EUROPEAN ECONOMIC COMMUNITY

COMMISSION

ECONOMIC DEVELOPMENT PROSPECTS IN THE EEC FROM 1960 TO 1970

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Report by a working party

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ANNEX

Source of 1950–1960 statistical series . SOEC General Statistical Bulletin, Vol. 12, 1961.

Note : The figures and tables annexed, notably Fig. 2, show variations at constant prices ; the reader must take this into account when interpreting the documents, particularly with reference to public consumers' expenditure.

FOREWORD BY THE EUROPEAN ECONOMIC COMMUNITY COMMISSION

1. One of the tasks assigned to the European Economic Community under Article 2 of the Rome Treaty is that of promoting a harmonious development of economic activities and a continous and balanced expansion throughout the Community. The same Article stipulates that these aims are to be attained by progressively approximating the economic policies of Member States.

Since the Treaty came into operation, noteworthy progress has been made towards the co-ordination of economic policies, particularly monetary and conjunctural policies. In future the annual end-of-year comparison of economic budgets in the Economic Policy Committee will give a more exact picture of development prospects in the Community as a whole during the ensuing year and make it easier for the Community's institutions to suggest appropriate measures for securing a balanced expansion of Member States' economies.

2. This approximation of economic policies cannot however be confined to short-term measures, but must cover the longer term growth policies of the Common Market countries. With a view to the closer co-ordination of action by Member States to develop their economies, the Commission has felt the need for information on long-term economic trends which would give an idea of the general conditions for the Community's economic expansion during the transition period.

With this in mind the Commission instructed the working party of independent experts which at its request drew up the report published in September 1958 on "The economic situation of the Community countries" to study the conditions for economic development during the transition period. The members of the working party, who are particularly well-known for their high qualifications in the field of national accounting and economic forecasting, worked in close co-operation with the Commission's staff.(1)

(1) Members of the Working Party occupying senior administrative posts in their respective countries took part in its deliberations in a personal capacity.

3. The members of the working party, under the chairmanship of M. Pierre Uri, were: (1)

– M. Wilhelm Bauer, Director of the Institute of Economic Research of Land North-Rhine Westphalia, Essen,

– M. Albert Kervyn de Lettenhove, Director of the Economic Planning Bureau, Brussels,

– M. Claude Gruson, Director General of the National Institute of Statistics and Economic Studies, Paris,

– M. Salvatore Guidotti, Economic adviser to the Bank of Italy, Rome,

– M. Pieter de Wolff, Director of the Central Planning Bureau, The Hague.

The Commission wishes to thank the members of the working party for their efforts in a particularly difficult field, and for devoting so much of their time to the task alloted them.

4. The working party's preliminary findings are embodied in the attached report, submitted to the Commission in June 1962. Part I sets out the methods of study and the programme adopted. Part II gives estimates of the Community's overall economic expansion for 1960 - 1970.

The first step was to define the method to be used for making projections in a set of countries in process of integration, and to fix an order of priority for the operations. The working party intends to proceed by successive approximations; this means that the initial results may be reviewed at any time as the work advances. The working party's programme as described in Part I of the report includes four main stages:

a) Selecting working hypotheses on future trends in overall employment and general productivity; these two hypotheses combined determine the projected growth of gross national product during the period considered.

b) Breaking down the overall projections of gross national product by the main sectors of demand: private and public investment, private and public consumption, balance of external trade. stock changes.

c) A more detailed breakdown of the above estimates according to a few leading branches of activity: the nomenclature chosen by the working party distinguishes twelve industrial branches and five categories of services. This stage will include projections of imports and exports by main categories of goods and services.

d) The last stage of the programme will comprise a tentative breakdown of the overall estimates of investment and employment by main branches of activity.

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(1) M. Pasquale Saraceno, Central Director of the Institute of Industrial Reconstruction, Rome, took part in the work until the end of 1959. Dr Karl-Heinz Raabe, Ministerialrat in the Federal Ministry of Economics, Bonn, has attended the meetings since the beginning of 1962.
A Luxembourg expert, M. Bartel is collaborating in the Working Party's studies. However, in view of the importance of agriculture and steel in the Luxembourg economy, and the special problems of compiling projections in these sectors, no overall projections for the Grand Duchy have been made for the time being. The development of its economy will be taken into account during the next stage of the Working Party's studies when sector projections are made.

The working party has based its studies on the 1960 figures, although in that year the conjunctural situation varied somewhat from one member country to another. The projections are taken to the end of the transition period in 1970. However, to bring out possible changes in the pace of expansion during the 10-year period, projections to 1965 have also been given.

5. Part II of the report gives the working party's provisional findings. These cover the first two stages of the programme. The report therefore presents estimates of the projected growth of the gross national product of the Community States in 1965 and 1970, together with a breakdown of these estimates into the main components of the national product.

The working hypotheses on future employment trends were established after studying demographic prospects in general and allowing for migrations, foreseeable changes in the rate of employment (female labour, school-leaving age, retirement age) and probable variations in numbers of unemployed. It will be possible to review these hypotheses as the future employment situation, according to region, industrial sector and skills, becomes clearer. Similarly, the hypotheses on overall productivity in terms of gross product per person employed can be amended when sector trends are better known.

It was deemed advisable not to compile one estimate only of the future growth of the national product, but to produce alternative projections. The higher of these is considered by the working party as the major growth hypothesis given favourable general conditions. To study the implications of rather slower growth, another set of projections was worked out.

In breaking down the overall projections according to the main components of national income, working hypotheses on the development of private and public investment were adopted. They are based on previous trends in capital formation, on likely changes in the relationship between investment and gross product, and on any known programmes for house building and major public infrastructure works.

Of course these hypotheses may be altered after a detailed investigation of the relationship between investment and output in the leading sectors of economic activity. The working party also chose working hypotheses, set out in the report, on the future development of public and private consumers' expenditure. As regards the balance of external trade, it was assumed that in 1970 EEC would have a surplus on current balance adequate to finance both capital export and aid to the developing countries.

6. The estimates of expansion adopted vary from country to country according to the expected trend in the supply of labour and in productivity. For the Community as a whole employment should grow by 7%, though with great variations between countries – the increase is expected to be only 3.4% in Germany but 14.1% in the Netherlands. In the ten years envisaged the rise in the gross product per employed person would be about 50% for the Community as a whole,

with certain differences in national rates (40 % in Belgium, but about 60 % in Italy). As the anticipated increase in productivity is higher in those countries where the product per employed person is at present low, the projections indicate a levelling up of overall productivity which is in conformity with the objectives of the Rome Treaty and partly attributable to the establishment of the Common Market.

When aggregated, the national economic projections show for the Community as a whole an average overall expansion of about 4.8 % per annum between 1960 and 1970 under the major growth hypothesis. The table below summarizes the results for each country between 1950 and 1960 and the development prospects for 1960 - 1970 as they emerge from the working party's report.

GROWTH OF GROSS NATIONAL PRODUCT IN EEC:
RESULTS AND PROSPECTS
(on the major expansion hypothesis)

(percentage increase per 5-year period)

Country	1950 - 1955	1955 - 1960	1960 - 1965	1965 - 1970
Germany	54.2	35.0	24.1	21.9
Belgium	17.6	12.9	20.5	21.1
France	24.2	22.9	28.8	25.8
Italy	33.6	33.0	33.5	32.3
Netherlands	31.3	22.6	23.4	27.2
EEC	35.0	28.1	27.0	25.3

7. Thus the working party's report provides even at this stage a broad but consistent general picture of economic development in the Member States between now and 1970. The Commission therefore felt that the document should not merely be reserved for internal use, but has authorized its publication.

There have in fact been repeated requests for estimates of potential economic growth in the Member States during the years ahead. Such projections are useful to private transactors, by enabling them, while remaining completely free in their investment decisions, to allow for the probable future trend of the market. They are also useful as a guide to public authorities in the choices which have to be made. Thus it seems increasingly necessary to orientate conjuncture policy in the light of medium and long-term growth prospects. Similarly, a well-advised policy of income distribution presupposes the possession of information on the way production is likely to shape, since plans to develop the economic and social infrastructure must take account of availabilities and needs which will make themselves felt several years hence.

At European level the decisions of principle called for in the setting up of the Common Market – for instance on agriculture, energy, transport and vocational training – have to rely on certain hypotheses as to the Community's economic development up to 1970.

8. It should also be remembered that the first Ministerial Council of OECD, meeting on 16 and 17 November 1961, took as the collective target for member countries of the Organization in the period 1960 - 1970 a 50 % increase in gross national product. This decision implies that the OECD countries will follow the requisite economic policies for reaching the target set. In view of the importance of the Six as an economic unit within OECD, it is of the greatest moment that the Common Market countries should jointly reflect on the Community's economic prospects for the ten years ahead. The work whose fruits are set out in this document is the technical prerequisite for a confrontation of the growth policies of the Member States.

9. For all these reasons the Commission attaches great importance to this report, but, like the members of the working party themselves, is keenly aware of the special difficulties inherent in this kind of studies and of the limitations of such work.

Even in a national setting, development projections are seriously handicapped by technical and statistical difficulties. Establishing economic projections for a body of countries which are in process of integration and whose structures are therefore undergoing far-reaching change, involved even greater problems, and there was no precedent to guide the working party in solving them. Before this work could be undertaken difficulties of a statistical order – not all of which have yet been solved – had to be cleared away: the most considerable is the lack of any input/output tables for the Community as a whole, but the work now in hand should shortly fill the gap.

The working party has described its investigations in the following terms: " The work undertaken does not in itself constitute an attempt at planning; it does not set up any imperative target, either for the whole economy or for individual business sectors. Strictly speaking, it is not even forecasting [...] The aim is to clarify economic policies. "

The working party chose the term " projections " for its study. Projections are not forecasts, since they make no allowance for the manifold technical or political changes which may occur or for fluctuations in the economic situation. By observing previous economic developments and adopting certain working hypotheses, they chart the possible expansion of the economy during the period considered on the basis of existing economic and financial policies. Outstandingly efficient economic policies will probably encompass better results; conversely, unforeseen economic contingencies or less successful policies might result in slower growth.

Nor should it be overlooked that the significance of the working party's hypotheses varies from one country to another. To be sure, it is not simply a matter of aggregating national data but rather of attempting coherent projections for the Community as a whole: the projections submitted by the members of the working party for their respective countries were discussed and reviewed at length in order to bring them into line and take account of the transformations

resulting from the Common Market. Nevertheless, the diversity of the means used by Governments to ensure the growth of their national economies has a bearing on the significance of the estimates presented. In Belgium and France for instance, the projections for 1965 are based on the growth targets set by the Government.

The members of the working party also stress that this report, which covers only part of the programme adopted, is to some extent provisional: the estimates adopted may be revised as the studies advance, and this will necessarily affect the final result. This first report will shortly be completed and, where necessary, corrected by a further one containing estimates of final demand by main categories of products and of output in the industries supplying them.

10. The Commission believes that the document, whatever its limitations, already affords food for thought to those directing economic policy, and hopes that it will trigger off a wide-ranging discussion inside the Community that will, among other things, result in improved projection methods in the different countries and assist the working party in its efforts to build on the results already obtained. The report emphasizes the Community's solidarity and interdependence, and the possibilities and prerequisites of sustained expansion for the benefit of all member countries; it demonstrates the need for jointly defining measures or programmes to secure the objectives laid down in Article 2 of the Treaty of Rome, i.e. the rapid growth, harmonious development and full utilization of all productive forces.

The Commission trusts that the prosecution of these studies will result in greater knowledge of development prospects in Community countries and of the economic policy problems which may arise. Its hope is that the already fruitful co-operation which has grown up between the Commission and the reponsible national authorities will be carried further, making possible new advances towards the approximation of the economic policies of the Community countries.

INTRODUCTION

1. In September 1958 the Commission of the European Economic Community published a report drawn up by a group of experts under the chairmanship of M. Pierre Uri on the economic situation in the Community countries.

This report was not an analysis of the economic situation at a given point in time, nor an attempt at forecasting. Its aim was to describe a basic situation on the eve of the initial measures for the establishment of the European Common Market. It therefore endeavoured to bring out the salient features of the economic position of each country and of the Community as a whole and the trends which could be noted. By underlining similarities and dissimilarities in the structure and growth of production, the external trade balance, and financial and price systems, it provided material for evaluating the changes which the establishment of the Common Market would involve, the adaptations which would prove necessary and the points on which action would have to be focused.

2. It became clear that a further study was needed to throw light on the shape of things to come. The problems which the establishment of the Common Market involves both for Governments and industrialists vary according to the pace of expansion in the Community as a whole and in each member country and industry. In particular the longer the period allowed for investment – whether in plant, research or personnel training – to go on yielding results, the more essential it is to guide the choices that must be made. The European Economic Commission therefore decided to instruct the same group of experts to produce a survey of long-term development prospects.

The work does not in itself constitute an attempt at planning; it does not set up any imperative target, either for the whole economy or for individual sectors or firms. Strictly speaking, it is not even forecasting. In other words it is not claimed that the predictions will necessarily be fulfilled as they stand. One reason is that technically and politically unforeseeable changes may occur, particularly over an extended period. Predictions have to be made on certain hypotheses which, though they take for granted a particular rate of economic and technological progress, nevertheless ignore any possibility of major upsets. Long-term prospects are moreover not the same thing as conjunctural swings; they concern an underlying trend, whereas in the very years covered by the period considered, activity may be higher or lower due to short-term fluctuations. Finally, the chief object of the exercise is to clarify the economic policies and the actions of those concerned with a view to obtaining better results therefrom. Among the terms used in this field the working party has chosen "projecting" rather than "forecasting".

Long-term projection applies its hypotheses, neglects cyclical swings, and accords their due place to policies and behaviours. What it sets out to do is to indicate probable trends, assuming certain conditions to be fulfilled, on which it is reasonable that transactors should set their sights, though they may not actually occur and ought also to be capable of being transcended by the application of particularly vigorous and well-conceived policies. Projection is an instrument of action.

PART ONE

ECONOMIC SIGNIFICANCE OF THE PROJECTIONS

3. Two sets of changes have occurred during the period since 1958: changes due to economic growth and those attributable to the establishment of the Common Market. It is obviously reasonnable that the projections should be carried forward to the point at which the transition period under the Treaty of Rome should normally close, i.e. 1970, taking 1965 as an intermediate bench-mark. In any case allowance should also be made for technological changes such as new sources of energy supply or advances in automation.

The establishment of the Common Market has altered the tempo and forms of development by hastening the decline of certain uneconomic or obsolescent productions, but much more by strengthening incentives to investment and productivity and imposing a more efficient and rational orientation of economic policies.

4. This grouping of several countries to form a Common Market, with its combination of two types of structural change, presents obvious difficulties for compiling projections and determines the choice of methods to be used. The available statistical data are not necessarily uniform from one country to another; the figures are not necessarily as meaningful for the future, according to whether or not the country concerned has, like France or, in different forms, Belgium and the Netherlands, an overall economic programme: the quantified projections thus vary in nature from targets to mere computations.

5. From the methodological standpoint, the combination of several countries, each having its own structures and conditions of mutation, precludes the exclusive use of a model based on a small number of parameters and coefficients. Formulas of this kind, in which the principal variables are the supply of labour and of capital, together with, in more accurate and realistic models, an independent factor for higher productivity, do allow development curves to be plotted which match pretty well the trends actually recorded. But such a synthetic method disregards precisely those details of structural change, i.e. leads and lags in development between sectors or regions, which in practice set the most concrete problems for solution.

All these considerations explain why the method chosen was that of successive approximations, approaching the problem by a series of logically

interconnected moves, and at the same time making it possible as the work proceeds to find and establish the necessary quantified data on criteria that are as uniform as can be Here we will attempt to state the conceptual framework of the method, leaving an account of the initial results for Part II.

6. The basic phenomenon is that demand does not grow in the same proportion for every sort of goods or services as we go up the scale of incomes. This is true first of all if final expenditure is broken down into its four main components: private consumption, public consumption, investment (private and public) and exports.

It should be noted incidentally that public consumption is not the same thing as total current public expenditure. A considerable share of budgets goes to transfers whose effect is to take away from some people's purchasing power and to give more to others, with consequences visible in the consumption or investment by the latter.

Public consumption therefore represents expenditure on goods and services by the public authorities as required for their functioning, in particular the employment of their officials. Some of this public consumption develops on fairly autonomous lines: this is the case in particular with defence expenditure. But other elements are tied in the long term to variations in production and consumption. Such are the maintenance and operational costs of transport systems, expenditure on health and social equipment, education and scientific and technical research.

Investment is broken down into fixed capital and stock changes. If conjunctural variations are eliminated, the increase of stocks results from the increase of production itself, which demands greater supplies and above all involves expansion of the volume of work in progress as well as of goods for sale. The level of fixed investment, public or private, is of decisive importance for the actual rate at which output can expand.

Exports depend on the level of external demand, on competition from other suppliers and on the margins left over by internal demand.

Finally, the major factor in overall demand is private consumption. As basic needs in food, clothing and housing are satisfied, demand turns increasingly to other categories of goods, in particular consumer durables and miscellaneous services. This progressive shift in demand means uneven growth possibilities in the various sectors of supply.

7. In the initial stage there is no choice but to analyze these variations of demand in abstraction from price variations, and in terms of higher output, i.e. real income. However, this is only a provisional step. Even without general price movements – which moreover have to be kept within narrow limits by a policy of financial stability – variations in relative prices inevitably occur

according to production and supply conditions, and spurts in demand, and these in their turn react on demand itself. The equilibrium which has to be established both internally and externally must apply not only to quantity but to value. In due course therefore hypotheses, necessarily vague and subtle, on relative price variations by main categories of products or services will have to be introduced.

8. Thus, our reason for taking as a starting-point variations in the composition of demand according to income levels is not to rule out other considerations. It is that these variations depend on fairly well-defined relationships, whereas changes in production conditions are governed by technological innovation and sector leads and lags in productivity which cannot be foreseen during the initial phase of the work and before the trend of demand is roughly determined. Such alterations in the composition of demand enable the most probable rate of development to be determined. The disparity in development rates by sector and in production conditions helps to place a limit on the indeterminacy of the probable growth-rates. In this way the relation between investment and output and the call which a given form of demand makes on any particular category of resources determine a probable area of equilibrium. In short, consideration of demand in itself throws into relief the cardinal influence of supply.

9. The most spectacular transformations in the working of the economy result from advances in certain sectors of production due either to more plentiful resources or to new techniques which step up productivity. It should be noted straight away that these variations in productivity affect relative prices: this is the way in which a balance is struck between availabilities and demand. It is therefore when we go beyond the phase of analysis at constant prices that the supply factors, in so far as estimates of them are not too hazardous, can most validly be drawn into the analysis.

10. A second basic remark is called for: future projections do not prejudge the economic policies to be actually followed, except in their most general features. We are bound to assume that these policies will manage to secure a high level of employment and avoid intolerable external imbalances. Conversely, as our account of the outlook gains in substance and in depth, one of the essential services it renders is to bring out the differing effects of different economic policy measures. In this way the attention of Governments can be drawn to the precise significance and scope of measures they are called upon to take, and the projection becomes more accurate by taking in more detailed hypotheses on the line of action which the public authorities will follow.

The projection work will be done in the light of these general remarks, following a growth model shortly to be submitted.

I. THE GENERAL TRENDS IN EXPANSION

11. A projection of the growth of production generally comes down to a combination of an estimate of the active population actually employed, with an

evaluation of the probable advances in productivity. While the first component already inevitably includes uncertainties, albeit their range of effect is limited, particularly as regards demographic trends, school-leaving age, retirement age, working hours and numbers of women in employment, the second includes a considerable element of conjecture.

Should we apply the rates of productivity increment noted over a very long period, say a century? Should we, on the contrary, in the light of experience over the last fifteen years, concede that the rate is tending to speed up now-a-days? Or should we adopt an intermediate solution, more favourable than the secular trend, but steering clear of simply extrapolating the results of a recent period abnormally influenced by reconstruction and rehabilitation? It is reasonable to adopt this last approach, filling in the gaps by taking account of phases of development and structural changes in sectors where productivity seems to be making most rapid strides. An analysis of the ratio of investment to product against time will provide guidance in the choice of this middle solution.

However we cannot improve upon such subjective evaluations without methodically building a coherent model which takes account of changes in demand. This is why the first place of the work combines two sets of studies: on the relation of income growth to demand, and on the expansion rate of GNP.

a) Relation of demand to incomes

12. The first set of studies calls for an analysis of the relations between the development of overall income and that of the different forms of demand – in the first instance the four main types of demand mentioned above: private consumption, investment, public consumption, exports – and thereafter more specifically a study of the trend of the various forms of private consumption according to categories of products and services at different income levels.

These relationships can be expressed in the form of a coefficient of elasticity, i.e. the ratio between the percentage variation of a type of demand and the percentage variation of a global quantity such as gross national product, income available for consumption or total consumption. Provided the influence of other factors can be eliminated or determined, the apparent elasticity constitutes a sufficiently accurate instrument of projection. These elasticities are not necessarily constant, and more complex relations may have to be brought into the picture. Suffice it to note for the present that such an analysis is hypothetical in the strict sense of the term: meaning that if the global variable changes by X points, the form of demand considered changes by Y points.

b) The choice of provisional expansion hypotheses

13. These variations should therefore be hitched to relatively fixed values, in other words it should be assumed that the increase in product or consumption

will be of such and such a value in the period considered. This can only be a provisional hypothesis. It is only when the work is completed that a valid model of the trend can be produced. This is a sufficient reason for not initially choosing a single growth-rate but adopting at least two values. Nevertheless it was deemed advisable that one of these two values should be treated as the principal growth hypothesis corresponding to favourable general conditions. Factors which might possibly determine a slower expansion rate may vary from country to country, whether it is a question of, say, balance of payments difficulties, manpower shortages or problems arising from a downturn in the business situation. However, there is no reason why all these factors should operate simultaneously. The alternative rates chosen at the outset therefore do not merely reflect uncertainty as to the favourable or unfavourable circumstances in which economic policies will operate or as to the policies' effectiveness, but also answer a basic methodological requirement: if we are not to take a great number of variant growth hypotheses, the possible consequences of more than one must be analyzed so that there shall be nothing arbitrary about the results presented. By bringing out the effects of different growth-rates first on the structure of demand then on the structure of production, on the Community's internal and external trade, on manpower and capital requirements, we can finally determine an optimum rate representing the best possible compromise between expansion and equilibrium. It is also by analyzing such hypotheses of varying degrees of optimism that the action to be expected of the public authorities, national or European, can be more precisely determined.

II. THE BREAKDOWN OF THE OVERALL PROJECTIONS

For this we have to proceed from demand projections to output projections. By a combination of studies on demand in relation to income with overall development hypotheses, we can fix the values of the various types of demand at constant prices. From this we can compute the required outputs in two successive stages.

a) " Function-product " cross-tabulation

14. Each type of final expenditure is itself broken down into a series of products and services supplied by what might be called the delivering sectors, which in any of the countries may be either a production, an importation or distribution. Thus, the demand for food is made up of concrete needs, such as those for meat or fruit, and is satisfied either directly by agricultural outputs, or by commercially distributed domestic or imported products, or industrially processed foods.

b) Input-output tables according to sector of origin of the products

15. The final products are themselves but the elaboration of intermediate products: tools call for steel, clothing presupposes weaving – of natural or

man-made fibres, i.e. of home-grown agricultural products or imports or products of the chemical industry. Clearly the required volume of investment or manpower needs can only be determined once we pass from final expenditure sectors to the productive sectors as a whole. This calls for the establishment of an inter-industry table displaying relations between sectors which are mutual suppliers and purchasers and demonstrating how final and intermediate demand are covered by production and imports.

III. ECONOMIC PROJECTIONS FOR THE COMMUNITY

16. The transition from national to Community economic projections poses the difficult problem of the consistency of the hypotheses chosen for the individual countries. Over and above the material comparability of the national projections, membership of the Common Market carries with it vital consequences: now that the Market has been set up, increased demand in any country may no longer be met by allocating more than its fair share to domestic output. This is one first reason for the aggregation, at Community level, of the increments in production corresponding to the higher demand estimated for each individual country under the alternative initial hypotheses.

a) Projections of external trade

17. This theoretical reason is supported by a practical argument: in supply, at any rate of finished products, as in overall markets, external trade always represents the most doubtful factor, since it is dependent on the pace of development in foreign countries, changes in their trade policy and competition from other suppliers. For the Community as a whole external trade as such, i.e. relations with third countries, represents a much smaller fraction of total output than the total external trade of each Member State with other Community countries. The incidence of the inevitable uncertainties is also proportionately lower. Analysis of the relationship between production and imports is comparatively simple at Community level, where the mass of imports from non-member countries consists of a few essential primary commodities, chiefly important raw materials(1).

In view of the intense demand for the products which the Community countries have to sell, it may be assumed that exports of goods and services will finance the necessary purchases. The re-emergence of Europe as a lender, its level of development, the requirements of the world we live in, warrant the belief that the Community will henceforward be able to maintain a surplus on

(1) It still remains true that, apart from materials whose demand is directly regulated by the rate of output within the Community, imports of food products competing with domestic productions, of energy products and of manufactured goods are governed by overall agricultural, energy and trade policies.

its current external balance sufficient to finance capital exports and aid to the less-favoured countries. This surplus, plus total purchases of goods and services, gives the estimated external demand for the goods and services supplied by the Community.

b) Consideration of national price structures

18. Consideration of the external balance itself implies an assessment of variations in price relationships between what the Community supplies or purchases.

In the same way an estimate of the investment requires for the increased outputs indicated in the table for the various final or intermediate sectors presupposes an estimate of the relative prices of capital goods.

c) Analysis of the basic balances

19. Social accounting must take in first, manpower availabilities; second, the external balance – which should not involve any abnormal problem; and third – and even more important – the possibilities of internal equilibrium, i.e. of financing, out of tax revenue and savings, the needs of the public authorities, internal investment and the surplus on the current external balance.

Such an analysis of the basic balances, taking fully into account the conditions of supply and treating as an essential factor relative price variations resulting from both supply and demand, enables an overall long-term growth-rate for the Community as a whole to be arrived at.

d) Breakdown of growth within the Community

20. A valid estimate of the trend in countries' outputs in terms of the competitive situation of each of their industries must be approached no longer in this manner directly, but by way of the Common Market as a whole. But even then it is necessary to check each country's external balance. The aim should be to show what the conditions for equilibrium are in each case. Will it occur spontaneously, with relative variations of national prices or unequal growth-rates or movements of capital or labour – remaining within moderate limits? Or, on the contrary, is there not a danger that these stabilizing mechanisms in each separate balance of accounts will assume such proportions that their total effect is to impair the competitive situation of the industries in different regions? In this case would they not have to be supplemented by a concerted policy, notably with the aim of securing a harmonious distribution of specializations – agriculture, industry and services – between the various regions?

Finally, one of the essential objects of the study will be to try and predict the trend in the regional distribution of activities, particularly the development of new areas of growth. Such a geographical redistribution depends both on the overall rates of expansion, on the relative development of the various industrial sectors, on technological changes, and on economic policy measures and their effect on the siting of industry. We are here dealing with a field in which long-term projections are both most difficult and most indispensable, having regard to the time it takes to make the required investments, whether it be for infra-structure, personnel training and even – unless we wish to see structural reforms carried out, through lack of forethought, under deplorable human conditions – the creation of new conurbations. Thus we see how a study by successive approximations supplies an overall framework into which the sector studies, each with its own contribution to make, particularly in agriculture, regional studies, and the comparative analysis of public budgets and of the tools of conjunctural policy, can be fitted.

21. Too much emphasis cannot be laid on the magnitude of the difficulties of various kinds met with at each stage in the work. Some stem from the inadequacy or heterogeneity of the statistical data available, and a great effort is now being made in the Community to complete and harmonize these. Others result from the impossibility of foreseeing important changes, particularly in technique, sources of supply or working conditions. Still others relate to the interplay of predictions and policy. Hence both the progressive approach adopted, and the emphasis on the idea of a projection as something clearly distinct from a forecast.

The method adopted, with its successive stages, focuses on a common centre the analysis of overall economic situations and the Community sector analyses, which can only be properly carried out with due heed for the external equilibrium of the separate national economies. The method also has the advantage of defining the parts played by technical change, the behaviour of enterprises, and economic policies.

PART TWO

ECONOMIC GROWTH IN THE EEC FROM 1960 TO 1970: RESULTS OF THE PROJECTIONS

22. Following the principles set out in Part I, the Working Party adopted growth hypotheses for each country's gross national product between 1960, 1965 and 1970. We shall begin by stating these basic hypotheses and the grounds for choosing them. The national economic projections were then aggregated in such a way as to display developments in the Community as a whole during the ten-year period. But before they could be aggregated these projections had first to be compared and confronted: in particular the hypotheses for each country had to take account of the interdependence of the national economies in the growth process. But it was also necessary to avoid the contradictions which might have resulted simply from differences of opinion on general or particular special points between the experts in their appraisal of future prospects. Much mutual consultation was needed to thrash out ideas on the economic outlook that would be, if not similar, at any rate not too far apart and not incompatible.

These confrontations, which went on during the whole time the projections were being established, called for much thought on changing structures and the growth trend. The guiding concern at all times was to narrow down any differences not founded on comparisons between the present state of affairs and the way economic structures are shaping.

The projections established for each country were then broken down by categories of expenditure of the gross product, in such a way as to show, for the Community as a whole, what shares went to investment by firms and Government departments and to private and public consumption. It was also necessary to compare the different gross national products as broken down before summation.

This first report will merely set out the national economic projections chosen, compare and collate them in the Community setting, and lastly break them down into main categories of expenditure.

Section I

OVERALL NATIONAL ECONOMIC PROJECTIONS

23. For the EEC countries the Working Party chose the growth hypotheses of gross national product from 1960 – 1965 and 1970 shown in Table 1.

Of the two variants chosen, B is considered as the major growth hypothesis, while A shows the results of more moderate growth.

In view of past economic trends it is not possible to assume that the future pace of growth will remain constant, nor to locate the point in 1960 at which the acceleration revealed by a comparison between previous results and the projections, set in.

It is necessary to stress the importance of changes in the growth-rate, whether they occur gradually with the passing years or are produced by the supervention of some determining factor, whether they are the fruits of a deliberate policy of speeding up expansion or reflect the play of forces which determine the volume of product attainable.

Although it is not necessary to indicate the anticipated growth, disregarding cyclical rate fluctuations, for each year from 1960 to 1970, a trend can be discerned by choosing an intermediate benchmark : 1965.

The projections are established at constant prices, taking 1960 as reference year. For purposes of overall comparison they have been converted into dollar units of account at 1960 rates. The parities used are the following, in US dollars : Germany 0.23975 – Belgium 0.02004 – France 0.20390 – Italy 0.00161 – Netherlands 0.26511.

The application of these parities to the components of the gross product nevertheless distorts the comparison of overall per capita expenditure within EEC in so far as the real purchasing power of individuals for their own consumption, and of enterprises for equipment, does not correspond exactly to the results obtained by using the official parities.

24. The overall national economic projections are based on the anticipated trend in numbers employed and in productivity of labour during the period.

 Although there is a relation between both of these on the one hand, and the

growth-rate on the other, only one employment hypothesis was used for the projections, coupled with two different hypotheses as to gross product per person employed.

However, productivity and labour force trends are not independent of one another. It is only in the first approximation that a single growth hypothesis of employed manpower can be taken. The evaluation of inter-sectoral and inter-regional transfers of manpower associated with differing rates of expansion would subsequently call for more than one estimate of the employment trend.

The prospective trends in labour force (1) were estimated by applying to the probable pattern of total population in 1965 and 1970 either constant activity rates weighted for certain special factors, or variable rates estimated on the basis of past results.

The productivity figures were in principle based on hypotheses regarding productivity per man/hour and working hours.

These basic hypotheses must be worked out in such a way as to show the foundations on which the projections are based and if possible the directions which action to maintain or speed up economic expansion should take.

The demographic projections chosen by the experts are summarized in the tables below; thereafter a rapid description of the methods used in each country is given.

(1) The estimates of employed manpower in 1965 and 1970 on which the national economic projections were based do not always tally with the projections published by the Statistical Office of the European Communities ("Informations statistiques" 1961 No. 3). The discrepancies arise first from the date chosen for the evaluations: 1 January by the Statistical Office and mid-year by the Working Party A further factor is the date when the hypotheses on the trend of the active population were established: in some cases additional information came to hand after the Statistical Office's estimates had been published. This applies particularly to the evaluation of migratory movements and of the natural growth of total population. Lastly, differences may be due to divergent appraisals of the weightings to be applied to the basic forecasts established at constant activity rates. So far as possible the weighting factors used by the experts have been indicated in the report. Incidentally, the Statistical Office of the European Communities will continue its work towards improved means of determining future trends in total and active population using the latest available data, particularly census results and more accurate studies of the various factors involved.

Table 1

TREND OF GROSS NATIONAL PRODUCT IN EEC COUNTRIES
AND OF GROSS COMMUNITY PRODUCT BETWEEN 1960 AND 1970
(at 1960 prices – average annual rates and growth indices)

		1960 – 1965		1965 – 1970		1960 – 1970	
		Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
Germany (F.R.)	rate	4.05	4.4	3.75	4.0	3.9	4.2
	indices	121.9	124.1	120.2	121.8	146.5	151.1
Belgium	rate	3.4	3.8	3.5	3.9	3.45	3.85
	indices	118.2	120.5	118.8	121.1	140.4	145.9
France	rate	4.8	5.2	4.2	4.7	4.5	4.95
	indices	126.4	128.8	122.6	125.8	155.0	162.0
Italy	rate	5.35	5.95	5.15	5.75	5.25	5.85
	indices	129.8	133.5	128.5	132.3	166.8	176.6
Netherlands	rate	3.85	4.3	4.45	4.9	4.15	4.6
	indices	120.8	123.4	124.3	127.2	150.2	157.0
EEC	rate	4.5	4.9	4.2	4.6	4.3	4.75
	indices	124.4	127.0	122.7	125.3	152.6	159.1

Table 2

DEMOGRAPHIC PROJECTIONS

1. GERMANY (F.R.)

(thousands)

	1960	1965	1970
		at mid-year	
a) *Total population*			
Natural growth	53 382	54 476	56 107
Migrations		+1 000	+1 500
Total	53 382	55 476	57 607
b) *Labour force*			
Initial forecast (1)	25 570	25 468	25 632
Corrections for:			
School-leaving age		− 290	− 580
Women employed		+ 410	+ 820
Retirement age		− 300	− 600
Migrations		+ 800	+1 200
Adjustment		− 31	− 6
Total	25 570	26 057	26 466
Rate of activity	47.9	47.0	45.9
c) *Employed manpower*			
(Unemployed)	− 240	− 261	− 263
Total	25 330	25 796	26 203
Rate of occupation	47.5	46.5	45.5

(1) Initial forecast: application to the structure of the population in 1965 and 1970 of the rates of activity arrived at for the year.

a) *Sources:* Official population statistics: see "Wirtschaft und Statistik" 1962 No. 2.

b) *Hypotheses:*

Natural growth with constant fertility and decreasing infant mortality.

Migrations: an annual average surplus of 75000 men and 25000 women from mid-1961 to mid-1970. A further surplus of 600000 for the year 1960 to 1961. 80% is taken as the rate of activity of migrants.

Employed manpower: the hypotheses on the trend in the rate of occupation indicate a change from 47.5% in 1960 to 46.5% in 1965 and 45.5% in 1970. The percentage of unemployed remains constant. With slight adjustment, these hypotheses correspond to a projection at constant activity rates, applying the weightings given.

2. BELGIUM

(thousands)

	1960	1965	1970
a) *Total population*		at mid-year	
Natural growth	9153	9364	9558
Migrations		+ 65	+ 130
Total	9153	9429	9688
b) *Labour force*			
Initial forecast	3670	3673	3752
Corrections for:			
School-leaving age		− 20	− 40
Women employed		+ 38	+ 76
Retirement age		− 4	− 8
Migrations		+ 38	+ 75
Total	3670	3725	3855
Rate of activity	40.1	39.5	39.8
c) *Employed manpower*			
(Unemployed)	− 65	− 70	− 70
Total	3605	3655	3785
Rate of occupation	39.4	38.8	39.1

a) *Source:* Bureau de programmation économique.

b) *Hypotheses:* Initial forecasts for 1965 and forecasts of labour force weighted by interpolation.

3. FRANCE

(thousands)

	1960	1965	1970
a) *Total population*		at mid-year	
Natural growth	45 542	46 378	47 907
Migrations		+ 770	+ 1 543
Total	45 542	47 148	49 450
b) *Labour force*			
Initial forecast	19 730	20 390	21 270
Corrections for:			
School-leaving age		- 460	- 810
Women employed		+ 50	+ 100
Retirement age		- 100	- 200
Migrations		+ 350	+ 720
Labour force available for employment	19 730	20 230	21 080
National service	- 550	- 360	- 350
Total	19 180	19 870	20 730
Rate of activity	42.1	42.1	41.9
c) *Employed manpower*			
(Unemployed)	- 220	- 250	- 300
Total	18 960	19 620	20 430
Rate of occupation	41.6	41.6	41.3

a) *Sources:* Demographic statistics established by INSEE on the basis of the 1954 census.

b) Hypotheses –

Natural growth: projections at constant fertility and declining mortality rates (INSEE);

Immigration: net balance calculated on the basis of 1960, relying on certain hypotheses (Fourth Plan, INSEE, Statistical Office of the European Communities, a national expert);

Initial forecast of the projections of working population: constant activity rates, basis 1954, after corrections and adjustments for variations between 1954 and 1960.

Other weightings calculated on the hypotheses adopted for the Fourth Plan, by INSEE and by the Statistical Office of the European Communities.

4. ITALY

(thousands)

	1960	1965	1970
a) *Total population*		at mid-year	
Natural growth	(49 250)	(51 520)	(53 853)
Migrations		(– 750)	(–1 500)
Total	49 250	50 777	52 353
b) *Labour force*			
Initial forecast	(20 645)	(21 289)	(21 723)
Corrections for:			
School-leaving age		(– 160)	(– 410)
Women employed		(+ 640)	(+1 250)
Retirement age		(– 260)	(– 460)
Migrations		–	–
Total	20 645	21 311	21 992
Rate of activity	41.9	42.0	42.0
c) *Employed manpower*			
(Unemployed)	– 850	– 590	– 311
Total	19 795	20 721	21 681
Rate of occupation	40.2	40.8	41.4

Sources and hypotheses:

The demographic statistics relate to the present population; hypotheses on migrations and numbers of unemployed are, as stated, calculated on the basis of surveys by the Italian Central Statistical Institute (taking the average of the four annual surveys).[1] Until such time as new population projections based on the last census are available, it may be noted that the forecasts of the Statistical Office of the European Communities assumed an increase in the active population at constant activity rates of 3.12% between 1960 and 1965 and of 2.03% between 1965 and 1970. Applied to the working population in mid-1960, this gives totals of 21 289 000 in 1965 and 21 723 000 in 1970.

The Statistical Office of the European Communities has also applied the following weightings after 1960:

– 160 000 in 1965 and – 410 000 persons in 1970, to allow for later school-leaving;

– 260 000 in 1965 and – 460 000 persons in 1970, to allow for earlier retirement;

+640 000 in 1965 and +1 250 000 persons in 1970, to allow for greater numbers of women in employment.

The basic forecasts are calculated on the present population.

The figures between brackets are estimates which are independent of the chosen hypotheses of demographic changes.

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[1] The Ministry of Labour's annual average of numbers registered with employment exchanges (unemployed previously in work and young people in search of their first job) was 1 546 448 in 1960. It would seem that a considerable proportion of those registered are only partially unemployed.

5. NETHERLANDS

(thousands)

	1960	1965	1970
a) *Total population*		at mid-year	
Natural growth	11 507	12 211	12 939
Migrations		− 58	− 113
Total	11 507	12 153	12 826
b) *Labour force*			
Initial forecast	4 224	4 616	4 973
Corrections for:			
School-leaving age		− 61	− 122
Women employed		+ 25	+ 50
Retirement age		− 10	− 20
Migrations		− 19	− 48
Total I (2)	4 224	4 551	4 833
Total II (2)	4 396 (1)	4 738 (1)	5 033 (1)
Rate of activity (calculated on total I)	36.7	37.4	37.7
c) *Employed manpower*			
(Unemployed)	− 49	− 65	− 71
Employed			
in private enterprises	3 854 (1)	4 148 (1)	4 411 (1)
mployed			
in public authorities	493 (1)	525 (1)	551 (1)
Total III (2)	4 175	4 486	4 762
Total IV (2)	4 347 (1)	4 673 (1)	4 962 (1)
Rate of occupation (calculated on total III) in %	36.3	36.9	37.1

(1) In thousands of man/years.

(2) The estimates of the active population given in thousands of man/years are derived from social security statistics, and estimates of the active population in thousands are based on a sample survey in 1959.

a) *Sources:* Demographic statistics of the Centraal bureau voor de statistiek.

b) *Hypotheses:*

Basic forecasts of working population established at constant activity rates, weightings made by the Centraal bureau voor de statistiek.

The changeover from forecasts by thousands of persons to those by thousands of man/years has been effected on the basis of the ratio between these two sets of data in 1960. (2)

The adjustments for 1965 were done by interpolation.

For the remaining components of the projection the following hypotheses and methods were adopted :

1. GERMANY

The growth estimates for the period 1960-1970 were computed on the basis of three sets of hypotheses concerning the trend of the occupied population, the length of the working week and productivity per man/hour.

a) Employed manpower: For the period 1960-1970 Table 2-1 shows an increase of 3.4% in occupied persons : the rate of occupation for the whole population will fall, according to these figures, from 47.5% in 1960 to 46.5% in 1965 and 45.5% in 1970.

25. *b) Productivity per man/hour:* This was DM 4.87 in 1960; it is estimated that it could rise to DM 6.25 by 1965 and DM 7.87 by 1970 under variant B, the major growth hypothesis. This would correspond to a gain of 28% in productivity between 1960 and 1965, and of 62% between 1960 and 1970. Under variant A, the increase would be only 26% – DM 6.14 by 1965 and 57% – DM 7.63 by 1970. These hypotheses are based on the relation of productivity increment to total investment in the past. The share of GNP accounted for by directly productive investment, which was 15.3% in 1960, would rise to 16.7% in 1965 and to 17.4% in 1970 under the major growth hypothesis (16.1% in 1965 and 16.8% in 1970 under variant A).

26. *c) The length of the working week:* This averaged 44 hours in 1960; under the hypotheses adopted it would fall to 41.8 hours by 1965 and 39.8 hours by 1970, a reduction of nearly 10% for the whole period. 15% of this would be offset by improved hourly productivity resulting directly from the shorter hours, so that at constant productivity the working week would merely be reduced from 44 to 42.1 hours in 1965 and to 40.4 hours in 1970. For variant B the trend in productivity per man/year resulting from these estimates is as follows :

2 673 dollars in 1960
3 257 dollars in 1965 (+ 22%)
3 905 dollars in 1970 (+ 46%)

Under variant A the figures are as follows :

3 200 dollars in 1965 (+ 20%)
3 786 dollars in 1970 (+ 42%)

27. The major growth hypothesis B shows an expansion of 51% in Germany's gross national product at constant prices between 1960 and 1970, i.e.

24% during the first five years
22% from 1965 to 1970.

The same trend in growth-rate, showing a slight falling off in relation to the previous 10 years, is adopted for hypothesis A:

46.5% from 1960 to 1970
22% from 1960 to 1965
20% from 1965 to 1970.

Comparison of these figures with past results shows a slight slowdown in growth in the course of the decade. It should be recalled that at constant prices the gross national product in Germany grew by

54.2% between 1950 and 1955, then by
34.5% between 1955 and 1960
i.e. 107% from 1950 to 1960.

The expected increase from 1960 to 1970 would be no more than 46.5% (variant A) or 51.1% (variant B).

From 1955 to 1960 productivity rose by 24.8%. In future, the figures would fall, under the two hypotheses, to

21.8% and 19.9% from 1960 to 1965, and to
19.7% and 18.3% from 1965 to 1970.

2. BELGIUM

28. The economic projections for Belgium established by the Bureau de programmation économique (Office for Economic Programming) are based on four independent development hypotheses, relating to:

i) The diminished domestic product (gross domestic product less the added value of public services and housing);

ii) Services rendered by civil servants, imputed rents and capital consumption;

iii) Housing;

iv) Net factor income from abroad.

The last three components of gross national product in 1965 and 1970 were estimated in the following way:

a) Housing. This depends on the demographic trend and the tendencies making for a more rapid renewal of housing accomodation. It is expected to increase by 7.8% over the ten-year period.

b) For the added value of public services an increase in establishment of 14.6% between 1960 and 1970 has been predicted; imputed rents and capital consumption by the State have been estimated separately.

c) As regards net factor income from abroad, it is assumed that the present surplus would be maintained, since the trends which would be liable to modify it cancel each other out.

For the diminished domestic product an endeavour has been made first to define possible general trends in the expansion of the gross national product leading to conditionally possible increases in the gross domestic product.

The major growth hypothesis assumes that the GNP will rise by 20.5% between 1960 and 1965, i.e. an average of 3.8% per year. This variant B, which has been called an "overtaking hypothesis", assumes that by 1965 Belgium will have sloughed off the effects of the 1958-1960 downturn and the ensuing lag in growth. Variant A – an 18.2% growth in GNP – corresponds to a long-term increase of 3.4% per year, taken as a feasible target in the absence of any deliberate policy of speeding up growth. For 1970, variant B assumes that the overtaking rate of the 1960-1965 period has become a structural rate, and that everything will be done to continue it in the long-term beyond 1970.

Under variant A the long-term increase, after taking up the slack of the lean years 1958-1960, will maintain the same pace as in 1960-1965. Thus the overall rise in GNP between 1960 and 1970 under hypotheses A and B will be 40.4% and 45.9%.

To fulfil these conditions, the diminished domestic product would expand by 57.8% under variant B, and by 50.9% under variant A.

In 1965 the diminished domestic product would have to increase by 25% under variant A and 27.8% under variant B.

3. FRANCE

29. *a) Trend of the GNP*

The French projections are made by using the concept of gross domestic output.

We will first examine the growth prospects selected under this head, before going on to consider those elements on which the conversion from gross domestic output to GNP can be effected.

The final comprehensive figures for the Fourth Plan show the growth of gross domestic output for the years 1959/1961 – 1965.

The indices adopted are the following:

Growth 1959-1961: 111.4
Growth 1961-1965: 124.0
Growth 1959-1965: 138.1

The Report on the National Accounts for 1961 shows that gross domestic output advanced by 6.7% between 1959 and 1960.

On the basis of these figures, the increase of gross domestic output between 1960 and 1965 comes to 29.5%.

For the period 1965-1970 no complete projections are available, and the figures have to be deduced from the predictions for 1975. These show an annual advance of 4.6% between 1965 and 1975. It seems reasonable to assume that there will be a slowing down, and that the average rates will be the following :

1959-1965	1965-1970	1970-1975
5.5%	4.9%	4.3%

The index of gross domestic output in 1970 as compared with 1965 would thus stand at 127, and its value, which was 252100 million NF in 1960, would reach 326500 million in 1965 and 414700 in 1970 (at 1960 prices).

30. To get from gross domestic output to GNP, we take account of services rendered by public authorities (in terms of salaries paid by them), domestic services, services rendered by financial institutions and a few other elements of minor importance (in particular, the balance of factor income with abroad). For 1960 the total of these items figures among the aggregates in the National Accounts Reports for 1961. The amounts (in thousand millions of new francs) are :

Public authorities	27.7
Domestic service	3.2
Financial institutions	3.3
Other components of domestic product	0.5
Balance of factor income with abroad	– 0.9
	33.8

In relation to 1959 and to prices in that year, the development assumed for the purposes of the Plan is the following (in thousand millions of new francs):

	1959	1965
Gross domestic output	228.75	316.20
GNP	259.9	351.0
Difference	31.15	34.80

The Report on the Accounts for 1961 gives the following amounts, at 1956 prices :

	1949	1959	1960	1961
GNP	134.2	207.9	221.2	231.0
Gross domestic output	117.0	184.7	197.2	206.1
Difference	17.2	23.2	24.0	24.9

Finally, the elements adopted for the 1963 forecasts submitted to the Commission des Comptes de la Nation are as follows (1961 prices).

	1961	1962	1963
GNP	309.1	325.1	342.1
Gross domestic output	271.8	287.4	303.4
Difference	37.3	37.7	38.7

These series indicate the following trend, in indices and in average annual rates, for the difference between GNP and gross domestic output:

	Indices	Annual average rates
1949 – 1961	144.8	3.1%
1959 – 1961	107.3	3.6%
1961 – 1963	103.7	1.85%
1959 – 1965	111.7	1.9%
1960 – 1965	107.9	1.5%
1961 – 1965	104.1	1.-%
1963 – 1965	100.4	0.2%

For 1965-1970 it has seemed reasonable, taking into account the continuing rundown of numbers in the armed services, to assume a rise of 15% in the difference between gross domestic output and GNP (i.e. an annual growth-rate of 2.8%).

This hypothesis gives an index of 125.8 for the GNP in 1970 as compared with 1965.

31. b) *Factors of production* (manpower and investment)

1. Trend of manpower resources. See Table 2-3.

2. Investment

For the purposes of hypothesis B, the investment targets for 1965 under the Fourth Plan were applied. It was assumed that by 1970 productive investment will represent about 13.3% of gross domestic output (as against rather over 13.5% in 1965).

Investment by public authorities and financial institutions will still grow rapidly, but at a definitely slower rate than in the five preceding years.

The number of dwellings built in future should not vary greatly; quantitative gains will follow from the improvement in quality, which has been estimated at 17%.

Hence the probable trend of investment, by value at 1959 prices and indices, is as follows :

(thousand millions of francs)

	Values			Indices			
	1959	1965	1970	$\frac{1965}{1959}$	$\frac{1960}{1959}$	$\frac{1965}{1960}$	$\frac{1970}{1965}$
Productive investment (1)	29.13	42.85	53.56	147	108	136.1	125
Public authorities and financial institutions	5.92	10.60	13.57	179	101.3	176.7	128
Housing	11.20	15.10	17.67	134.6	103.3	130.3	117
Total	46.25	68.55	84.80	148.2	105.9	140.2	123.5

(1) Including agricultural building

Under hypothesis A, housing investment will be maintained at the same level as under hypothesis B, and it will be assumed that public investment remains constant in absolute value. For productive investment on the other hand a different hypothesis should be made. It is assumed that this share in gross domestic output will fall by half the variation in annual growth-rate between the two hypotheses. This simplified method is roughly tantamount to taking net investment to be half the gross investment, and to vary proportionately with the growth-rate.

The percentages of gross domestic output represented by productive investment calculated in this manner are as follows :

	1965	1970
Hypothesis B	13.6%	13.3%
Hypothesis A	13.0%	12.7%

The volume of productive investment at 1959 prices according to these hypotheses is as follows under variant B :

in 1965 40.37 thousand million francs
in 1970 47.88 thousand million francs

For total investment this gives the following amounts and indices :

Amounts		Indices	
1965	1970	1965/1960	1970/1965
66.07	79.12	134.9	119.8

These figures, which have already been adjusted to arrive at those adopted in the report, can be reviewed if necessary in future studies.

4. ITALY

32. The estimated growth of GNP from 1960 to 1965 and 1970 has been based on direct evaluations of the labour force occupied at the limit of the projection, and of productivity gains over the whole period.

a) Employed manpower (Table 2-4)

The selected hypotheses predict an increase of 9.5% in the occupied population between 1960 and 1970. This figure is within the bracket chosen by a study commission under the chairmanship of Professor U. Papi which took three rates of increment of the labour force for January 1960 – January 1970, the lowest being 7.3% and the highest 10.1%.

From 1960 to 1965 and 1970 the occupation rate is taken to rise from 40.2% to 40.8% and 41.4% according to the hypotheses adopted. On the basis of the existing population on 1 January, the Papi Commission estimates that the rate might rise from 38.6% to somewhere between 39% and 41%, according to the hypotheses on population (total varying between 51 530 000 and 51 790 000) and employment (from 20 472 000 to 21 017 000 employed persons). The demographic projections for Italy in the report will be reviewed later in the light of the latest census results.

33. *b) Product per employed person*

The Working Party's report adopts an average annual rate of increase in overall productivity of 4.9% under the maximum growth hypothesis and of 4.3% under variant A. These hypotheses may be compared with the three estimates of the Papi Commission: 3.8% – 4.7% and 5.1%. In absolute value they give figures of 1 610 000 and 1 520 000 Lire for the product per employed person in 1970 (variants B and A), as against one million Lire in 1960.

The hypotheses are therefore within the bracket set by the Papi Commission based on the choice of three values of marginal efficiency of capital (gross overall investment/ GNP).

The major hypothesis takes a value of 3.8, which is close to the 4.0 recorded from 1950 to 1960. The other two hypotheses take higher figures (4.2 and 5.2) to allow for differences in productivity of investments according to their purpose. The values of capital efficiency established on a comparable basis under each of the two hypotheses prepared by the Working Party are as follows:

4.2 (variant B) and
4.6 (variant A).

The estimated ratio of directly productive investment to GNP has been related to these evaluations. The figures are :

a) 14.5% (A) and 15% (B) in 1965
b) 14.9% (A) and 15.4% (B) in 1970.

In 1960 the actual proportion was 14.0%. A moderate increase has been assumed in this instance, whereas for other components of total investment the proportion will by hypothesis go from 8.2% in 1960 to 8.5% in 1965 (B) and back to 8.2% in 1970 (B). Allowance has also been made for the programme of public investment and social infrastructure now being drawn up.

Thus the chosen hypotheses result in an overall increase in GNP of 66.8% and 76.6% as the case may be, over the ten-year period as a whole. This growth may be set against the actual increase in GNP at constant prices during the period 1950-1960: 77.6%,

of which 33.6% from 1950 to 1955
and 33.0% from 1955 to 1960.

The overall increase can be broken down as follows between the two periods 1960-1965 and 1965-1970;

29.8% and 28.5% under variant A
33.5% and 32.3% under variant B, the major growth hypothesis.

5. NETHERLANDS

34. The methods adopted for establishing projections under variant B are summarized below.

a) The total "employed manpower" was calculated at constant activity rates on the basis of population forecasts.

Weightings were made to allow for the following factors :

1. Emigration of 10 000 persons a year
2. Increase in school attendance
3. Higher numbers of women at work
4. Lower activity rate of elderly persons.

b) Employment possibilities in the private and public sectors

1. Unemployment, both in 1965 and in 1970, was estimated at 1.75% of the wage-earning population.

2. Employment possibilities in the public sector are estimated independently for the following three categories :

a) Military personnel,

b) Teaching personnel,

c) Other civilian personnel.

3. The remainder represents the numbers available for the private sector.

35. *c) Resources and expenditure*

1. *Labour productivity:* This is taken to increase by 4% per man/hour annually. For 1960-1965 it is assumed that the 45-hour week (instead of 48 hours) will be in force in all branches. It was considered that this 6.25% decrease in total working hours will not involve an equivalent drop in production; the loss of output will not be more than three quarters of the reduction in hours worked, or 4.69% of total working time.

2. *Gross product of enterprises* at market prices is calculated on the basis of the increased opportunities for employment, multiplied by the rise in productivity adjusted for shorter working time.

3. *Gross product of the public sector:* salaries and wages increase proportionately to the higher numbers of military personnel, teachers, and other civil servants.

Imputed rents and amortization on public building rise to about the same extent as in 1955-1960.

4. *Balance of income from abroad.* A net sale of assets abroad of 300 million florins annually is assumed. This involves a decline in the product of 90 million florins for 5 years, compared with the 1953-1960 average.

5. *Private consumers' expenditure* is considered as a residual item.

6. *Public consumption.* Net expenditure on equipment is estimated separately for the following 3 categories:

a) Defence

b) Education

c) Other civil services.

Staffing expenditure increases proportionately with the growth in numbers of each category.

7. Concurrently with the increase in manpower, gross fixed capital formation by private industries contributes to the increase in their product. Its effect is estimated by multiplying the increment of the labour force by the marginal productivity of labour, the latter being supposed equal to the average wage for the period concerned (farmers' incomes are taken as being equal to the average wage, and those of other self-employed persons to twice that figure). Gross

fixed capital formation is estimated on the basis of the resultant figure, assuming an investment yield of about 20%.

8. *Gross investment in the public sector* is determined by means of an elasticity coefficient related to gross product of enterprises (1.35).

9. Stock changes for the years 1965-1970 are presumed equal to 50% of the increase in gross product of enterprises compared with the year before.

10. *The balance of payments surplus on current account* rises proportionately to the increase in gross product of enterprises. For reference purposes, it has been considered necessary to start from a surplus balance in 1960 of 500 million florins.

Section II

THE OVERALL ECONOMIC PROJECTIONS FOR THE COMMUNITY

36. Summing the national economic projections, we find that the Community's gross product should grow between 53 and 59% from 1960 to 1970. It is essential to trace at EEC level the main factors, employed manpower and productivity, contributing to this growth. But the trend of each country's share in it also needs to be brought out, and an appraisal made of the influence of the Common Market towards an approximation of the national economies which had attained differing stages of development at the time of its inception.

A. POPULATION TREND IN THE COMMUNITY

37. a) *Total population*

The population of the EEC – excluding Luxembourg – at mid-1960 was 168.8 million. The following figures were used for the projections :

mid-1965 : 175 millions
mid-1970 : 181.9 millions

These estimates, representing a growth of 7.8% in the ten-year period, are founded on hypotheses of natural population growth and of migration. For the latter the figures are :

an average of + 150 000 persons per annum in Germany
an average of + 13 000 persons per annum in Belgium
an average of + 154 000 persons per annum in France
an average of – 95 000 persons per annum in Italy
an average of – 10 000 persons per annum in the Netherlands.

After refugees from Eastern Germany entering the Federal Republic between July 1960 and the end of 1961 have been deducted, the balance of migration within the Community would be about 1 million emigrants and 2.5 million immigrants. We may therefore estimate at about 1.5 million the deficit on the Community's balance of migration with the surrounding countries.

In 1960 Germany accounted for 31.6% of Europe's population. It is estimated that the proportion will be very slightly higher in 1965, reverting to the 1960 level in 1970. The share of French population – 27.0% in 1960 – rises slightly after 1965 to 27.2% in 1970. The weight of the Italian population – 29.2% in 1960, diminishes progressively to – 28.8% in 1970.

The Netherlands will experience the most vigorous demographic growth: 11.5% in the ten-year period. Its proportion of Europe's population therefore rises from 6.8% in 1960 to 6.9% in 1965 and 7% in 1970. On the other hand Belgium's share – 5.4% in 1960 – remains practically unaltered.

38. b) *Employed manpower*

Europe's available manpower totalled 73.3 million persons in 1960. Projections of the active population indicate a reduction in rates of activity from 43.4% to 42.8% over the whole of the period. This brings out the fact that the increased numbers of women at work are not sufficient to offset the adverse effects of later school-leaving and earlier retirement.

Taken together, the countries anticipate an increase in the number of women employed of 2.3 million, of which

820 000 in Germany
76 500 in Belgium
100 000 in France
1 250 000 in Italy, and
50 000 in the Netherlands.

Later school-leaving, whether voluntary or compulsory, will deprive the active population of the Community of nearly 2 million units:

580 000 in Germany
40 000 in Belgium
810 000 in France
410 000 in Italy and
122 000 in the Netherlands.

Finally, earlier retirement will have similar effects for 1.3 million persons.

600 000 in Germany
8 000 in Belgium
200 000 in France
460 000 in Italy and
20 000 in the Netherlands.

It will also be noted that the estimated activity rates of migrants differ in the three countries having a net surplus of immigration:

80% in Germany
47% in Belgium
Only 50% in France.

39. On these assumptions, the active population of Europe would be 75.5 millions in 1965 and 77.9 millions in 1970. The increase for the two five-year periods would be around 3%, or 6.3% for the decade.

Thus, although the hypotheses foreshadow a rise in the total population of 7.8%, the increase in the active population is only 6.3%. This means that, as in the recent past, the proportion of non-workers in the population is gradually tending to rise.

In 1960 there was a gap of 1 424 000 persons between active population and employed manpower in Europe(1), representing those unemployed:

240 000 in Germany
65 000 in Belgium
220 000 in France
850 000 in Italy and
49 000 in the Netherlands.

The projections show a figure of 1 million for the number of unemployed in 1970, or about 300 000 for each of the three leading countries and 70 000 for Belgium and the Netherlands.

The occupied population will grow at a higher rate than the active population: 7% for the ten-year period as a whole, 3.4% from 1960-1965 and 3.5% from 1965-1970.

Under these hypotheses, the rate of occupation, or the ratio between employed manpower and total population, will remain roughly constant for the Community as a whole despite the lower activity rate, thanks to a fall in unemployment. Only in two countries – Italy and the Netherlands – could these rates be higher in 1970 than in 1960.

(1) There may have been some overlapping in the statistical estimates of employed manpower when allowance has been made for seasonal and frontier workers.

Table 3

OCCUPATION RATE OF TOTAL POPULATION
IN THE EEC COUNTRIES

Country	Proportion of employed manpower to total population		
	1960	1965	1970
Germany (F.R.)	47.5	46.5	45.5
Belgium	39.4	38.8	39.1
France	41.6	41.6	41.3
Italy	40.2	40.8	41.4
Netherlands	36.3	36.9	37.1
EEC	42.6	42.5	42.2

The proportion of total employment in 1965 and 1970 – 74.3 and 76.9 million persons employed – accounted for by each member country varies according to domestic employment trends.

In 1960 Germany accounted for 35.3% of the employed labour force in EEC. This proportion would fall to 34.7% in 1965 and 34.1% in 1970.

The Belgian share would remain at about 5%.

Italy, for which a fairly slow rate of demographic growth has been predicted, but also a growing occupation rate, would slightly increase its share of Community employment from 27.6% in 1960 to 28.2% in 1970.

France would remain roughly at the level reached in 1960: 26.4%.

The share of the Netherlands would rise from 5.8% in 1960 to 6.1% in 1970.

Parallel with this trend a reduction of hours worked in the various countries is foreseeable. This has been allowed for in the projections for Germany and the Netherlands. The progressive changeover to a 40-hour working week (annual average) may be effected either through shorter working hours or longer holidays.

40. c) *Labour force by main sectors of activity*

By the method adopted for compiling the projections it is not possible to compare employment balance sheets by sector before putting forward hypotheses of output and productivity. From its initial estimates the Working Party came
 to the conclusion that the proportion of the active population engaged in

agriculture would be 16% in 1970, and that employed in industry and services, 44% and 40% respectively.

These figures were based on the following growth hypotheses for the Community as a whole :

- 2% a year on average in the case of agriculture
+ 1.5% a year on average in the case of industry
+ 1.9% a year on average in the case of services.

Pending the results of the censuses now in hand, we may simply recall the projections established in connection with some countries' long-term economic programmes.

In Belgium agricultural employment should fall between 1959 and 1965 by 3% per annum. In industry there would be an average investment of 0.9% a year in the labour force and of 1.4% in the services sector.

In France the fourth four-year plan allows for a further decline in agricultural population of 1.7% per annum between 1959 and 1965, or little less than the trend noted between 1954 and 1959, when it averaged 2.3% per annum. In industry the plan reckons with an average annual increase of 1% in employment from 1959 to 1965, as against 0.4% from 1954 to 1959. Finally the increase in the active population in the tertiary sector would average 1.9% per annum until 1965, as against about 1.3% between 1954 and 1959. Services would thus account for 41.1% of the total in 1965, and industry 38%, as against 38.3 and 37.6% respectively in 1959.

Finally in the Netherlands the projections show a progressive annual fall in agricultural employment of 2.1% from 1960 to 1965 and of 2.2% from 1965 to 1970. In industry employment would increase by an average of 1.5% per annum from 1960 to 1965 and of 1.2% from 1965 to 1970. For services the average advance would be 2.4% per annum until 1965 and 2% thereafter. The proportion of employment in enterprises accounted for by services which was 43% in 1960, would rise to 44.8% in 1965 and 46.3% in 1970. Industry's proportion would remain constant at 45.8%.

The projections recently established in these three countries confirm the hypotheses advanced by EEC, which remain acceptable as provisional projections and pointers to approximate orders of magnitude: 30.8 million workers occupied in the tertiary sector, 33.7 millions in industry and 12.4 millions in agriculture by 1970.

B. THE TREND IN GROSS COMMUNITY PRODUCT

41. The economy developed remarkably in all Community countries from 1959 to 1960 and the result was a rapid expansion of GNP, both overall and per capita.

This expansion was largely due to increased productivity in terms of higher gross product per person occupied. The trend was general and in 1960 helped to iron out differences between the national economies making up the Common Market.

In 1950 Germany accounted for 35.5% of gross Community product. Between 1955 and 1960 this proportion rose to 37.4%.

The weight of the Italian economy in the Community, which was 17% in 1955 reached 17.7% five years later.

During the same period France's relative share fell from 33.4% to 32.1%.

Structural difficulties in the Belgian economy during these five years explain why its proportion fell from 7.6% in 1955 to 6.7% in 1960.

Finally the Netherlands economy (1), which in 1955 represented 6.5% of the aggregate for all Common Market countries, fell back to 6.2%.

Italy which accounted for 17.7% of the Community product in 1960 was employing 26.4% of the persons occupied in the Community in that same year. In Belgium on the other hand the respective shares of gross Community product and employment were 6.7% and 5%. This comparison shows the gap in productivity between member countries in 1960, two years after the entry into force of the Treaty of Rome.

42. In relation to Belgium, which in 1960 had the highest productivity in the Community, the countries were placed in the following order:

France:	91
Germany:	79
Netherlands:	80
EEC average:	75
Italy:	48

This was already an improvement over the results obtained in 1955 when French productivity, compared with Belgium's, stood at 78, the Netherlands' at 71, Germany's at 67, the Community average at 67 and Italy's at 41.

As for the per capita product, despite a growth three times higher in Italy than in Belgium from 1955 to 1960 for instance, there were still considerable gaps between countries at the start of the projection. In France, Belgium and Germany the gross product per capita was around 1 300 dollars, as against nearly 1 000 dollars in the Netherlands and 650 in Italy.

(1) To be truly meaningful this comparison of relative shares would need to be corrected on the basis of an analysis of price levels in the various countries. Such an analysis would doubtless involve using slightly different exchange rates from the official 1960 parities adopted in this report

It is in the light of this initial situation of a European Economic Community with gross product in the neighbourhood of 181 000 million dollars – or a little more than 1 000 dollars per capita and 2 500 dollars per person occupied – that the overall economic projections for the EEC in 1965 and 1970 [1] must be viewed.

43. a) *The growth of the overall gross product of EEC*

It follows from the national projections as a whole that while remaining satisfactory the pace of economic growth in the Community from 1960 to 1970 will continue the slight decline noted since 1950. The increase in gross Community product at constant prices, which was 35% from 1950 to 1955, fell to 28% in 1955-1960.

The projections show that this pace – 27% in five years – should be kept up until 1965 (variant B) then fall again from 1965 to 1970 by 25.3%.

From 72.7% between 1950 and 1960 the increase would fall to 59.1% in the course of the present decade.

Under variant A the decline in pace would continue from the start of the first period (24.4% from 1960 to 1965) and be prolonged through the second (22.7% from 1965 to 1970).

The trend in each country's contribution to the Community product according to the national projections produces the one recorded since 1950. However, in the case of Germany there is no longer the same tendency for its proportion of the total for the six countries to grow rapidly as it did during the period of reconstruction.

Under variant B [2] this proportion would fall from 37.4% in 1960 to 36.5% in 1965 and 35.5% in 1970. For the first time since the war Europe's economy would be found to be developing on average faster than that of Germany. However, conceptual differences in the projections may partly account for the difference.

Belgium's proportion of gross Community product, which was 6.7% in 1960, would continue to fall, to 6.4% in 1965 and 6.2% in 1970.

France's GNP, which accounted for 32.1% of the EEC product in 1960, would rise slightly over the period to reach 32.5% in 1965 and 32.6% in 1970.

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[1] Nevertheless the special characteristics of 1960 in each country should not be overlooked when comparing the anticipated increases between 1960 and 1970.

[2] The deviations between variant A and B are insignificant.

The most considerable advances would be in Italy, whose share of gross Community product would rise from 17.7% in 1960 to 18.5% in 1965 and 19.6% in 1970.

The Netherlands proportions will remain stable around 6.1%.

44. A country-by-country comparison between these projections and those of each country's share of total employment in the Community shows how differences in productivity within EEC will be ironed out.

This also holds for gross product *per capita.*

Table 4

PROPORTION OF EACH COUNTRY'S EMPLOYMENT AND GROSS PRODUCT TO EEC TOTALS

	1960		1965 (B)		1970 (B)	
	Employment	GNP	Employment	GNP	Employment	GNP
Germany (F.R.)	35.3	37.3	34.7	36.5	34.1	35.5
Belgium	5.0	6.7	4.9	6.4	4.9	6.2
France	26.4	32.1	26.4	32.5	26.6	32.6
Italy	27.5	17.7	27.9	18.6	28.2	19.6
Netherlands	5.8	6.2	6.1	6.0	6.2	6.1

45. b) *Growth of gross product per capita in EEC*

For the decade as a whole the projections show an increase in the gross product *per capita* of 41.6% under variant A and of 47.6% under variant B. This progress will be a little slower than in the preceding 10 years, when it was 58.5%. But the slowdown began as far back as 1955-1960, so that for 1960-1965 variant B indicates a pace of expansion slightly higher than the one actually achieved between 1955 and 1960, i.e. 22.4%, as against 22.1%.

The scatter of the countries' estimates tends to narrow between 1960 and 1970; under variant B the deviation between the Community's gross per capita product and that of the country where the rate is highest would rise from an index of 80.5 in 1960 to 84.5 in 1965 and 86.3 in 1970. Taking Belgium = 100, there would be the following deviations in 1960, 1965 and 1970:

Germany: 95.3 – 97.2 – 96.8;
France: 95.9 – 101.9 – 103.8;
Italy: 48.8 – 54.1 – 58.9;
Netherlands: 73.3 – 73.2 – 74.9.

The projections show that considerable efforts are being made to narrow the gaps, though sizeable differences will still remain in 1970.

By 1970 Italy will have caught up with the Community average for 1960. But France's gross per capita product in 1970 will be nearly twice that figure.

46. c) *Growth of gross product per person occupied in EEC*

The gross product per person occupied was 2519 units of account in 1960, having risen by 21% since 1955. The economic projections indicate a major hypothesis of 22.8% for the growth of productivity between 1960 and 1965 and of 21.1% between 1965 and 1970, or 48.8% for the whole period. The gross product per worker at constant 1960 prices would be 3100 dollars in 1965 and 3750 in 1970.

In 1960 there were still wide disparities in productivity between the EEC countries despite the great strides made by some of them. France and Belgium had passed the threshold of 3 000 dollars per person occupied ; Germany and the Netherlands had reached 2700 dollars, while the Italian figure still fell short of 2 000 dollars. The projections take these initial disparities into account. Italian productivity in 1970 should have caught up with the Germany's 1960 level, but there would still be a gap of 20% in productivity between France and Belgium on the one hand and Germany and the Netherlands on the other.

The future outlook for productivity depends very much on hypotheses made in each country on the use of gross national product, in particular gross fixed capital formation. Overall economic projections are conditioned by the hypotheses adopted on the breakdown of the gross Community product between main categories of users : private and public consumption, investment by enterprises and public authorities and external balance.

Table 4 bis

DEVELOPMENT OF GROSS PRODUCT PER PERSON EMPLOYED BETWEEN 1955 AND 1970

	1955 – 1960	1960 – 1965		1965 – 1970	
		A	B	A	B
Germany (F.R.)	24.8	19.7	21.8	18.3	19.9
Belgium	11.6	16.6	18.8	14.7	16.9
France	21.8	22.2	24.5	17.8	20.8
Italy	20.8	24.0	27.5	22.8	26.4
Netherlands	15.6	12.4	14.8	17.1	19.8
EEC	20.7	20.4	22.8	18.5	21.1

Section III

GROSS EEC PRODUCT: PROJECTIONS OF CATEGORIES OF EXPENDITURE

47. In 1960 private consumers' expenditure by households was close on $111 000 million. This was three times the $38 000 million invested (gross fixed capital formation), which was itself one and a half times as much as public consumers' expenditure: $25 000 million.

Since 1950 these three main components of the Community's gross product had been following three separate trends. While the proportion of private consumers' expenditure steadily dwindled – from 64.6% to 61.1% – that of public consumers' expenditure at constant prices remained relatively stable in the long term, at about 14% of gross product and investment expenditure rose gradually from 17.8% to 21.1%. This trend continued to make itself felt after 1955, although the reconstruction period seems to be over. Between 1955 and 1960, the Community's gross product went up by 27.9%. For private consumers' expenditure, the percentage increase – 25.8% – is lower than this, though it is equal in the case of consumer expenditure by public authorities, and higher – 37.4% – for gross fixed capital formation.

Here too, the projections for these main categories of utilization of gross Community product were obtained by summing national hypotheses relevant to the individual countries' economic structures. We will first state the particular hypotheses adopted for the national economic projections, then the results they give at national and Community levels.

A. NATIONAL PROJECTIONS OF CATEGORIES OF EXPENDITURE OF GROSS PRODUCT

48. *Methods of establishing the breakdown between categories.*

The principles generally adopted by the experts for this purpose were the following:

a) PUBLIC CONSUMPTION

This expenditure is estimated independently on the strength of a hypothesis on the variation on numbers of civil servants employed. Staffing expenditure at constant prices is obtained by applying this index to the actual expenditure for the reference year.

Expenditure on goods and services is estimated item by item and then rearranged.

It would seem that for most of the countries there will in future have to be an upward revision of the hypotheses of public consumers' expenditure. This is true of Italy, which is putting through a big programme of expenditure on education and scientific research, and France, where the first estimates based on the data for the Fouth Plan are being reviewed. Owing to the method adopted, however, the effect of altering the hypotheses of public consumption will not be a lower total of consumers' expenditure but will merely make the share of private consumers' spending smaller.

49. b) GROSS FIXED CAPITAL FORMATION

This has been divided into three components: directly productive investment, housing and investment by public authorities. The first two together make up investment in the enterprises sector.

Directly productive investment is generally estimated on the basis of capital efficiencies linking the rate of investment to increment in gross national product. The same flow of investment is not necessarily followed in all countries by a like increase in gross product. The breakdown of investment between the productive sectors, its distribution according to the categories of capital equipment installed, and the way in which it is related to manpower, serve to differentiate the hypotheses adopted by the experts regarding trends in capital efficiency. However, it has been noted that in the past the tendency has been for the latter to rise.

The other two components of gross fixed capital formation are evaluated independently on the basis of national programmes or by means of the ratio of house building to population growth, or of public investment to the gross national product, etc.

50. c) STOCK CHANGES

Expenditure under this head is generally related to the development of industrial output, which is a function of gross national product. The major factors in stock fluctuations were not disregarded but only an overall estimate of their effects proved feasible.

51. d) EXTERNAL BALANCE

The experts' assessment of the share to be attributed to the external balance in 1965 and 1970 is based on numerous factors: the balance of imports

of goods and services, the trend of international capital inflows and outflows, etc.

52. e) PRIVATE CONSUMPTION

For private consumers' expenditure the proportion finally adopted is arrived at by subtraction. This does not signify that the projections disregard independent movements in the demand for consumer goods.

It is simply assumed when choosing the general growth hypothesis that the savings required to fulfil it will be available without exerting any pressure on consumer behaviour. Private consumers' expenditures for 1965 and 1970 as obtained by subtraction are not strictly speaking residual figures. They correspond to the probable trend in consumer demand.

These general remarks are in principle applicable to all the countries.

1. GERMANY (F.R.)

53. *Private consumers' expenditure* under variant B would rise by:

30.9% between 1960 and 1965;
23.5% between 1965 and 1970;
61.6% between 1960 and 1970.

It would account for a growing share of GNP, rising from 56.8% in 1960 to 59.9% in 1965 and 60.7% in 1970. During the present decade the increase in private consumers' expenditure would therefore exceed the increase in gross national product, thus prolonging a trend of which there have been some signs since 1955. Compared to variant B, the proportion of this expenditure to GNP is rather higher under variant A: 60.5% in 1965 and 61.2% in 1970, or an increase of 58% for the whole ten years.

The share of public consumers' expenditure, which was 13.6% in 1960, would be 13.3% in 1965 and 12.5% in 1970. This hypothesis represents a 21.7% increase between 1960 and 1965 and a 14.4% increase between 1965 and 1970, or nearly 40% for the ten years. The number of public officials would rise by 10.9% over the ten years and other expenditure by 67.5% (variant B).

Gross fixed capital formation in Germany increased by 40.3% between 1955 and 1960. Under variant B the increase would be 27.3% from 1960 to 1965 and 22.3% from 1965 to 1970; i.e. 55.7% for the whole period. The proportion of gross fixed capital formation to GNP, which was 24.0% in 1960, would rise to 24.6% in 1965 and 24.7% in 1970.

For variant B directly productive investment was related to growth of GNP by taking a gross marginal efficiency of capital of 3.8 in 1965 and 4.35 in 1970 (4.0 and 4.5 under variant A).

Directly productive investment would represent 70% of total investment in 1970, as against 64% in 1960, and 17.4% of GNP, as against 15.3% in 1960. The increase would be 72% over the ten years.

A figure close to this – 86% – has been arrived at for public investment. Expenditure on housing would tend to diminish after 1965.

The proportion of GNP accounted for by stock changes, which in 1960 had reached the abnormal level of 2.8% would be 1.2% in 1965 and 1.1% in 1970.

Compared with the exceptional 1960 figure, the share of the external balance would also return to a normal level in 1965 and 1970: 1% as against 2.8%.

2. BELGIUM

54. Private consumers' expenditure in Belgium increased by 13% between 1955 and 1960. The projections indicate a growth of 18.6% between 1960 and 1965 and of 22.2% between 1965 and 1970, i.e. 40% for the whole ten years under variant B. Despite this speed up in its pace of growth, the proportion of private consumers' expenditure to GNP would fall slightly. Instead of 68.7% in 1960 it would be 67.9% in 1965 and 68.2% in 1970.

Public consumers' expenditure would account for 11.9% of GNP in 1960. The lower figures under variant B would be 11.1% in 1965 and 10.2% in 1970. These estimates are based on a growth hypothesis in respect of numbers of civil servants of 14.6% and of 53.7% for other expenditure between 1960 and 1970.

Investment expenditure went up 24% in Belgium between 1955 and 1960. Under variant B the increase in gross fixed capital formation would be 34.2% from 1960 to 1965 and 22.9% from 1965 to 1970. For 1965 these estimates are based on sector analyses made for economic planning purposes.

The change in the pace of investment between 1960 and 1965 reflects the determination, underlying variant B, to find the necessary investment for the Belgian economy to make up the ground lost during the years of stagnation prior to 1959. The proportion of gross fixed capital formation would thus rise under variant B from 17.5% in 1960 to 19.5% in 1965 and 19.8% in 1970. Directly productive investment would benefit to the tune of 44.8% under variant B between 1960 and 1965 and of 24.7% between 1965 and 1970, i.e. 80.5% in ten years.

Public investment would double over the same period, while house building would go up by 15% between 1965 and 1970, after declining by 5.4% between 1960 and 1965.

3. FRANCE

55. The projection of private consumers' expenditure in 1965 under variant B is based on the data for the fourth Four-Year Plan, i.e. an increase of 30% between 1960 and 1965. Private consumers' expenditure will be 65.4% of gross national product. This prediction reflects the estimated availabilities of consumer goods. The proportion, which was 65% in 1960, tends to rise; between 1955 and 1960 the increase was only 20.5%.

The projections give a 29.5% growth between 1965 and 1970, or a proportion of private consumers' expenditure to GNP of 67.4% in 1970. As in the other countries, the proportion is higher under variant A than variant B; 66.0% in 1965 and 67.9% in 1970. For the ten-year period as a whole the increase would be between 62% and 68%; it was 53% at constant prices between 1950 and 1960.

In 1960 public consumers' expenditure was 14.6% of GNP. This proportion, at constant prices, will be 13.1% in 1965 and 12.0% in 1970 under both variants. The trend corresponds to an increase of 17.7% in staffing expenditure between 1960 and 1970 (10% from 1960 to 1965 and 7% from 1965 to 1970) under variant B; "other expenditure" is expected to increase by 61.4% in the ten years, thus continuing after 1965 the trend indicated by the Fourth Plan. In all, public consumers' expenditure would rise over the decade by 33% under variant B, and by 28.4% under variant A.

For 1965 the Fourth Plan has set investment targets (directly productive investment) branch by branch in the enterprises sector. Such investment will rise (variant B) by 39% between 1960 and 1965, and by 24.6% between 1965 and 1970, or nearly 74% for the ten years (65% under variant A). During the next ten years expenditure on new housing will go up by 34% and 46%, and investment by public authorities by 102% and 125% (variants A and B).

The share of gross fixed capital formation, which was 17.4% in 1960 would thus rise to 19% in 1965 (18.6% under variant A) and to 18.7% in 1970 (18.3% under variant A). Whereas it had increased by 30.3% between 1955 and 1960, gross fixed capital formation under the two variants would advance by

34.8% and 40.3% between 1960 and 1965 and
20.7% and 23.8% between 1965 and 1970, or
62.7% and 73.7% for the ten years.

4. ITALY

56. Private consumers' expenditure went up 24.4% in Italy between 1955 and 1960. Under the projection hypotheses this pace should increase; according to the variant chosen, the increase would be

33.3% and 36% from 1960 to 1965
32.2% and 36.1% from 1965 to 1970, or
76.2% and 85.1% for the whole period.

The proportion of private consumption to gross national product was 61.3% in 1960; in 1965 and 1970 it would be

63.0% and 64.8% under variant A
62.5% and 64.3% under variant B.

The share of public consumption (1) should steadily dwindle. According to the hypotheses, it would fall from 14.5% in 1960 to 12.5% in 1965 and to 10.9% in 1970. The numbers employed in the civil service would go up 16%, and other expenditure 63.5%, during the ten years. The total increase would therefore not be more than 33% for the decade, 15.2% until 1965, and 15.4% thereafter. The new programmes might, however, modify these estimates.

The share of investment expenditure will keep on growing: 22.2% in 1960, 23.5% in 1965 and 23.6% in 1970 under variant B. This hypothesis corresponds to an increase in gross fixed capital formation of 41.5% between 1960 and 1965, and of 32.9% between 1965 and 1970, or 88% for the ten years, which may be compared with the increase of 51.5% between 1955 and 1960 and 137% between 1950 and 1960. Broken down, the increase is as follows (variant B):

a) Directly productive investment: 94%
b) House building: 60%
c) Investment by public authorities: 115%.

The Italian experts assume that the external balance will be even in 1970 though there will still be a slight surplus in 1965.

5. NETHERLANDS

57. The increase in private consumers' expenditure was close to 20% between 1955 and 1960, and over 42% between 1950 and 1960. For the period 1960-1970, variant B assumes an increase of 63.9% spread fairly evenly over the two five-year periods.

(1) At constant prices.

This trend would be reflected in a greater share in GNP of private consumers' expenditure:

56.4% in 1960
58.5% (variant B) and 59.5% (variant A) in 1965
58.9% (variant B) and 59.6% (variant A) in 1970.

As already stated public consumers' expenditure was evaluated on the basis of separate estimates for each item: education, defence, current expenditure for operating public services.

In each case the estimates cover the increase in numbers employed in the civil service – 13% between 1960 and 1970 – and the development of "other expenditure", where the increase would be 45.5% between 1960 and 1970, with the major part – 32.7% – occurring before 1965.

The total increase in public consumers' expenditure would be 24.7% between 1960 and 1970 – 16.3% between 1960 and 1965 and 7.2% between 1965 and 1970.

Thus the share of GNP attributable to public consumers' expenditure would fall from 13.5% in 1960 to 12.7% in 1965 and to 10.7% in 1970 under variant B.

Gross fixed capital formation, which rose by 27.5% between 1955 and 1960, should show an overall growth of 63.9% under variant A and of 78.2% under B. The increases would be 25% and 33.2% respectively between 1960 and 1965 and 31.1% and 33.7% between 1965 and 1970. These figures can be set against the trend in the share of GNP accounted for by investment:

23.9% in 1960
24.7% and 25.7% in 1965 and
26.0% and 27.1% in 1970.

Directly productive investment would show the highest increase over the next few years and up to 1970 – 93% under variant B – followed by investment by public authorities, 84%, and housing, 20.2%.

In each country the broken down figures are based on a detailed study of each category of expenditure of gross product and on independent hypotheses as to how each will develop.

Summing these hypotheses gives a certain distribution of gross Community product in 1965 and 1970. This requires to be broken down and rearranged so that each component of final demand may be studied at Community level and a comparison made of the hypotheses by which private and public consumers' spending, investment expenditure and the other categories of utilization of GNP are obtained for the EEC as a whole.

B. PROJECTIONS OF CATEGORIES OF EXPENDITURE OF GROSS EEC PRODUCT

58. The results arrived at when the national hypotheses are aggregated as a Community whole will be presented by considering in turn the chief uses to which the gross product is put.

a) *Projections of total private consumers' expenditure*

Private consumers' expenditure in the Community increased by 30% between 1950 and 1955, then by 26% between 1955 and 1960. This pace is slower than that of gross product – 35% and 28% – but there is already a tendency for the two to come closer together.

According to the projections the percentage increases in the two variants would be respectively 28.9% and 30.3% between 1960 and 1965 (24.4% and 27.0% for gross product), 25% and 28% between 1965 and 1970 (22.7% and 25.3% for gross product), or 61.2% and 66.8% for the ten years (52.6% and 59.1% for gross product).

The pace of five-yearly growth in private consumption has thus now caught up with that of the gross product.

Under variant B per capita private consumers' expenditure, which was $655 in 1960, will reach $823 and $1 014 in 1965 and 1970, i.e. an increase of 25.6% and 23.2% for the two five-year periods. This is almost equal to the increase in total gross product ($815 and $980 in 1965 and 1970 under variant A, or an increase of 24.4% and 20.2%), respectively.

59. The weight of the different countries in private consumers' expenditure within the Community has altered considerably since 1950.

Germany's share rose from 28.3% in 1950 to 32% in 1955 and 34.8% in 1960. According to the projections it would be 35% under variant B in 1965, falling back to 33.7% in 1970. The gap between the proportion of German consumption in EEC and the weight of Germany's GNP in the gross Community product is still considerable.

Italy's share of private consumers' expenditure fell from 18.7% in 1950 to 17.9% in 1955 and 17.8% in 1960. It would be 18.4% in 1965 and 19.7% in 1970 under variant B.

For France private consumption's share has fallen less rapidly since 1950 than that of the gross national product. It would move from 34.1% to 34.0% in 1965 and 34.4% in 1970 (variant B).

60. The projections indicate a levelling up in *per capita* private consumption, although there are still gaps.

Average *per capita* private consumption in 1960 was $655 in the Community, 720 in Germany, 914 in Belgium, 829 in France, 399 in Italy and 550 in the Netherlands. The index for the country with the lowest level of *per capita* private consumption compared with the one with the highest was therefore 43.7, even though price factors might alter the ratio somewhat.

Under variant B average *per capita* expenditure in 1965 and 1970 would be $828 and 1 022 dollars for EEC, or 907 and 1 079 for Germany, 1 052 and 1 251 for Belgium, 1 039 and 1 283 for France, 526 and 694.5 for Italy and 667 and 808.5 for the Netherlands. The deviation between the country with the highest figure and the one with the lowest is 50.1 in 1965 and 53.6 in 1970. Because of divergent prices, the country figures do not, however, reflect differences in the real level of private consumption.

The share of GNP allocated to private consumption varies according to country. In 1960 it was 56.8% in Germany, 68.7% in Belgium, 65.0% in France, 61.3% in Italy and 56.4% in the Netherlands. The Community average was 61%, the two extremes being the Netherlands, with 56.4% and Belgium, with 68.7%.

According to the projections, the share of private consumption in gross Community product should be 62.6% in 1965 and 63.9% in 1970 (variant B), with the Netherlands (58.5% and 58.9%) and Belgium (67.9% and 68.2%) still occupying the two extremes. Here again structural differences are expected to narrow.

61. b) *Projections of total public consumers' expenditure*

According to the hypotheses this expenditure should increase during the next ten years, by 29.5% under variant A and 34.4% under variant B. The proportion of public consumer expenditure, which was 13.9% of the gross EEC product in 1960, would be 12.9% in 1965 and 11.8% in 1970. This reduction in the proportion of public consumer spending may be partly accounted for by the method of calculation used, which does not allow for any rise in the price of services by officials.

Between 1960 and 1970 the numbers of public servants will increase by 14.8% in the Community (variant B), 10.9% in Germany, 14.6% in Belgium, 17.7% in France, 16% in Italy and 13% in the Netherlands. Other expenditure will grow by 57.4% in the Community, 67.5% in Germany, 53.7% in Belgium, 61.4% in France, 63.5% in Italy and 45.5% in the Netherlands (variant B).

Moreover the internal breakdown of public consumers' expenditure between personnel and equipment differs from country to country. In 1960 staffing costs accounted for 57.9% of all public spending in the Community as a whole, but 50.1% in Germany, 73.7% in Belgium, 64.2% in France, 64.4% in Italy, and 64.3% in the Netherlands. The most striking change was in Italy's share of Community public consumption, which rose from 14.8% in 1950 to 17.1% in 1955 and 18.3% in 1960. It should reach 18.0% in 1965 and 18.2% in 1970 (variant B).

62. c) *Projections of gross fixed capital formation*

Total investment in EEC countries increased by 49.2% between 1950 and 1955 and by 37.4% between 1955 and 1960. The projections indicate potential rises under variants A and B of 28.0% and 34.2% between 1960 and 1965 and 23.5% and 25.6% between 1965 and 1970, i.e. 58.1% and 68.5% for the ten years.

The share of gross product attributed to investment would thus rise from 21.2% in 1960 to 22.3% in 1965 and 22.4% in 1970 (variant B). The gross rate of investment varies greatly according to country. In 1960 it was 17.4% in France and 23.9% in the Netherlands. If we may place reliance in the figures put forward, the reasons for such structural differences will not disappear between now and 1970. France's share would rise to 18.7% and that of the Netherlands to 27.1% (variant B). These gaps recur if directly productive investment is taken separately. The relevant figures vary from 11% to 15.4% in 1960 and from 11.8% to 18.9% in 1970 (variant B).

According to Table 5 [1] the proportion of directly productive investment to total gross fixed capital formation was around 63% in the countries as a whole in 1960. The trend shown by the projections would, however, differ greatly from country to country. For instance, the proportion would rise between 1960 and 1970 from 63.8% to 70.4% in Germany and from 63.2% to 69.2% in Belgium (variant B). It would remain stable in France (63.2%) but would rise in Italy (from 63.3% to 65.3%) and in the Netherlands (from 63.6% to 69.9%). The result of these various trends is that the share of gross fixed capital formation attributed to directly productive investment in the Community as a whole would rise from 63.6% to 67.3%.

Such are the trends resulting from the application of the projection hypotheses to the relation between investment and growth as reflected in the gross marginal efficiency of capital. The coefficients adopted for the latter are lower in France and Italy than in the other three countries.

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[1] The last column (k) is given as an indication Analysis of the marginal capital efficiencies and their significance is now proceeding and will be discussed in a later study.

Table 5

SHARES OF DIRECTLY PRODUCTIVE INVESTMENT IN GROSS PRODUCT AND GROSS FIXED CAPITAL FORMATION, AND CAPITAL EFFICIENCY

(k = average productive investment / GNP)

		Share of directly productive investment in		Rate of growth of gross product		Gross marginal efficiency of capital
		Gross product	Gross fixed capital formation			
Germany (F.R.)	1960	15.3	63.8			
	1965 A	16.1	67.0	1960-65 A	4.05	4.0
	B	16.7	68.0	B	4.4	3.8
	1970 A	16.8	69.4	1965-70 A	3.75	4.5
	B	17.4	70.4	B	4.0	4.4
Belgium	1960	11.1	63.2			
	1965 A	11.8	64.7	1960-65 A	3.4	3.5
	B	13.3	68.5	B	3.8	3.5
	1970 A	13.0	68.1	1965-70 A	3.5	3.7
	B	13.7	69.2	B	3.9	3.5
France	1960	11.0	63.2			
	1965 A	11.9	63.8	1960-65 A	4.8	2.5
	B	11.9	62.7	B	5.2	2.3
	1970 A	11.8	64.2	1965-70 A	4.2	2.8
	B	11.8	63.2	B	4.7	2.5
Italy	1960	14.0	63.3			
	1965 A	14.5	63.0	1960-65 A	5.35	2.7
	B	15.0	63.8	B	5.95	2,5
	1970 A	14.9	64.5	1965-70 A	5.15	2,9
	B	15.4	65.3	B	5.75	2.7
Netherlands	1960	15.4	64.6			
	1965 A	16.4	66.2	1960-65 A	3.85	4.2
	B	17.5	67.7	B	4.3	4.1
	1970 A	17.8	68.4	1965-70 A	4.45	4.0
	B	18.9	69.9	B	4.9	3.9
EEC	1960	13.5	63.6			
	1965 A	14.2	65.1	1960-65 A	4.5	3.2
	B	14.7	65.7	B	4.9	3.0
	1970 A	14.6	66.8	1965-70 A	4.2	3.5
	B	15.1	67.3	B	4.6	3.3

The projection tables also show the share of gross product allocated to stock changes and the external balance. At the present stage these projections are merely overall estimates which would need to be verified by establishing detailed hypotheses for stocks, exports and imports, international capital movements, etc.

ANNEXES

Table 1

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES FROM 1950 TO 1960

(in million dollars at constant prices and at prices and exchange rates of 1960)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Private consumption											
Germany (F.R.)	19 164	20 444	21 960	24 425	25 708	28 118	30 611	32 448	33 966	35 888	38 456
Belgium	6 673	6 756	6 739	6 831	7 033	7 401	7 589	7 806	7 647	8 065	8 365
France	24 721	26 612	27 418	28 614	29 643	31 339	33 202	35 009	35 232	35 844	37 762
Italy	12 693	13 291	13 821	14 883	15 210	15 784	16 401	17 058	17 491	18 438	19 640
Netherlands	4 454	4 330	4 357	4 611	4 923	5 284	5 747	5 753	5 744	5 931	6 328
EEC	67 705	71 335	74 295	79 364	82 517	87 926	93 550	98 074	100 080	104 166	110 551
Public consumption											
Germany (F.R.)	5 213	5 780	6 404	6 353	6 568	6 831	6 911	7 207	7 795	8 529	9 182
Belgium	1 058	1 236	1 373	1 427	1 506	1 344	1 352	1 346	1 365	1 435	1 449
France	5 879	6 216	7 227	7 441	6 767	6 736	7 655	8 084	7 839	8 206	8 482
Italy	2 292	2 583	2 998	3 012	3 295	3 388	3 612	3 762	4 232	4 393	4 635
Netherlands	1 089	1 111	1 214	1 336	1 428	1 479	1 557	1 523	1 461	1 442	1 516
EEC	15 531	16 926	19 216	19 569	19 564	19 778	21 087	21 922	22 692	24 005	25 264
Gross fixed capital formation											
Germany (F.R.)	6 306	6 803	7 257	8 427	9 627	11 588	12 319	12 349	13 086	14 546	16 231
Belgium	1 649	1 467	1 443	1 534	1 730	1 718	1 897	1 952	1 830	2 010	2 134
France	6 218	6 562	6 324	6 350	6 906	7 779	8 467	9 314	9 525	9 552	10 134
Italy	2 995	3 274	3 629	3 923	4 251	4 687	5 070	5 536	5 614	6 180	7 100
Netherlands	1 511	1 436	1 347	1 661	1 822	2 101	2 335	2 431	2 123	2 434	2 678
EEC	18 679	19 562	20 000	21 895	24 336	27 873	30 088	31 582	32 178	34 772	38 277
Gross national product											
Germany (F.R.)	32 527	35 950	38 941	41 874	44 980	50 157	53 608	56 513	58 354	62 265	67 705
Belgium	9 185	9 710	9 628	10 012	10 476	10 800	11 198	11 478	11 276	11 691	12 184
France	38 067	40 369	41 408	42 615	44 693	47 275	49 633	52 581	53 536	54 771	58 111
Italy	18 026	19 395	19 951	21 471	22 563	24 074	25 080	26 654	27 827	29 960	32 020
Netherlands	6 976	7 142	7 290	7 927	8 495	9 157	9 508	9 744	9 797	10 384	11 225
EEC	104 781	112 566	117 218	123 899	131 207	141 463	149 027	156 970	160 790	169 071	181 245

Table 2

TRENDS OF GROSS NATIONAL PRODUCT AND OF THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES FROM 1950 TO 1960

(Index number: 1950 = 100 (a) and 1955 = 100 (b))

		1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Private consumption												
Germany (F.R.)	a)	100	106.7	114.6	127.4	134.1	146.7	159.7	169.3	177.2	187.2	200.7
	b)						100.0	108.9	115.4	120.8	127.6	136.8
Belgium	a)	100	101.3	101.0	102.4	105.4	110.9	113.7	117.0	114.6	120.9	125.3
	b)						100.0	102.6	105.5	103.3	109.0	113.0
France	a)	100	107.7	110.9	115.8	119.9	126.8	134.3	141.6	142.5	145.0	152.8
	b)						100.0	105.9	111.7	112.4	114.4	120.5
Italy	a)	100	104.7	108.9	117.3	119.8	124.3	129.2	134.4	137.8	145.3	154.7
	b)						100.0	104.0	108.0	110.8	116.8	124.4
Netherlands	a)	100	97.2	97.8	103.5	110.5	118.6	129.0	129.2	129.0	133.2	142.0
	b)						100.0	108.8	108.9	108.7	112.3	119.8
EEC	a)	100	105.5	109.7	117.2	121.9	129.9	138.2	144.9	147.8	153.8	163.3
	b)						100.0	106.4	111.5	113.8	118.4	125.7
Public consumption												
Germany (F.R.)	a)	100	110.9	122.8	121.9	126.0	131.0	132.6	138.2	149.5	163.6	176.0
	b)						100.0	101.2	105.5	114.1	124.9	134.4
Belgium	a)	100	116.8	129.8	134.9	142.3	127.0	127.8	127.3	129.0	135.7	137.0
	b)						100.0	100.6	100.2	101.6	106.8	107.8
France	a)	100	105.7	122.9	126.6	115.1	114.6	130.2	137.5	133.3	139.6	144.3
	b)						100.0	113.6	120.0	116.4	121.8	125.9
Italy	a)	100	112.7	130.8	131.4	143.7	147.8	157.6	164.1	184.6	191.6	202.2
	b)						100.0	106.6	111.0	124.9	129.6	136.8
Netherlands	a)	100	102.0	111.5	122.6	131.0	135.8	142.9	139.9	134.1	132.4	139.2
	b)						100.0	105.2	103.0	98.8	97.5	102.5
EEC	a)	100	109.0	123.7	126.0	126.0	127.4	135.8	141.2	146.1	154.6	162.7
	b)						100.0	106.6	110.8	114.7	121.4	127.7
Gross fixed capital formation												
Germany (F.R.)	a)	100	107.9	115.1	133.6	152.7	183.8	195.4	195.8	207.5	230.7	194.4
	b)						100.0	106.3	106.6	112.9	125.5	140.1
Belgium	a)	100	88.9	87.5	93.0	104.9	104.2	115.1	118.4	111.0	121.9	129.5
	b)						100.0	110.4	113.7	106.6	117.0	124.2
France	a)	100	105.5	101.7	102.1	111.1	125.1	136.2	149.8	153.2	153.6	163.0
	b)						100.0	108.8	119.7	122.4	122.8	130.3
Italy	a)	100	109.2	121.2	131.0	141.9	156.5	169.3	184.8	187.5	206.4	237.0
	b)						100.0	108.2	118.1	119.8	131.9	151.5
Netherlands	a)	100	96.4	89.2	110.0	120.6	139.1	154.6	160.9	140.6	161.2	177.3
	b)						100.0	111.2	115.8	101.1	115.9	127.5
EEC	a)	100	104.7	107.1	117.2	130.3	149.2	161.1	169.1	172.3	185.9	204.8
	b)						100.0	108.0	113.3	115.9	124.6	137.3
Gross national product												
Germany (F.R.)	a)	100	110.5	119.7	128.7	138.3	154.2	164.8	173.7	179.4	191.4	208.2
	b)						100.0	106.9	112.7	116.3	124.1	135.0
Belgium	a)	100	105.7	104.8	109.0	114.0	117.6	121.9	125.0	122.8	127.3	132.6
	b)						100.0	103.8	106.4	104.5	108.4	112.9
France	a)	100	106.0	108.8	111.9	117.4	124.2	130.4	138.1	140.6	143.9	152.7
	b)						100.0	105.0	111.2	113.2	115.9	122.9
Italy	a)	100	107.6	110.7	119.1	125.2	133.6	139.1	147.9	154.4	166.2	177.6
	b)						100.0	104.2	110.7	115.6	124.4	133.0
Netherlands	a)	100	102.4	104.5	113.6	121.8	131.3	136.3	139.7	140.4	148.9	160.9
	b)						100.0	103.8	106.4	107.0	113.4	122.6
EEC	a)	100	107.4	111.9	118.2	125.2	135.0	142.2	149.8	153.5	161.4	173.9
	b)						100.0	105.3	111.0	113.7	119.5	128.1

Table 3

TRENDS OF PRINCIPAL CATEGORIES OF EXPENDITURE OF GROSS NATIONAL PRODUCT IN THE EEC COUNTRIES FROM 1950 TO 1960

(Percentage of gross national product)

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Private consumption											
Germany (F.R.)	58.92	56.87	56.39	58.33	57.15	56.06	57.10	57.42	58.21	57.64	56.80
Belgium	72.65	69.58	69.99	68.23	67.13	68.53	67.77	68.01	67.82	68.58	68.66
France	64.94	65.92	66.21	67.15	66.33	66.29	66.90	66.58	65.81	65.44	64.44
Italy	70.41	68.53	69.27	69.32	67.41	65.56	65.54	64.00	62.75	61.54	61.34
Netherlands	63.85	60.63	59.77	59.17	57.95	57.70	60.44	59.04	58.63	57.12	56.37
EEC	64.62	63.47	63.38	64.06	62.89	62.16	62.77	62.48	62.24	61.59	61.00
Public consumption											
Germany (F.R.)	16.03	16.08	16.45	15.17	14.40	13.62	12.84	12.75	13.36	13.70	13.60
Belgium	11.52	12.73	14.26	14.25	14.38	12.44	12.07	11.73	12.01	12.27	11.89
France	15.44	15.44	17.45	17.46	15.14	14.25	15.42	15.37	14.64	14.98	14.60
Italy	12.71	13.32	15.03	14.03	14.60	14.07	14.40	14.11	15.21	14.66	14.48
Netherlands	15.61	15.56	16.65	16.85	16.81	16.15	16.38	15.63	14.91	13.89	13.51
EEC	14.61	15.04	16.39	15.79	14.91	13.98	14.15	13.97	14.11	14.20	13.90
Gross fixed capital formation											
Germany (F.R.)	19.39	18.92	18.64	20.12	21.40	23.10	22.98	21.85	22.43	23.36	24.00
Belgium	17.95	15.11	14.99	15.32	16.51	15.91	16.94	17.01	16.23	17.19	17.81
France	16.33	16.26	15.27	14.90	15.45	16.45	17.05	17.71	17.79	17.44	17.44
Italy	16.61	16.88	18.19	18.27	18.84	19.47	20.20	20.77	20.17	20.63	22.17
Netherlands	21.66	20.39	18.48	20.95	21.46	22.94	24.56	24.95	21.67	23.44	23.86
EEC	17.83	17.38	17.06	17.67	18.55	19.70	20.19	20.12	20.01	20.54	21.20

Table 4

DEMOGRAPHIC AND ECONOMIC PROJECTIONS 1960 - 1970
GERMANY (F.R.)

		1960	1965		1970		Trend 1960 - 1965		Trend 1965 - 1970		Trend 1960 - 1970	
			Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
		1	2		3		4		5		6	
1. Total population		53 382[1]	55 476[1]		57 607[1]		t 0.8 i 103.9		0.75 103.8		0.8 107.9	
2. Labour force		25 570[1]	26 057[1]		26 466[1]		t 0.4 i 101.9		0.3 101.6		0.35 103.5	
3. Working population		25 330[1]	25 796[1]		26 203[1]		t 0.4 i 101.8		0.3 101.6		0.35 103.4	
4. Rate of employment		47.5[2]	46.5[2]		45.5[2]							
5. Gross national product		67 705[3]	82 545[3]	84 008[3]	99 209[3]	102 325[3]	t 4.05 i 121.9	4.4 124.1	3.75 120.2	4.0 121.8	3.9 146.5	4.2 151.1
6. GNP per capital		1 268[4]	1 488[4]	1 514[4]	1 722[4]	1 776[4]	t 3.25 i 117.4	3.6 119.4	2.95 115.7	3.25 117.3	3.1 135.8	3.4 140.1
7. GNP per employed person		2 673[4]	3 200[4]	3 257[4]	3 786[4]	3 905[4]	t 3.7 i 119.7	4.0 121.8	3.4 118.3	3.7 119.9	3.5 141.6	3.9 146.1
8. Private consumption	p	56.8	60.5	59.9	61.2	60.7	t 5.4	5.5	4.0	4.3	4.65	4.9
	m	38 456	49 940	50 324	60 705	62 142	i 129.9	130.9	121.6	123.5	157.9	161.6
9. Public consumption	p	13.6	13.3	13.3	12.5	12.5	t 3.65	4.0	2.45	2.7	3.05	3.4
	m	9 182	10 980	11 172	12 395	12 779	i 119.6	121.7	112.9	114.4	135.0	139.2
of which												
9a. Staff expenditure		4 603	4 795	4 867	4 963	5 107						
9b. Other expenditure		4 579	6 185	6 305	7 432	7 672						
10. Gross fixed capital formation	p	24.0	24.0	24.6	24.2	24.7	t 4.1	4.95	3.9	4.1	4.0	4.5
	m	16 231	19 803	20 666	24 023	25 270	i 122.0	127.3	121.3	122.3	148.0	155.7
of which												
10a. Investment in the enterprise sector (without house building)	p	15.3	16.1	16.7	16.8	17.4	t 5.1	6.3	4.7	4.8	4.9	5.6
	m	10 357	13 258	14 049	16 663	17 789	i 128.0	135.6	125.7	126.6	160.9	171.8
10b. House building	p	5.4	4.4	4.4	3.4	3.3						
	m	3 668	3 668	3 668	3 380	3 380						
10c. Investment in public administration	p	3.3	3.5	3.5	4.0	4.0						
	m	2 206	2 877	2 949	3 980	4 100						
11. Change in stocks	p	2.8	1.2	1.2	1.1	1.1						
	m	1 918	1 007	1 007	1 103	1 103						
12. External balance	p	2.8	1.0	1.0	1.0	1.0						
	m	1 918	815	839	983	1 031						

[1] In thousands, at mid-year.
[2] Percentage of total population.
[3] In million dollars at constant prices and exchange rates of 1960.
[4] In US dollars at prices and exchange rates of 1960.

For the columns from 1 to 3: p = share in the gross national product; m = amount in million dollars.
For the columns from 4 to 6: t = annual average rate; i = index, beginning of each period = 100.

Table 5

DEMOGRAPHIC AND ECONOMIC PROJECTIONS 1960 - 1970
BELGIUM

	1960	1965		1970		Trend 1960 – 1965		Trend 1965 – 1970		Trend 1960 – 1970	
		Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
	1	2		3		4		5		6	
1. Total population	9 153[1]	9 429[1]		9 688[1]		t 0.6 i 103.0		0.5 102.7		0.55 105.8	
2. Labour force	3 670[1]	3 725[1]		3 855[1]		t 0.3 i 101.5		0.7 103.5		0.5 105.0	
3. Working population	3 605[1]	3 655[1]		3 785[1]		t 0.3 i 101.4		0.7 103.6		0.5 105.0	
4. Rate of employment	39.4[2]	38.8[2]		39.1[2]							
5. Gross national product	12 184[3]	14 401[3]	14 682[3]	17 106[3]	17 776[3]	t 3.4 i 118.2	3.8 120.5	3.5 118.8	3.9 121.1	3.45 140.4	3.85 145.9
6. GNP per capital	1 331[4]	1 527[4]	1 557[4]	1 766[4]	1 835[4]	t 2.8 i 114.7	3.2 117.0	2.95 115.7	3.35 117.9	2.9 132.7	3.3 137.9
7. GNP per employed person	3 380[4]	3 940[4]	4 017[4]	4 519[4]	4 696[4]	t 3.1 i 116.6	3.5 118.8	2.8 114.7	3.2 116.9	2.95 133.7	3.35 138.9
8. Private consumption	p 68.7 m 8 365	68.6 9 879	67.6 9 923	68.5 11 717	68.2 12 123	t 3.4 i 118.1	3.5 118.6	3.5 118.6	4.1 122.2	3.4 140.0	3.8 144.9
9. Public consumption	p 11.9 m 1 449	11.3 1 631	11.1 1 631	10.6 1 813	10.2 1 813	t 2.4 i 112.6	2.4 112.6	2.15 111.2	2.15 111.2	2.3 125.1	2.3 125.1
of which											
9a. Staff expenditure	1 062	1 136	1 136	1 218	1 218						
9b. Other expenditure	387	495	495	595	595						
10. Gross fixed capital formation	p 17.5 m 2 134	18.3 2 632	19.5 2 864	19.1 3 268	19.8 3 520	t 4.3 i 123.3	6.1 134.2	4.4 124.2	4.2 122.9	4.35 153.1	5.1 164.9
of which											
10a. Investment in the enterprise sector (without house building)	p 11.1 m 1 340	11.8 1 704	13.3 1 954	13.0 2 224	13.7 2 436	t 4.8 i 126.3	7.7 144.8	5.5 130.5	4.5 124.7	5.1 164.9	6.1 180.6
10b. House building	p 4.7 m 571	3.8 551	3.7 540	3.5 599	3.5 622						
10c. Investment in public administration	p 1.7 m 214	2.6 377	2.5 370	2.6 445	2.6 462						
11. Change in stocks	p 0.6 m 74	1.0 144	1.0 147	1.0 171	1.0 178						
12. External balance	p 1.3 m 162	0.8 115	0.8 117	0.8 137	0.8 142						

[1] In thousands, at mid-year.
[2] Percentage of total population.
[3] In million dollars at constant prices and exchange rates of 1960.
[4] In US dollars at prices and exchange rates of 1960.

For the columns from 1 to 3: p = share in the gross national product, m = amount in million dollars.
For the columns from 4 to 6: t = annual average rate, i = index, beginning of each period = 100.

Table 6

DEMOGRAPHIC AND ECONOMIC PROJECTIONS 1960-1970
FRANCE

	1960	1965		1970		Trend 1960 – 1965		Trend 1965 – 1970		Trend 1960 – 1970	
		Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
	1	2		3		4		5		6	
1. Total population	45 542[1]	47 148[1]		49 450[1]		t 0.7 i 103.5		0.95 104.9		0.8 108.6	
2. Labour force	19 180[1]	19 870[1]		20 730[1]		t 0.7 i 103.6		0.85 104.3		0.8 108.1	
3. Working population	18 960[1]	19 620[1]		20 430[1]		t 0.7 i 103.5		0.8 104.1		0.75 107.8	
4. Rate of employment	41.6[2]	41.6[2]		41.3[2]							
5. Gross national product	58 111[3]	73 452[3]	74 847[3]	90 072[3]	94 140[3]	t 4.8 i 126.4	5.2 128.8	4.2 122.6	4.7 125.8	4.5 155.0	4.95 162.0
6. GNP per capital	1 276[4]	1 558[4]	1 587[4]	1 821[4]	1 904[4]	t 4.1 i 122.1	4.5 124.4	3.2 116.9	3.7 120.0	3.6 142.7	4.1 149.2
7. GNP per employed person	3 065[4]	3 744[4]	3 815[4]	4 409[4]	4 608[4]	t 4.1 i 122.2	4.5 124.5	3.3 117.8	3.85 120.8	3.7 143.8	4.15 150.3
8. Private consumption	p 65.0 m 37 762	66.0 48 479	65.4 48 984	67.9 61 159	67.4 63 435	t 5.1 i 128.4	5.3 129.7	4.8 126.1	5.3 129.5	4.95 162.0	5.3 168.0
9. Public consumption	p 14.6 m 8 482	13.1 9 622	13.2 9 846	12.0 10 809	12.0 11 312	t 2.55 i 113.4	3.0 116.1	2.35 112.3	2.8 114.9	2.45 127.4	2.9 133.4
of which											
9a. Staff expenditure	p 9.4 m 5 444	8.0 5 879	8.0 5 988	6.8 6 122	6.8 6 408						
9b. Other expenditure	p 5.2 m 3 038	5.1 3 743	5.2 3 858	5.2 4 687	5.2 4 904						
10. Gross fixed capital formation	p 17.4 m 10 134	18.6 13 662	19.0 14 221	18.3 16 483	18.7 17 604	t 6.15 i 134.8	7.0 140.3	3.8 120.6	4.4 123.8	5.0 162.7	5.7 173.7
of which											
10a. Investment in the enterprise sector (without house building)	p 11.0 m 6 401	11.9 8 712	11.9 8 922	11.8 10 587	11.8 11 120	t 6.35 i 136.1	6.9 139.4	4.0 121.5	4.5 124.6	5.2 165.4	5.7 173.7
10b. House building	p 4.2 m 2 420	4.8 2 958	4.1 3 087	3.6 3 242	3.8 3 530						
10c. Investment in public administration	p 2.2 m 1 313	2.7 1 992	3.0 2 212	2.9 2 654	3.1 2 954						
11. Change in stocks	p 1.9 m 1 101	1.5 1 101	1.6 1 198	1.2 1 081	1.3 1 224						
12. External balance	p 1.1 m 632	0.8 588	0.8 598	0.6 540	0.6 565						

[1] In thousands, at mid-year.
[2] Percentage of total population.
[3] In million dollars at constant prices and exchange rates of 1960.
[4] In US dollars at prices and exchange rates of 1960.

For the columns from 1 to 3: p = share in the gross national product. m = amount in million dollars.
For the columns from 4 to 6: t = annual average rate. i = index, beginning of each period = 100.

Table 7

DEMOGRAPHIC AND ECONOMIC PROJECTIONS 1960 - 1970
ITALY

	1960	1965		1970		Trend 1960 – 1965		Trend 1965 – 1970		Trend 1960 – 1970	
		Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
	1	2		3		4		5		6	
1. Total population	49 250 [1]	50 777 [1]		52 353 [1]		t 0.6 i 103.1		0.6 103.1		0.6 106.3	
2. Labour force	20 645 [1]	21 311 [1]		21 992 [1]		t 0.65 i 103.2		0.65 103.2		0.65 106.5	
3. Working population	19 795 [1]	20 721 [1]		21 681 [1]		t 0.9 i 104.7		0.9 104.6		0.9 109.5	
4. Rate of employment	40.2 [2]	40.8 [2]		41.4 [2]							
5. Gross national product	32 020 [3]	41 562 [3]	42 747 [3]	53 409 [3]	56 547 [3]	t 5.35 i 129.8	5.95 133.5	5.15 128.5	5.75 132.3	5.25 166.8	5.85 176.6
6. GNP per capital	650 [4]	819 [4]	842 [4]	1 020 [4]	1 080 [4]	t 4.7 i 126.0	5.3 129.5	4.5 124.5	5.1 128.3	4.6 156.9	5.2 166.2
7. GNP per employed person	1 618 [4]	2 006 [4]	2 063 [4]	2 463 [4]	2 608 [4]	t 4.4 i 124.0	5.0 127.5	4.2 122.8	4.8 126,4	4.3 152.2	4.9 161.2
8. Private consumption	p 61.3 m 19 640	63.0 26 184	62.5 26 718	64.8 34 609	64.3 36 359	t 5.9 i 133.3	6.35 136.0	5.7 132.2	6.35 136.1	5.8 176.2	6.35 185.1
9. Public consumption	p 14.5 m 4 635	12.5 5 195	12.5 5 343	10.9 5 822	10.9 6 164	t 2.3 i 112.1	2.9 115.3	2.3 112.1	2.9 115.4	2.3 125.6	2.9 133.0
of which											
9a. Staff expenditure	2 985	3 133	3 222	3 274	3 466						
9b. Other expenditure	1 650	2 062	2 121	2 548	2 698						
10. Gross fixed capital formation	p 22.2 m 7 100	23.0 9 559	23,5 10 045	23.1 12 337	23.6 13 345	t 6.1 i 134.6	7.2 141.5	5.25 129.1	5.85 132.9	5,7 173.8	6,5 188.0
of which											
10a. Investment in the enterprise sector (without house building)	p 14.0 m 4 491	14.5 6 026	15.0 6 412	14.9 7 958	15.4 8 708	t 6.1 i 134,2	7,4 142.8	5.7 132.1	6.3 135.8	5,9 177.2	6.85 193.9
10b. House building	p 5.5 m 1 765	5,5 2 286	5.5 2 351	5,0 2 670	5.0 2 827						
10c. Investment in public administration	p 2.7 m 844	3.0 1 247	3,0 1 282	3.2 1 709	3.2 1 810						
11. Change in stocks	p 1,6 m 519	1.2 499	1,2 513	1,2 641	1,2 679						
12. External balance	p 0,4 m 126	0,3 125	0.3 128	–	–						

[1] In thousands, at mid-year.
[2] Percentage of total population.
[3] In million dollars at constant prices and exchange rates of 1960.
[4] In US dollars at prices and exchange rates of 1960.

For the columns from 1 to 3: p = share in the gross national product. m = amount in million dollars.
For the columns from 4 to 6: t = annual average rate. i = index, beginning of each period = 100.

Table 8

DEMOGRAPHIC AND ECONOMIC PROJECTIONS 1960 - 1970
NETHERLANDS

	1960	1965		1970		Trend 1960 – 1965		Trend 1965 – 1970		Trend 1960 – 1970	
		Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
	1	2		3		4		5		6	
1. Total population	11 507 [1]	12 153 [1]		12 826 [1]		t 1.1 i 105.6		1.1 105.6		1.1 111.5	
2. Labour force	4 224 [1]	4 551 [1]		4 833 [1]		t 1.5 i 107.7		1.2 106.2		1.35 114.4	
3. Working population	4 175 [1]	4 486 [1]		4 762 [1]		t 1.4 i 107.4		1.2 106.2		1.3 114.1	
4. Rate of employment	36.3 [2]	36.9 [2]		37.1 [2]							
5. Gross national product	11 225 [3]	13 559 [3]	13 855 [3]	16 857 [3]	17 619 [3]	t 3.85 i 120.8	4.3 123.4	4.45 124.3	4.9 127.2	4.15 150.2	4.6 157.0
6. GNP per capital	975 [4]	1 116 [4]	1 140 [4]	1 314 [4]	1 374 [4]	t 2.75 i 114.5	3.2 116.9	3.3 117.7	3.8 120.5	3.0 134.8	3.5 140.9
7. GNP per employed person	2 689 [4]	3 023 [4]	3 088 [4]	3 540 [4]	3 700 [4]	t 2.4 i 112.4	2.8 114.8	3.2 117.1	3.7 119.8	2.8 131.6	3.25 137.6
8. Private consumption	p 56.4 m 6 328	59.5 8 065	58.5 8 105	59.6 10 050	58.9 10 371	t 5.0 i 127.4	5.1 128.1	4.5 124.6	5.1 128.0	4.7 158.8	5.05 163.9
9. Public consumption	p 13.5 m 1 516	13.0 1 763	12.7 1 763	11.2 1 890	10.7 1 890	t 3.1 i 116.3	3.1 116.3	1.4 107.2	1.4 107.2	2.2 124.7	2.2 124.7
of which											
9a. Staff expenditure	541	718	718	787	787						
9b. Other expenditure	975	1 045	1 045	1 103	1 103						
10. Gross fixed capital formation	p 23.9 m 2 678	24.7 3 348	25.8 3 568	26,1 4 390	27.1 4 772	t 4.6 i 125.0	5.9 133.2	5.6 131.1	6.0 133.7	5.1 163.9	5.95 178.2
of which											
10a. Investment in the enterprise sector (without house building)	p 15.4 m 1 729	16.4 2 216	17.5 2 415	17.8 3 004	18.9 3 335	t 5.1 i 128.2	6.9 139.7	6.3 135.6	6.7 138.1	5.7 173.7	6.8 192.9
10b. House building	p 4.4 m 485	3.9 530	3.8 530	3.5 583	3.3 583						
10c. Investment in public administration	p 4.1 m 464	4.4 602	4.5 623	4.8 803	4.9 854						
11. Change in stocks	p 3.5 m 398	1.6 222	1.8 252	1.9 323	2.1 371						
12. External balance	p 2.7 m 305	1.2 161	1.2 167	1.2 204	1.2 215						

[1] In thousands, at mid-year.
[2] Percentage of total population.
[3] In million dollars at constant prices and exchange rates of 1960.
[4] In US dollars at prices and exchange rates of 1960.

For the columns from 1 to 3: p = share in the gross national product. m = amount in million dollars.
For the columns from 4 to 6: t = annual average rate. i = index, beginning of each period = 100.

Table 9

DEMOGRAPHIC AND ECONOMIC PROJECTIONS 1960-1970
EEC

	1960	1965		1970		Trend 1960 – 1965		Trend 1965 – 1970		Trend 1960 – 1970	
		Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B	Var. A	Var. B
	1	2		3		4		5		6	
1. Total population	168 832[1]	174 983[1]		181 924[1]		t 0.75 i 103.6		0.75 104.0		0.75 107.8	
2. Labour force	73 289[1]	75 514[1]		77 876[1]		t 0.65 i 103.2		0.6 103.1		0.6 106.3	
3. Working population	71 865[1]	74 278[1]		76 861[1]		t 0.7 i 103.4		0.65 103.5		0.7 107.0	
4. Rate of employment	42.6[2]	42.4[2]		42.2[2]							
5. Gross national product	181 245[3]	225 519[3]	230 139[3]	276 653[3]	288 407[3]	t 4.5 i 124.4	4.9 127.0	4.2 122.7	4.6 125.3	4.3 152.6	4.75 159.1
6. GNP per capital	1 074[4]	1 289[4]	1 315[4]	1 521[4]	1 585[4]	t 3.7 i 120.0	4.1 122.4	3.4 118.0	3.8 120.5	3.55 141.6	4.0 147.6
7. GNP per employed person	2 522[4]	3 036[4]	3 098[4]	3 599[4]	3 752[4]	t 3.8 i 120.4	4.2 122.8	3.45 118.5	3.9 121.1	3.6 142.7	4.05 148.8
8. Private consumption	p 61.0 m 110 551	63.2 142 547	62.6 144 054	64.4 178 240	63.9 184 430	t 5.2 i 128.9	5.4 130.3	4.6 125.0	5.1 128.0	4.9 161.2	5.25 166.8
9. Public consumption	p 13.9 m 25 264	12.9 29 191	12.9 29 755	11.8 32 729	11.8 33 958	t 2.9 i 115.5	3.3 117.7	2.3 112.1	2.7 114.2	2.6 129.5	3.0 134.4
of which											
9a. Staff expenditure	15 069	15 960	16 258	16 680	17 392						
9b. Other expenditure	10 195	13 231	13 497	16 049	16 656						
10. Gross fixed capital formation	p 21.2 m 38 277	21.7 49 004	22.3 51 364	21.9 60 501	22.4 64 511	t 5.1 i 128.0	6.1 134.2	4.3 123.5	4.7 125.6	4.7 158.1	5.35 168.5
of which											
10a. Investment in the enterprise sector (without house building)	p 13.5 m 24 327	14.2 31 916	14.7 33 752	14.6 40 436	15.1 43 389	t 5.6 i 131.2	6.75 138.7	4.85 126.7	5.2 128.6	5.2 166.2	5.95 178.4
10b. House building	p 4.9 m 8 909	4.4 9 993	4.4 10 176	3.8 10 474	3.8 10 942						
10c. Investment in public administration	p 2.8 m 5 041	3.1 7 095	3.2 7 436	3.5 9 591	3.5 10 180						
11. Change in stocks	p 2.2 m 4 010	1.3 2 973	1.4 3 117	1.2 3 319	1.2 3 555						
12. External balance	p 1.7 m 3 143	0.8 1 804	0.8 1 849	0.7 1 864	0.7 1 953						

1 In thousands, at mid-year.
2 Percentage of total population.
3 In million dollars at constant prices and exchange rates of 1960.
4 In US dollars at prices and exchange rates of 1960.

For the columns from 1 to 3: p = share in the gross national product. m = amount in million dollars.
For the columns from 4 to 6: t = annual average rate. i = index, beginning of each period = 100.

FIG. 1

TRENDS OF GROSS NATIONAL PRODUCT IN THE EEC COUNTRIES
(1950 – 1970)

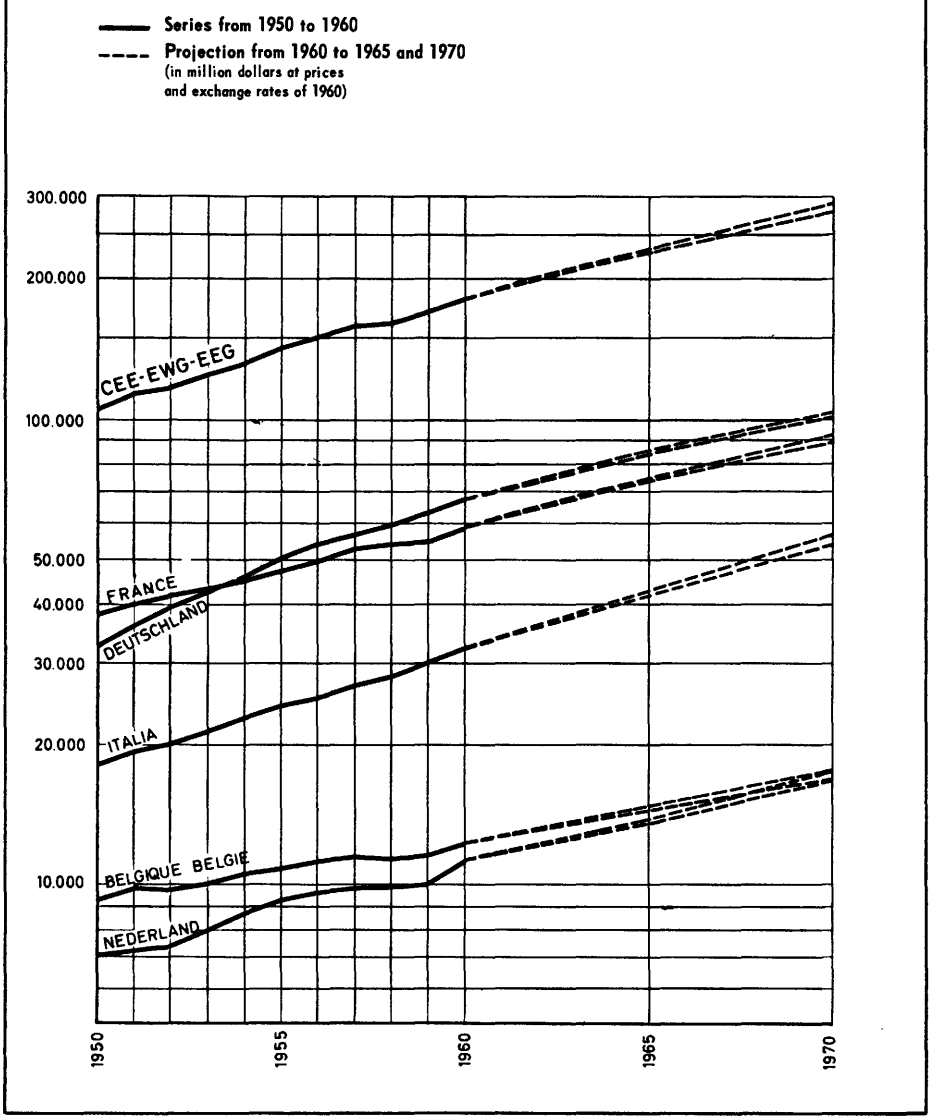


FIG. 2

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE.IN THE EEC COUNTRIES (1955 – 1970)

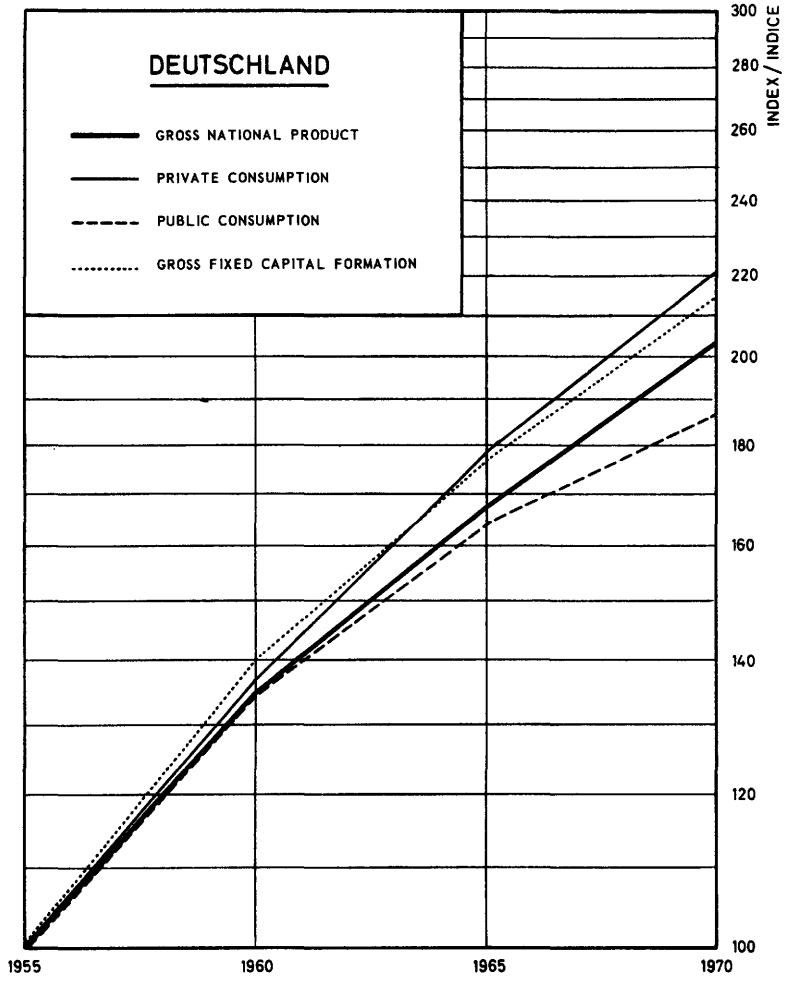


FIG. 2

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES (1955 – 1970)

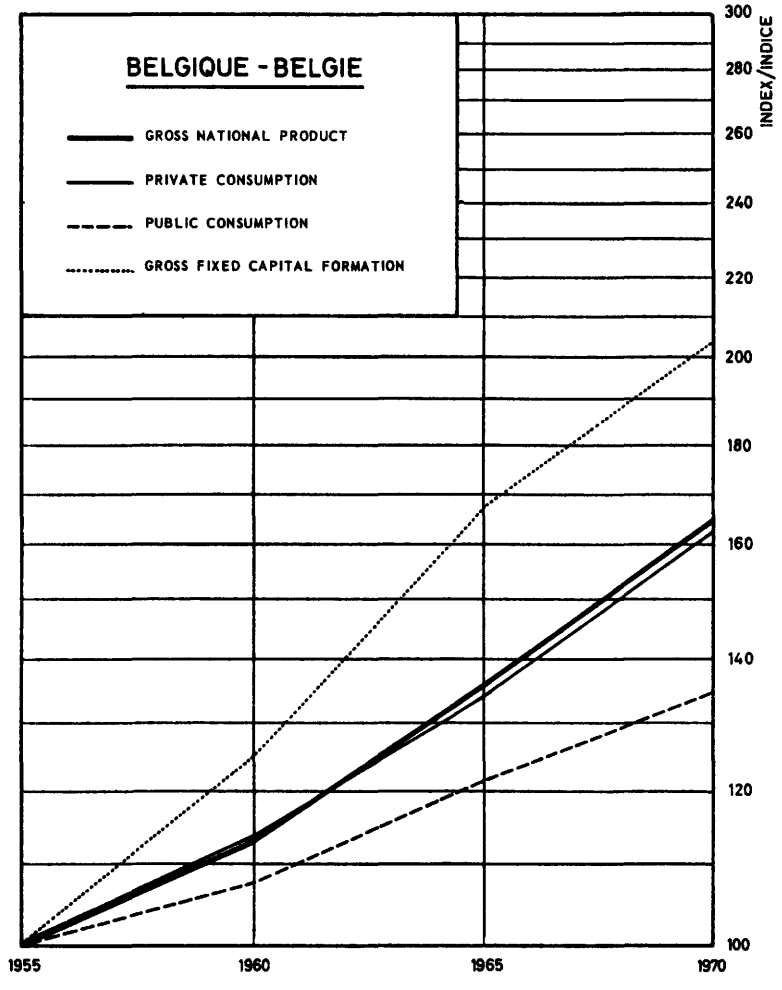


FIG. 2

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES (1955 – 1970)

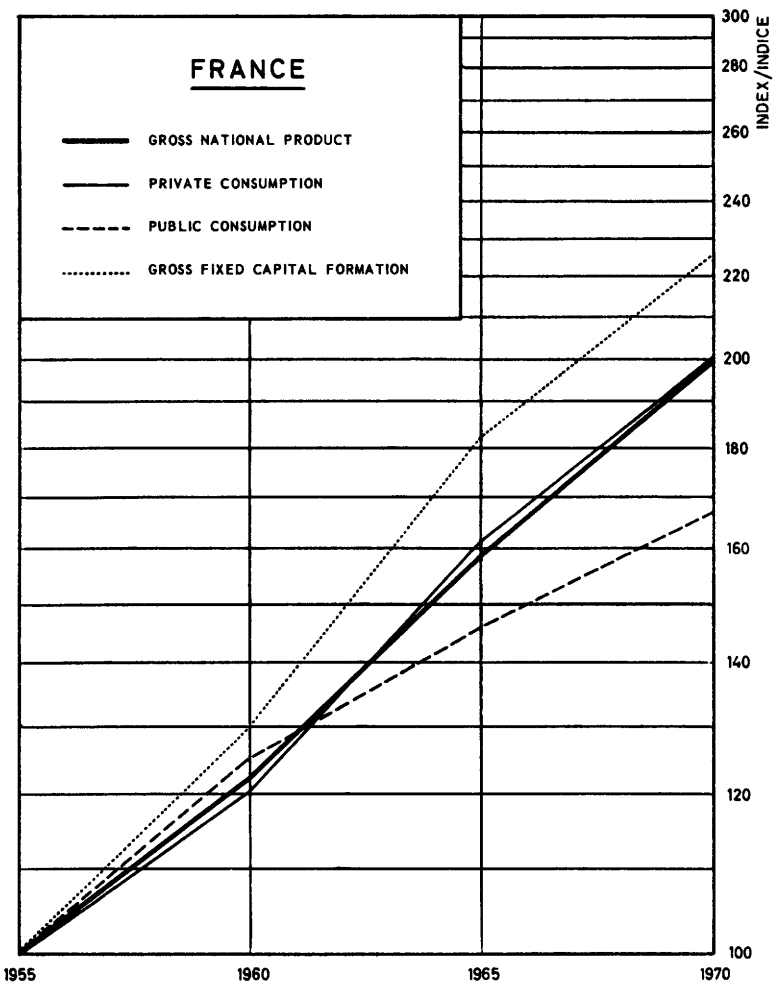


FIG. 2

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES (1955 – 1970

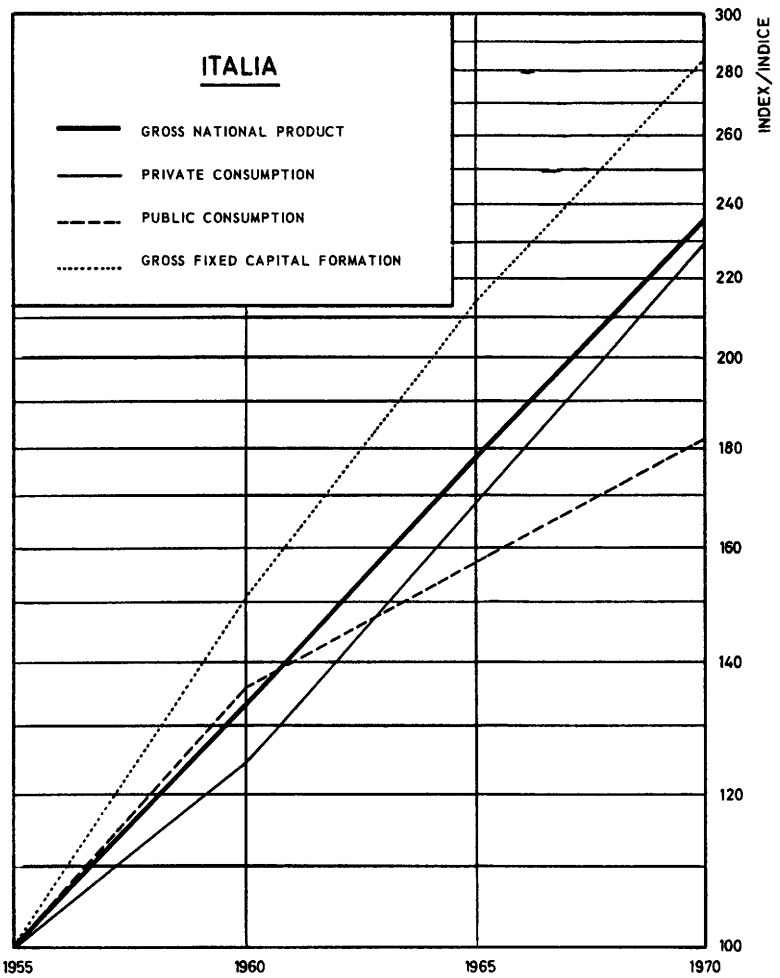


FIG. 2

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES (1955 – 1970)

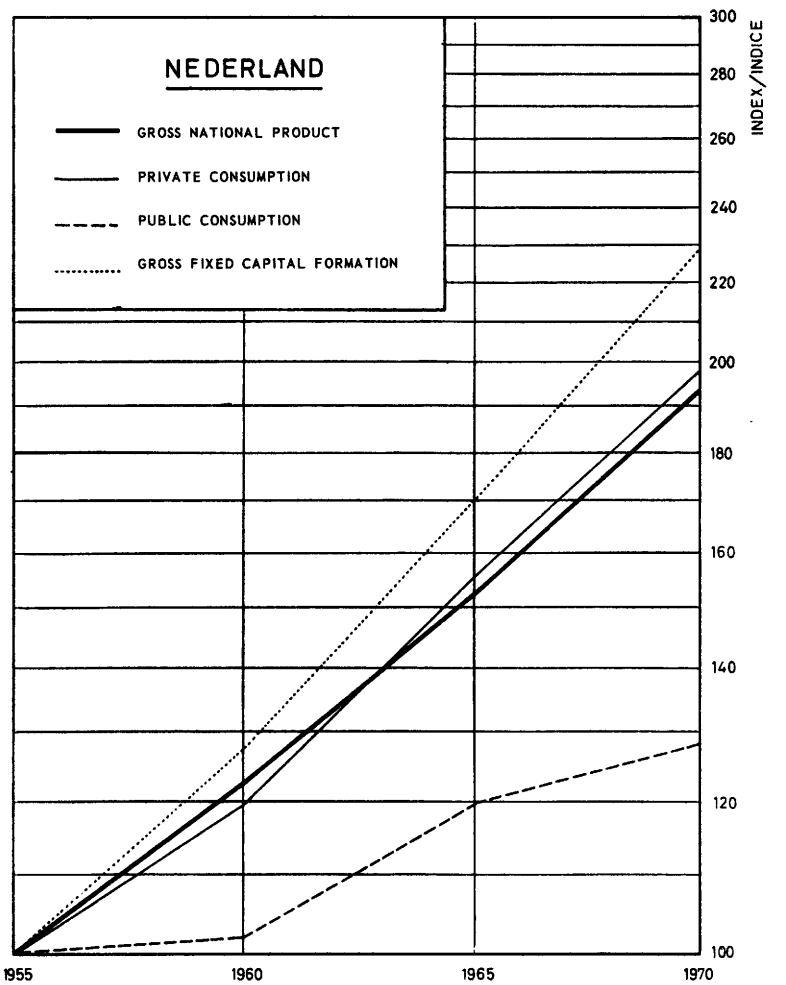


FIG. 2

TRENDS OF GROSS NATIONAL PRODUCT AND THE PRINCIPAL CATEGORIES OF EXPENDITURE IN THE EEC COUNTRIES (1955 – 1970)

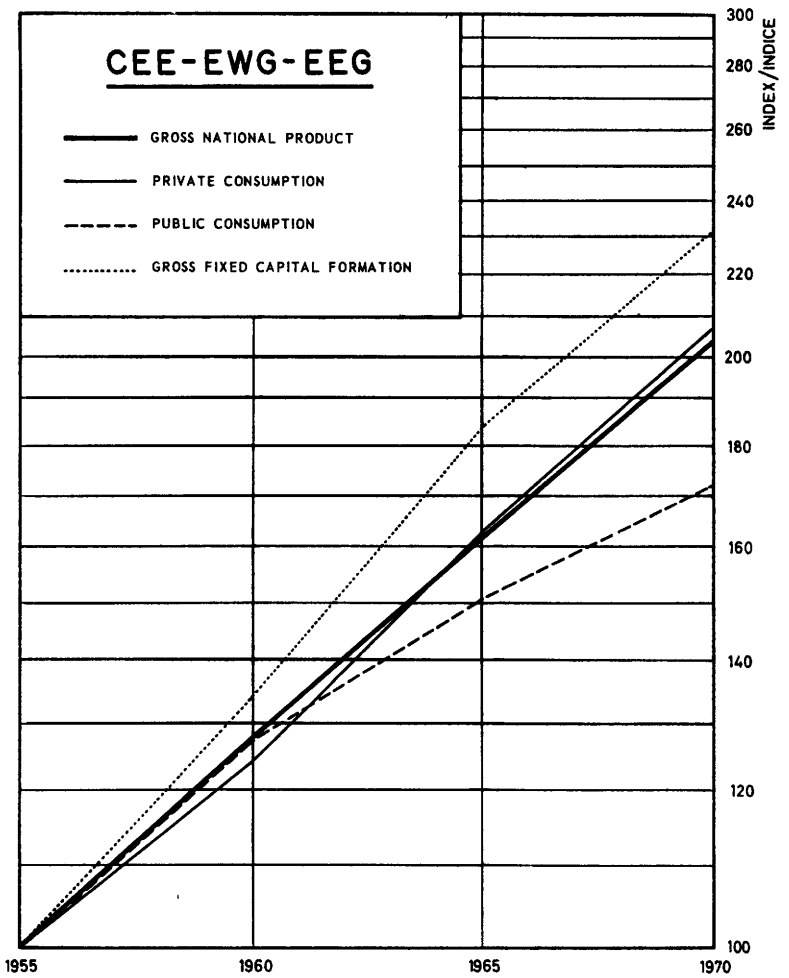


FIG. 3

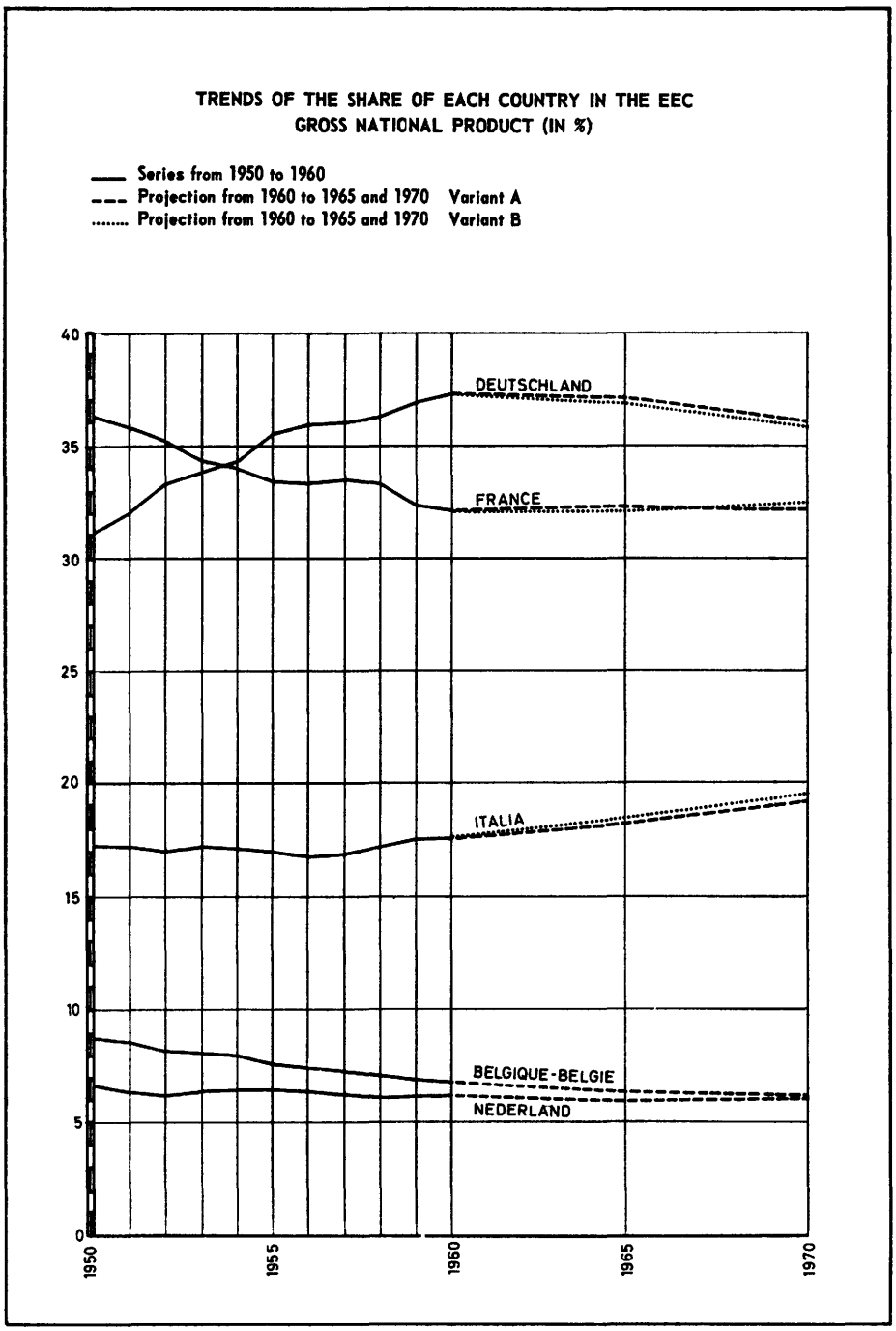

TRENDS OF THE SHARE OF EACH COUNTRY IN THE EEC
GROSS NATIONAL PRODUCT (IN %)
Series from 1950 to 1960
Projection from 1960 to 1965 and 1970 Variant A
Projection from 1960 to 1965 and 1970 Variant B
40
35
30
25
20
15
10
5
0
DEUTSCHLAND
FRANCE
ITALIA
BELGIQUE-BELGIE
NEDERLAND
1950
1955
1960
1965
1970

FIG. 4

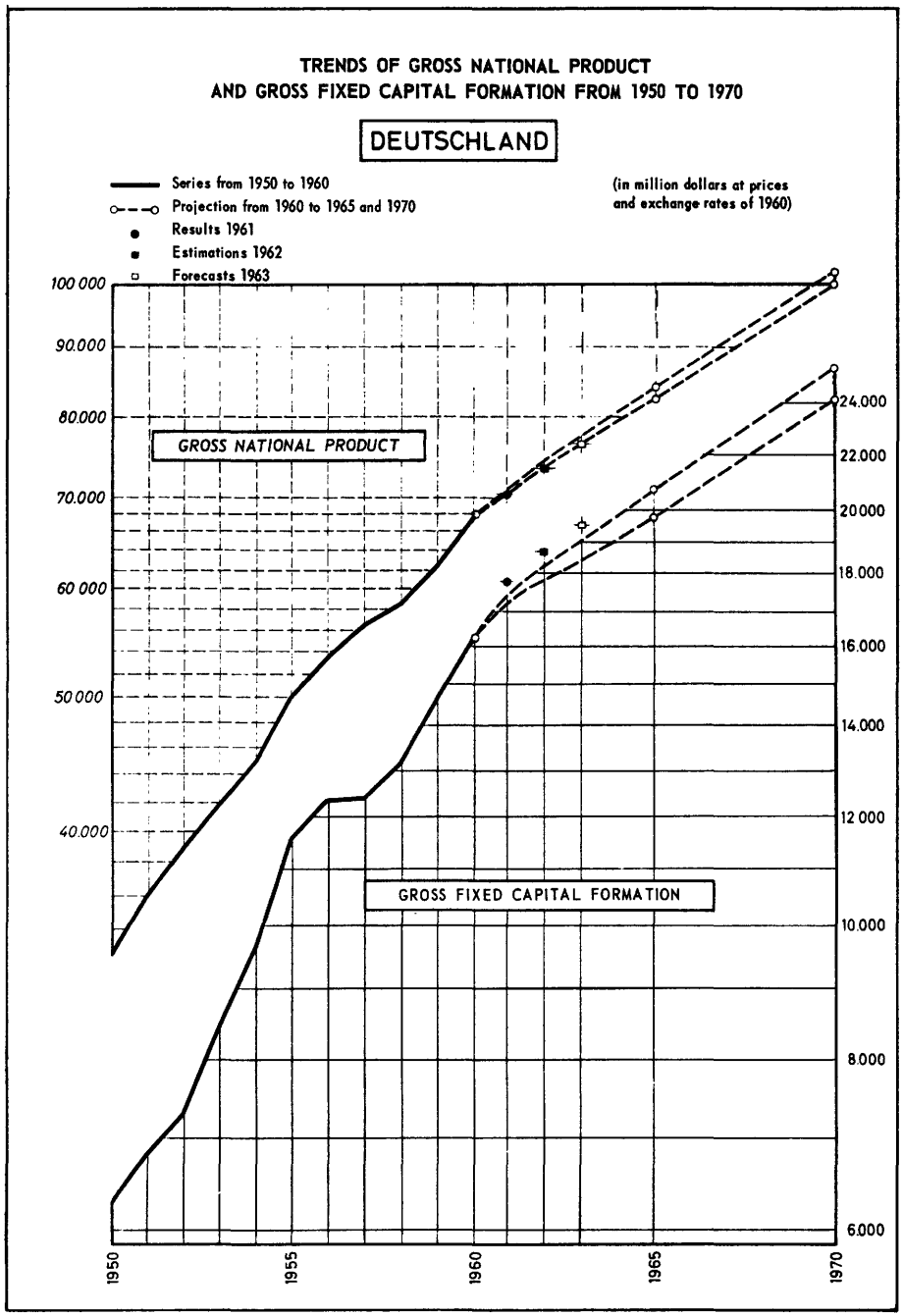

TRENDS OF GROSS NATIONAL PRODUCT
AND GROSS FIXED CAPITAL FORMATION FROM 1950 TO 1970
DEUTSCHLAND
Series from 1950 to 1960
Projection from 1960 to 1965 and 1970
Results 1961
Estimations 1962
Forecasts 1963
(in million dollars at prices and exchange rates of 1960)
GROSS NATIONAL PRODUCT
GROSS FIXED CAPITAL FORMATION
100 000
90.000
80.000
70.000
60 000
50 000
40.000
24.000
22.000
20000
18.000
16.000
14.000
12 000
10.000
8.000
6.000
1950
1955
1960
1965
1970

FIG. 4

TRENDS OF GROSS NATIONAL PRODUCT
AND GROSS FIXED CAPITAL FORMATION FROM 1950 TO 1970

BELGIQUE-BELGIE

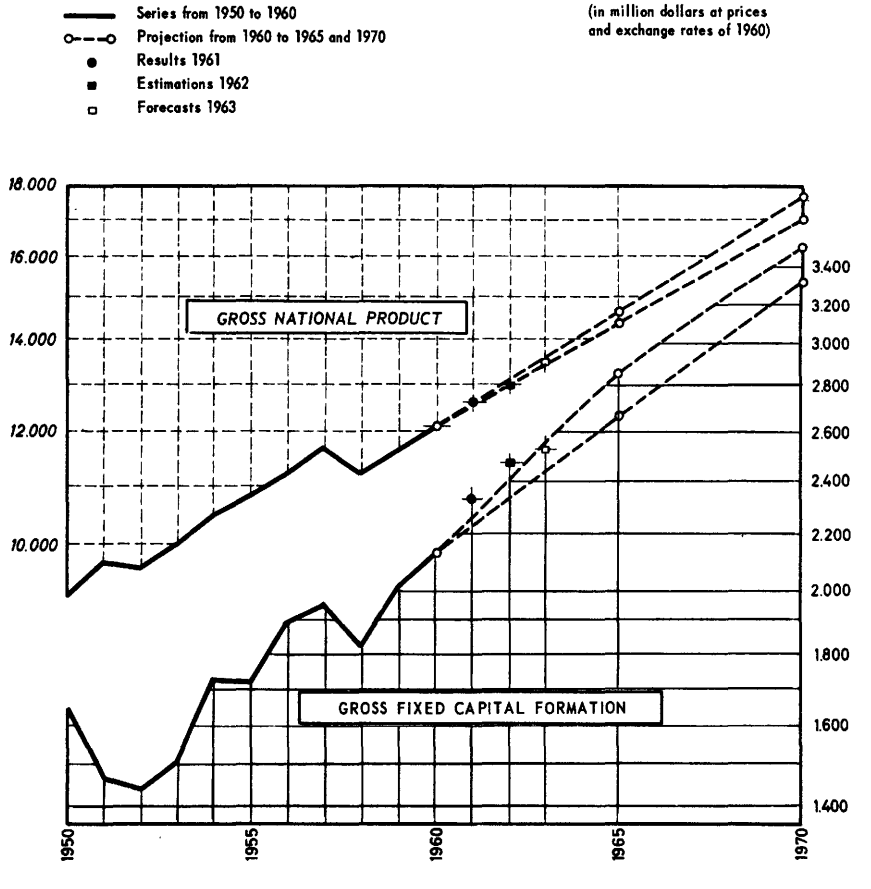


FIG. 4

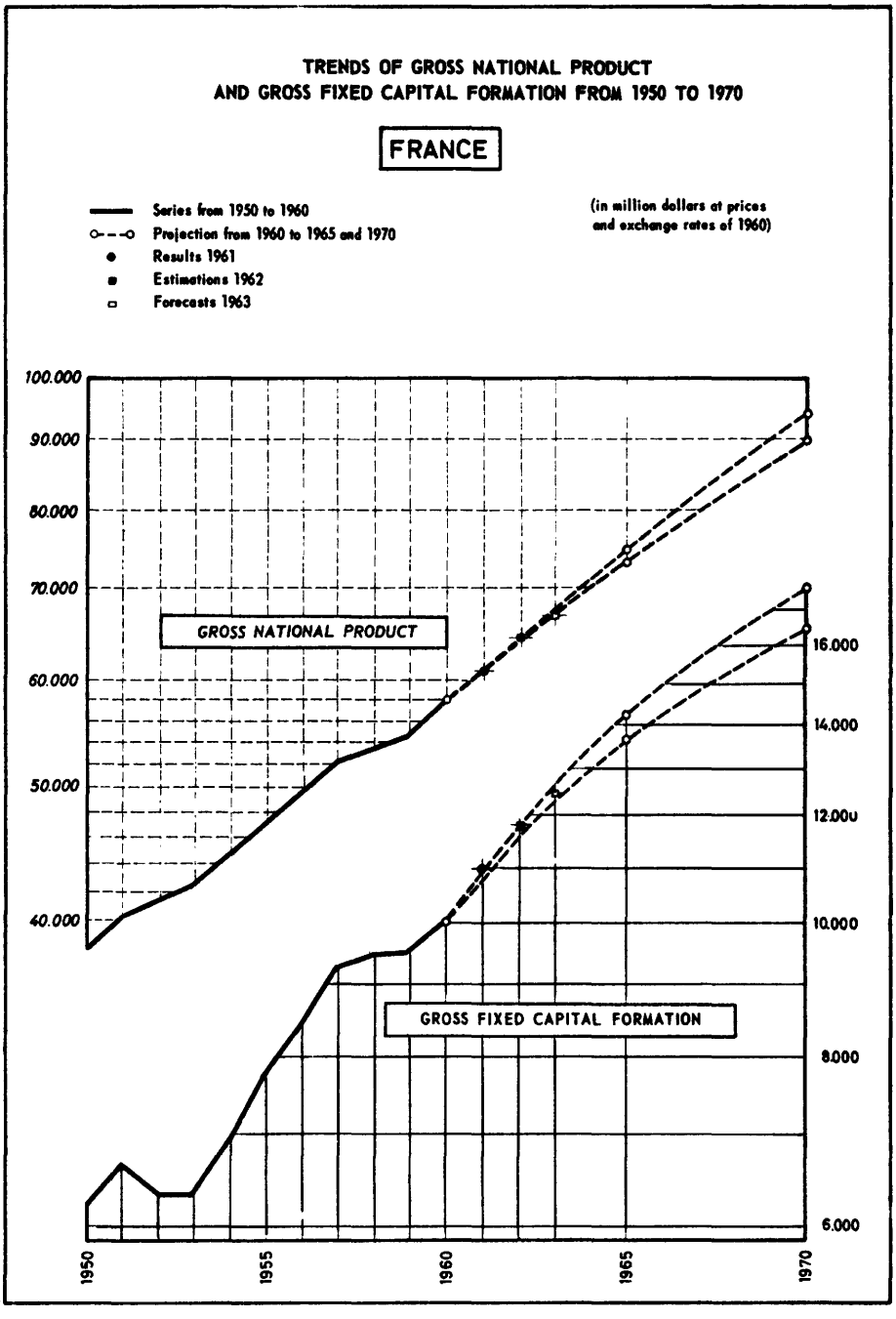

TRENDS OF GROSS NATIONAL PRODUCT
AND GROSS FIXED CAPITAL FORMATION FROM 1950 TO 1970
FRANCE
Series from 1950 to 1960
Projection from 1960 to 1965 and 1970
Results 1961
Estimations 1962
Forecasts 1963
(in million dollars at prices and exchange rates of 1960)
100.000
90.000
80.000
70.000
60.000
50.000
40.000
GROSS NATIONAL PRODUCT
16.000
14.000
12.000
10.000
8.000
6.000
GROSS FIXED CAPITAL FORMATION
1950
1955
1960
1965
1970

FIG. 4

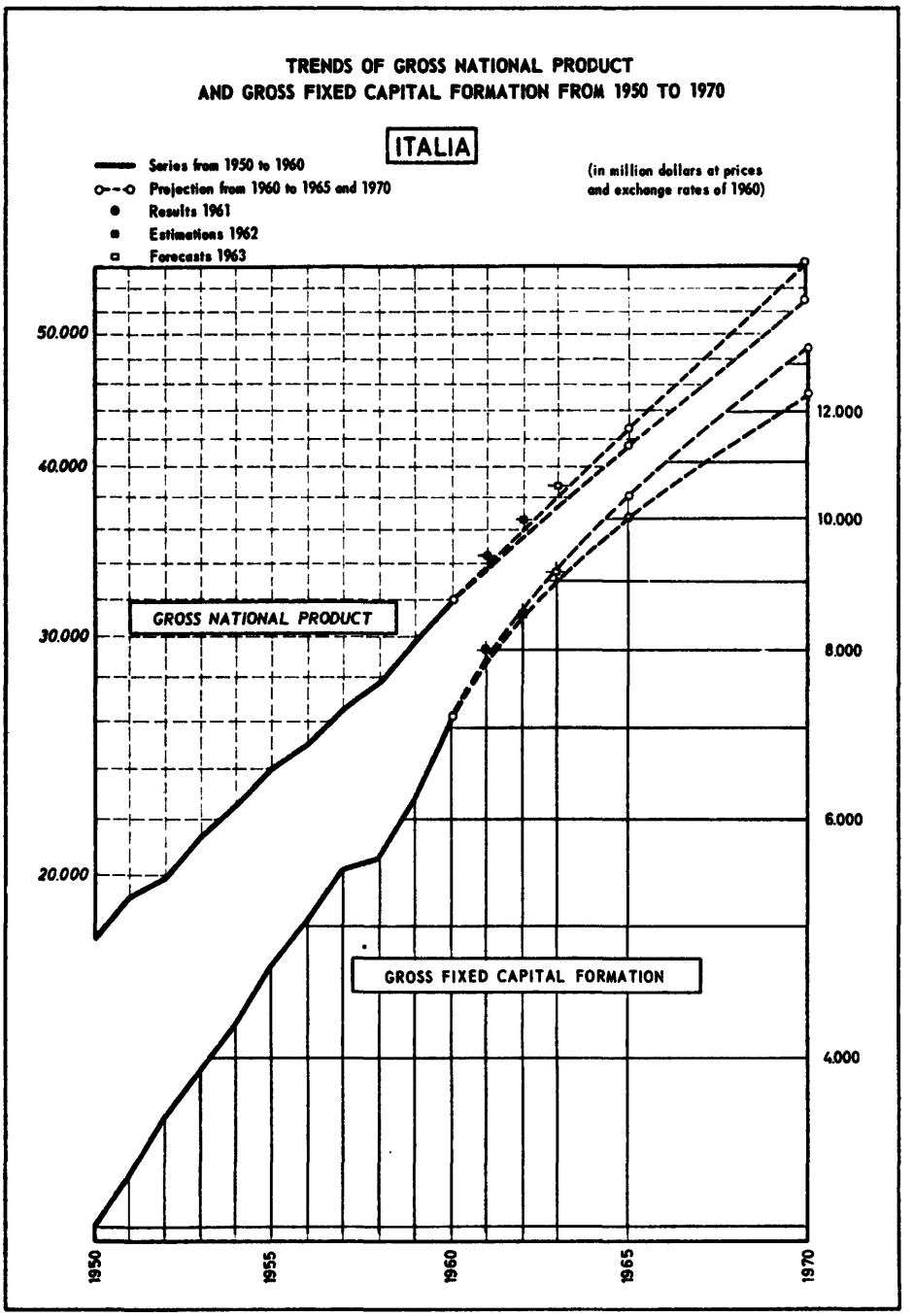

TRENDS OF GROSS NATIONAL PRODUCT
AND GROSS FIXED CAPITAL FORMATION FROM 1950 TO 1970
ITALIA
Series from 1950 to 1960
Projection from 1960 to 1965 and 1970
Results 1961
Estimations 1962
Forecasts 1963
(in million dollars at prices and exchange rates of 1960)
50.000
40.000
30.000
20.000
12.000
10.000
8.000
6.000
4.000
GROSS NATIONAL PRODUCT
GROSS FIXED CAPITAL FORMATION
1950
1955
1960
1965
1970

FIG. 4

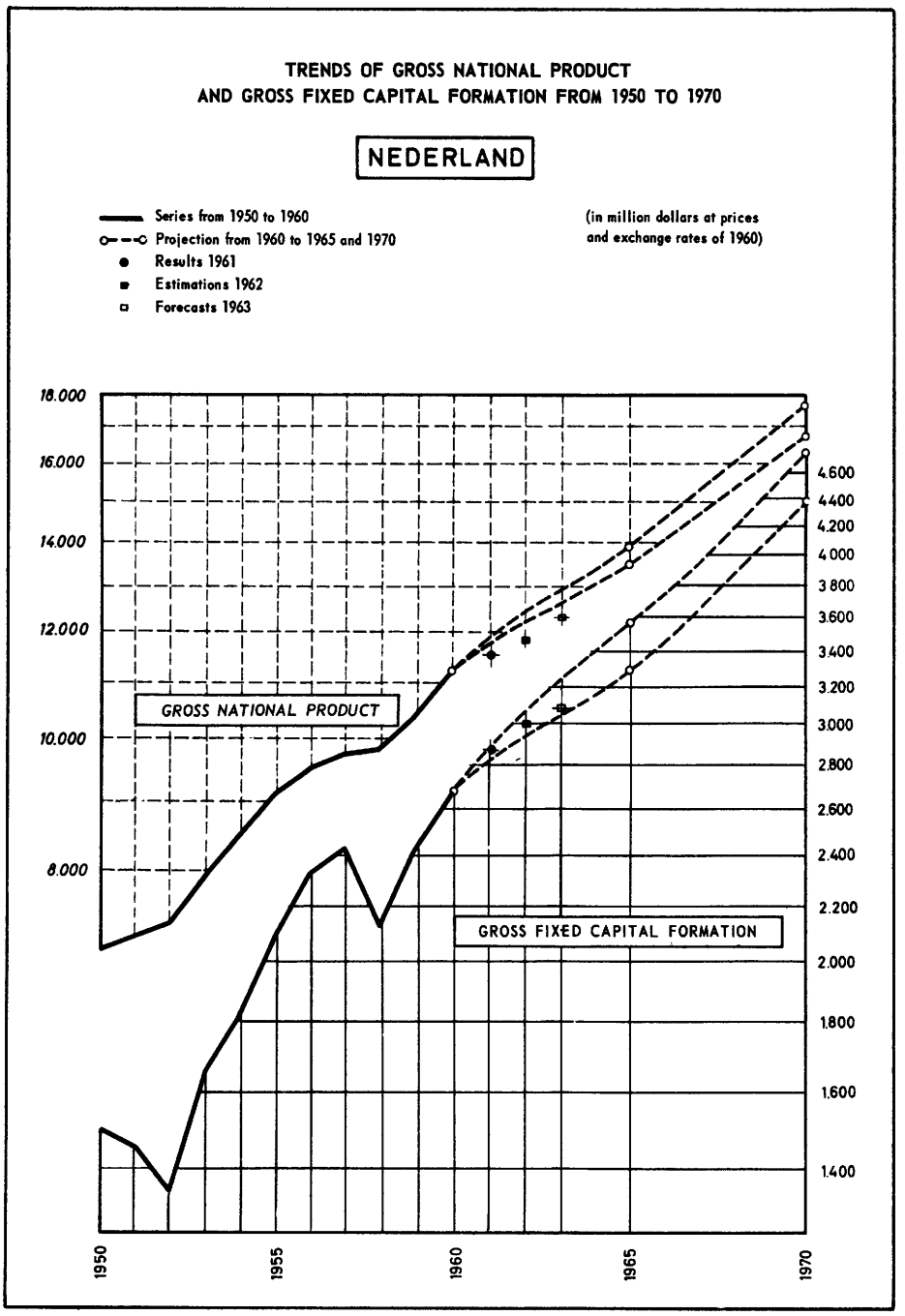
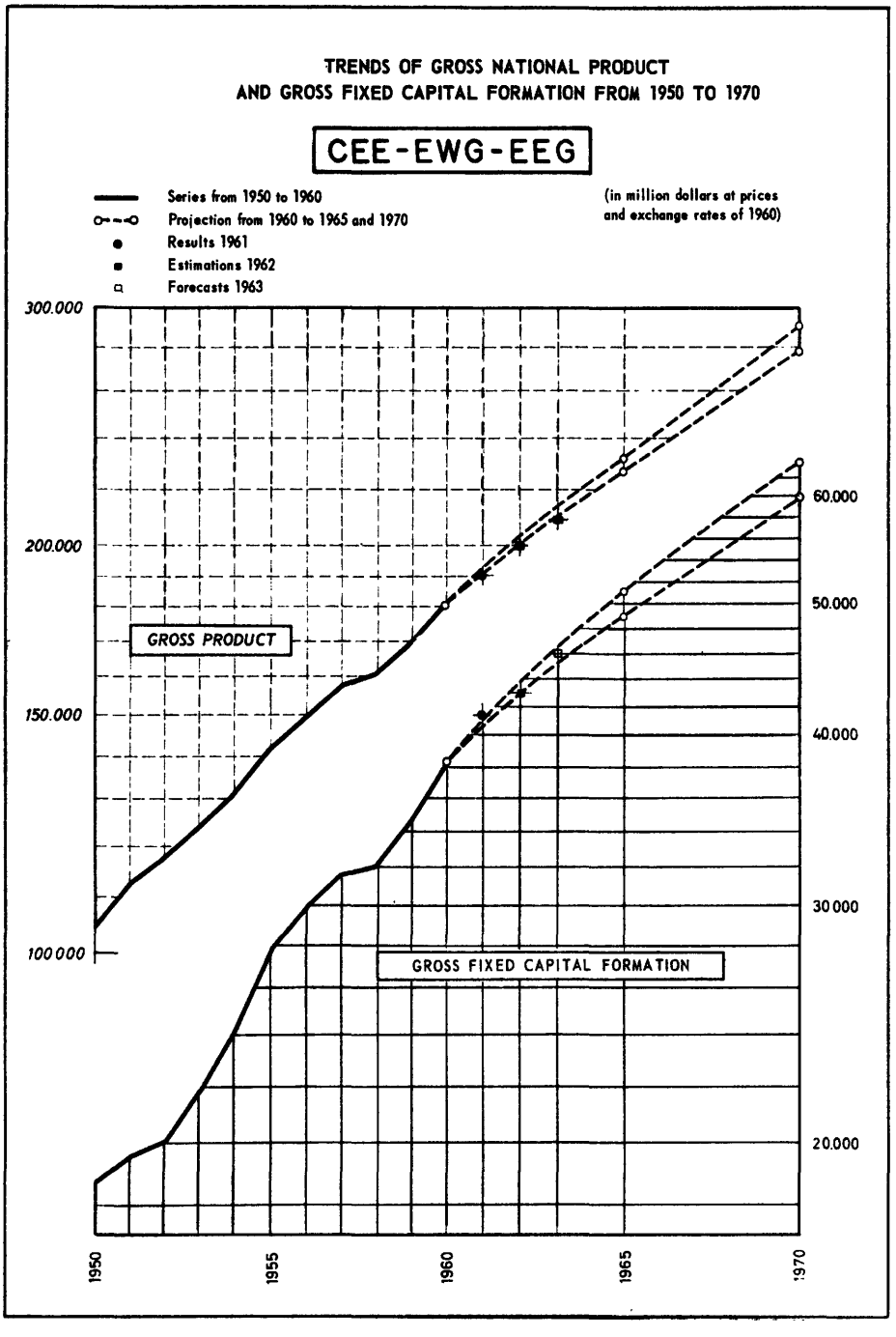

TRENDS OF GROSS NATIONAL PRODUCT
AND GROSS FIXED CAPITAL FORMATION FROM 1950 TO 1970
NEDERLAND
Series from 1950 to 1960
Projection from 1960 to 1965 and 1970
Results 1961
Estimations 1962
Forecasts 1963
(in million dollars at prices and exchange rates of 1960)
GROSS NATIONAL PRODUCT
GROSS FIXED CAPITAL FORMATION
18.000
16.000
14.000
12.000
10.000
8.000
4.600
4.400
4.200
4.000
3.800
3.600
3.400
3.200
3.000
2.800
2.600
2.400
2.200
2.000
1.800
1.600
1.400
1950
1955
1960
1965
1970

FIG. 4


TRENDS OF GROSS NATIONAL PRODUCT
AND GROSS FIXED CAPITAL FORMATION FROM 1950 TO 1970
CEE-EWG-EEG
Series from 1950 to 1960
Projection from 1960 to 1965 and 1970
Results 1961
Estimations 1962
Forecasts 1963
(in million dollars at prices and exchange rates of 1960)
300.000
200.000
150.000
100.000
GROSS PRODUCT
GROSS FIXED CAPITAL FORMATION
60.000
50.000
40.000
30.000
20.000
1950
1955
1960
1965
1970

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8071/4/XII/1962/5

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