4	1.2	-6.9	10.7	12.8	1.6	.2	13.0	-1.2	8.9	1.5	.0	-1.4	-2.0		
1978	-2.3	2.3	-5.2	8.6	12.9	3.0	3.5	7.9	-.9	5.8	3.0	-.8	.6	-3.2		
1979	-2.0	.8	-5.4	12.1	9.3	3.1	11.8	7.5	-1.4	8.1	7.0	-1.6	3.1	-4.5		
1980	-4.4	.5	-4.7	4.8	1.5	3.7	8.4	9.4	-4.0	8.6	10.6	-.5	.2	-6.6		
1981	-2.6	.5	-8.8	16.6	2.8	3.5	4.8	13.3	-5.5	11.0	1.9	.1	-1.1	-5.1		
1982	-2.6	2.0	-8.6	17.2	2.8	4.2	4.3	9.8	-2.3	8.5	-2.3	.3	.8	-5.0		
1983	.1	1.1	-7.0	15.3	5.1	3.9	5.6	11.4	-5.1	14.4	-1.9	1.7	-3.2	-4.0		
1984	1.4	.0	-3.7	15.3	1.9	3.0	1.9	8.4	-6.2	17.5	2.3	.0	-1.4	-3.4		
1985	.8	.3	-2.7	16.5	1.8	1.0	.0	5.3	-3.1	16.2	1.1	.1	-.8	-4.1		
1986	.4	.7	-.8	8.8	5.4	-.1	2.7	2.9	-1.3	9.1	1.5	-1.2	-.3	-1.0		
1987	-2.9	8.3	-1.2	9.2	3.7	-1.0	-.4	4.2	-1.2	8.8	2.5	-1.3	.9	-2.7		
1988	-1.3	1.1	-2.9	12.7	2.8	-.5	-1.0	5.7	-1.2	7.8	6.1	-2.6	2.7	-1.3		
1989	1.0	-.1	-1.3	13.2	3.3	-.9	.0	4.5	-2.3	7.3	6.4	-3.0	3.2	-.4		
1990	.8	-.5	-1.2	11.2	2.8	-1.3	-.6	5.0	-2.4	6.5	4.5	-2.0	1.7	-.4		

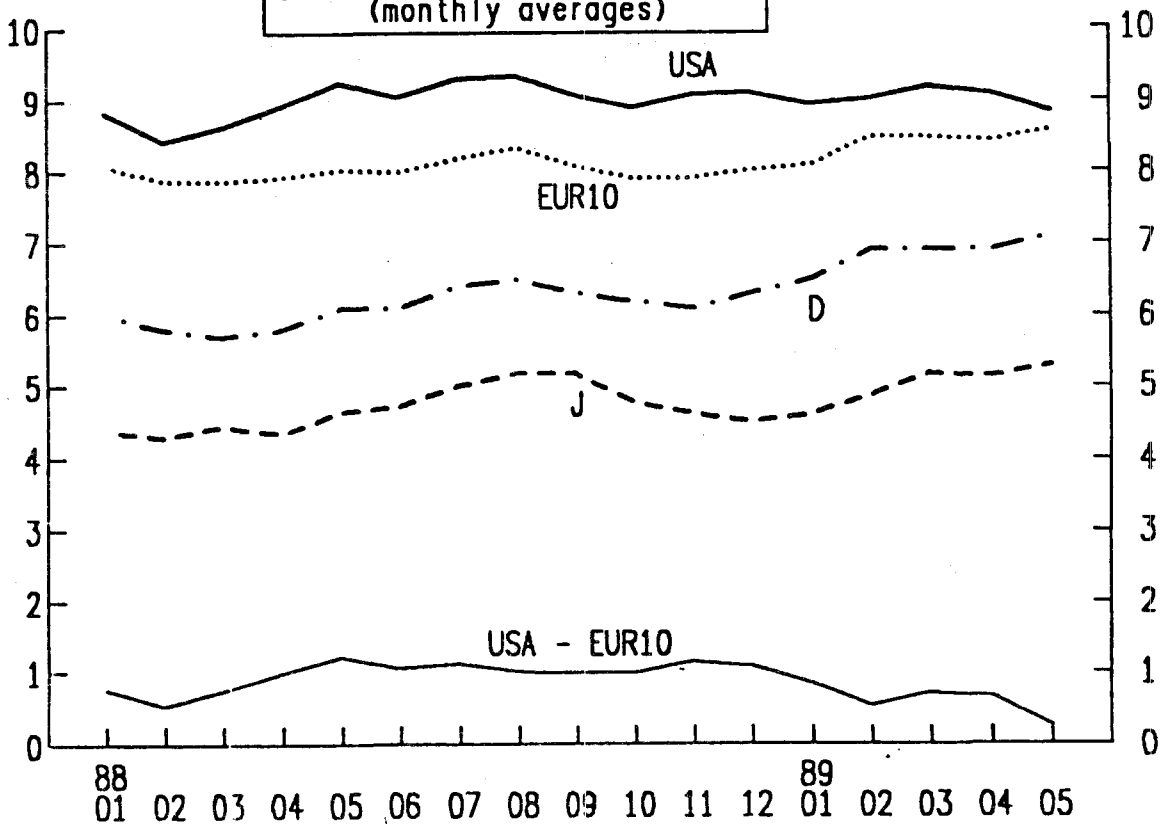
EUR0: AGAINST 13 INDUSTRIAL NON ERM COUNTRIES

GRAPH A1:

A) SHORT-TERM INTEREST RATES
3 months Euro-market rate
(monthly averages)

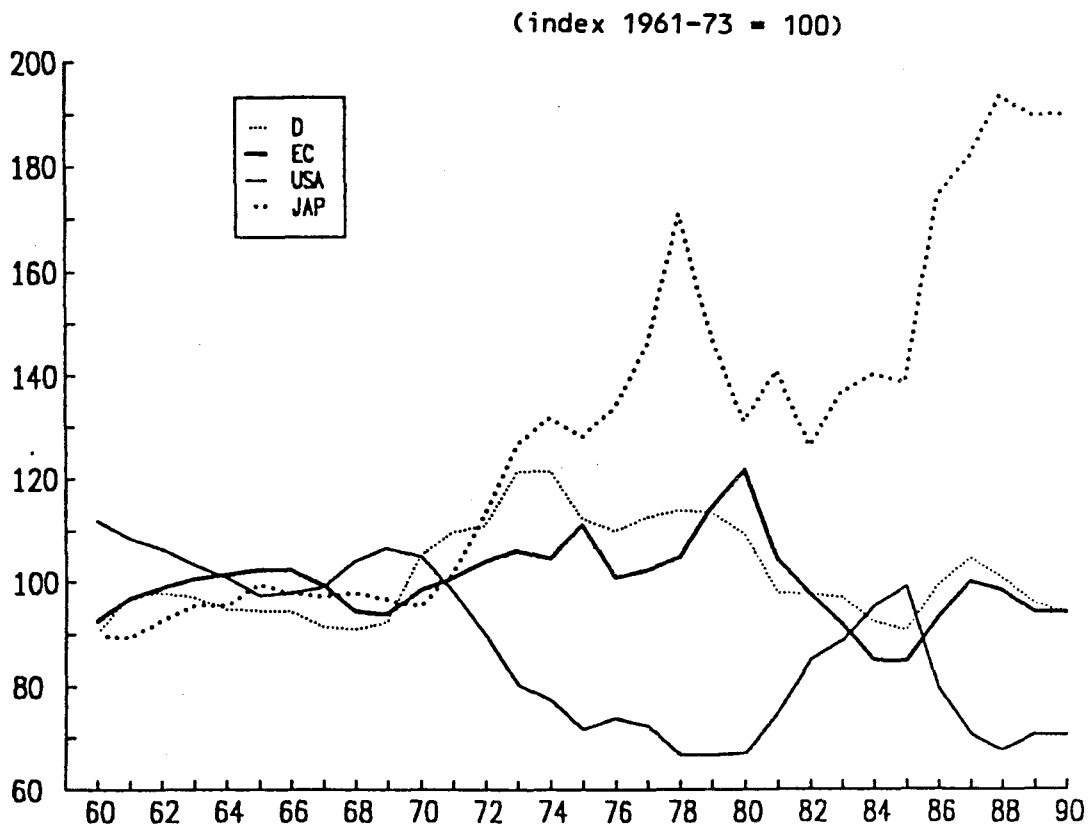


B) LONG-TERM INTEREST RATES
yield on public sector bonds
(monthly averages)



Source : Commission Services

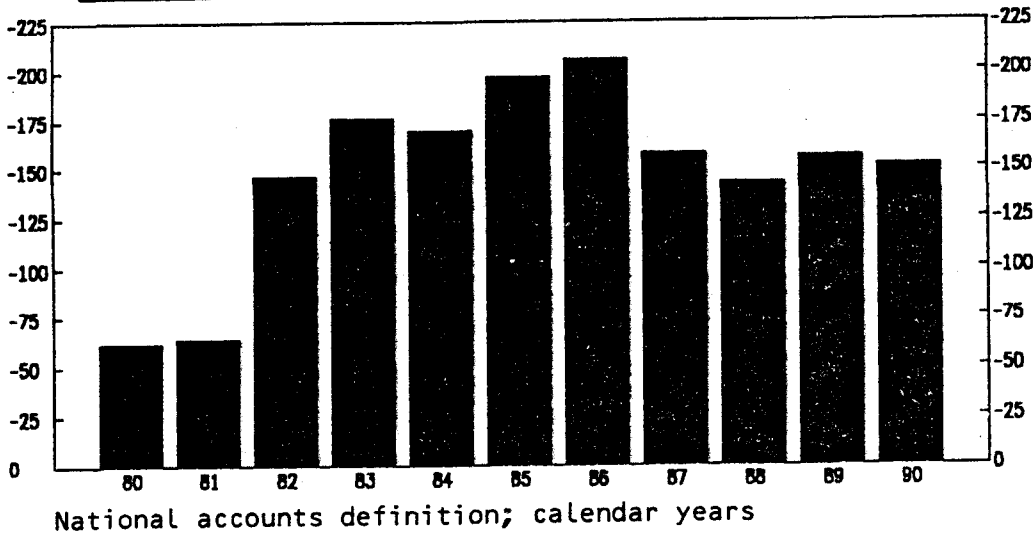
GRAPH A2: Real effective exchange rates¹⁾ for selected countries:
European Community, Germany, United States and Japan



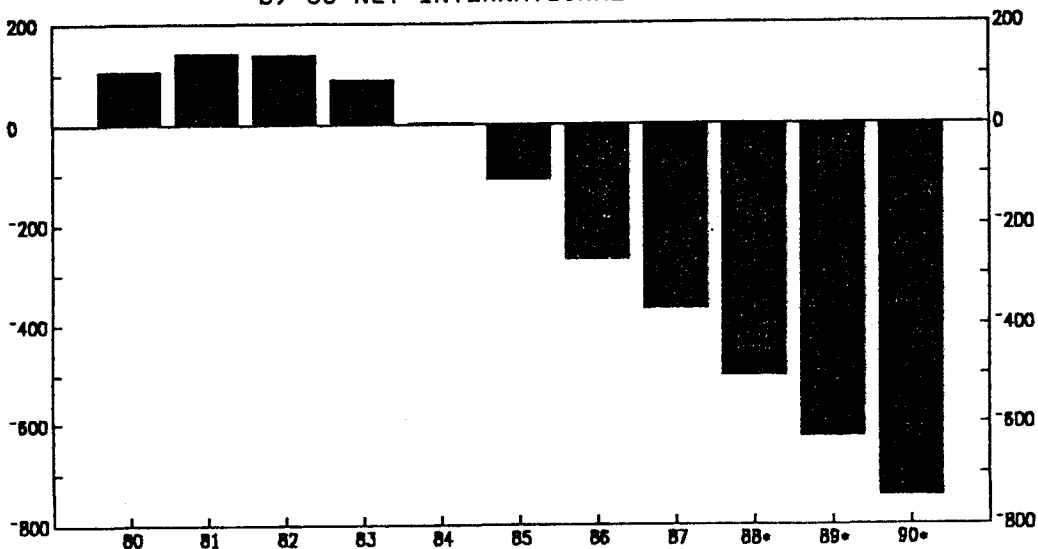
1) The index of the real effective exchange rates is derived by multiplying the index of the nominal effective exchange rates by a similarly calculated index of the relative change in unit labour costs in the total economy.

Source: Commission services

GRAPH A3 : a) US FEDERAL BUDGET DEFICIT (IN BILLION \$)



b) US NET INTERNATIONAL ASSETS/LIABILITIES (IN BN \$)



* Forecasts of the Commission services, assuming net position at end-year 1987 deteriorates by cumulative forecast current deficit.

Source: U.S. Dept. of Commerce and Commission services.