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THE MUTUALLY BENEFICIAL EFFECTS OF GREATER CO-ORDINATION OF ECONOMIC AND STRUCTURAL POLICIES

(EUROPE AS AN ECONOMIC ENTITY)

FINAL REPORT

(presented by the Commission)

4 December 1996

EXECUTIVE SUMMARY

This final report on the mutually beneficial effects of greater co-ordination of economic and structural policies (Europe as an economic entity) has been prepared at the request of the European Council.

Firstly, the report presents the employment history of the EU in terms of job creation and job destruction. The history shows that the Member States have had employment growth of 8 million jobs over the past 20 years, while the working age population has grown by nearly 28 million people. This has led both to a higher unemployment rate and a lower employment rate. The service sector has been growing every year, except 1993, creating over 25 million new jobs. Weak employment growth reflects severe employment losses in three periods of recession: 1975, 1981 and 1992-94, with over 8 million net job losses, due to heavy losses in manufacturing. Due to a lack of market dynamism, the Member States have not been able to compensate these job losses by sufficient job creation in economic up-turns, which were hampered by unstable macro-economic policies.

Secondly, the report presents the economic statistics in a way that enables the components of growth and employment to be studied for Europe as an entity, in the same way as in the Member States. In general the data highlights the importance of the European Single Market, which due to increased trade and competition has so far contributed to a rise in the level of GDP of up to 1.5% and created up to 900.000 jobs, and where considerable potential remains, especially in services. Domestic factors in the EU as an entity (investment and consumption) amounts to 92 per cent of GDP, while external demand represents 8 per cent. The importance of the domestic factors also explains why traditional defensive responses, based on a misunderstanding of the nature of competitiveness, have failed to contribute to sustainable growth and employment.

Poor output and employment growth reflects low investment in new capacity, with investment as a share of GDP declining from 24% in the early 1970's to

19% today. A significant increase in investment will be required to sustain higher rates of growth into the future. Changes in the balance of trade with countries outside the EU has had quantitative significance during the major recessions periods, in the 1980s and the 1990s. However, in both cases, trade made a positive contribution to growth and employment, not a negative one. Trade within and outside EU has led, and will continue to lead, however, to major changes in the structure of production and demand for labour, as a consequence of using comparative advantage and the diffusion of technological innovations.

Thirdly, the report gives an indication of the growth potential of the labour force. The average employment rate in the EU, around 60 per cent, is low compared with what might be considered as benchmark targets, the employment rate in the US, and in the Member States with the highest employment (over 70 per cent). While the present rate represents under-performance, it also represents a double labour force potential - not just the unemployed, 18 million, but also the additional workforce reserve, about 9 million, who could, and probably would, enter the labour force if jobs were available. During the coming ten years demographic changes will lead to a further increase of 3 million of the labour force, but also more fundamental changes in the age composition; the younger generation will diminish by 9 million and the older, experienced generation will increase by 6 million. The existing and potential labour force offers room for strong economic growth, provided that appropriate macro-economic and labour market policies are pursued, making full use of the Single Market potential.

These facts confirm the recommendations of the Broad Economic Policy Guidelines and the policy conclusions drawn in the Joint Employment Report for the European Council in Dublin "Employment and Growth in Europe - the Way Forward" on the importance of an integrated approach in which coordinated macroeconomic and structural policies have mutually reinforcing effects in promoting dynamism in the EU economy and avoiding tensions in the growth process. The Report emphasizes the progress made in the macroeconomic policies, creating "the conditions for moving into a period of strong non-inflationary, sustainable economic growth" and the need to continue the macroeconomic strategy.

The Report also underlines the importance of "a further modernisation of the markets for goods and services and a determined development of active labour market policies" and it emphasizes the "need for forceful human resources policy to meet the skills requirement of the new organisation of working life, driven by the new information and communication technologies".

The analysis of the determinants and the components of growth and employment, as well as the growth potential of the labour force, will be further developed in the Commission's Annual Economic Report and the report "Employment in Europe" as a basis for the Broad Economic Policy Guidelines and the Joint Employment Report to the Council. The employment potential of the Single Market, especially in services, will be further developed in a White Paper following the Commission communication 'Putting services to work'.

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FINAL REPORT

1. INTRODUCTION

The European Council in Cannes stated that 'as an economic entity, the European Union offers additional room for manoeuvre and a specific added value that makes for the creation of lasting employment'. It asked the Council and the Commission to study the mutually beneficial effects of greater co-ordination of the Union's economic and structural policies.

The Commission submitted an interim report to the Madrid Council. It now presents a final report in response to the Cannes request which was underlined also in the conclusions from the Summits in Madrid and Florence.

This report gives a brief overview of the employment performance in the EU as an economic entity. It presents the economic statistics in a way that enables the components of growth and employment to be studied for Europe as a whole, in the same way as is done in individual Member States. The report also presents data on the growth potential of the labour force. Finally it discusses the mutually re-inforcing effects of co-ordinating economic and structural policies.

2. LONG-RUN EMPLOYMENT PERFORMANCE

For two decades, the EU has had rates of economic growth of the order of 2.5% a year compared with productivity growth of 2%. The result has been a net growth in employment in the EU of 8 million over the past 20 years. At the same time the working age population has increased by nearly 28 million people. This has resulted both in a decline in the employment rate - from 62 to 59 per cent - and in an increase in unemployment to above 10 per cent of the work force.

A more detailed look at the employment picture shows that there have been quite sharp changes between periods of growth and periods of decline:

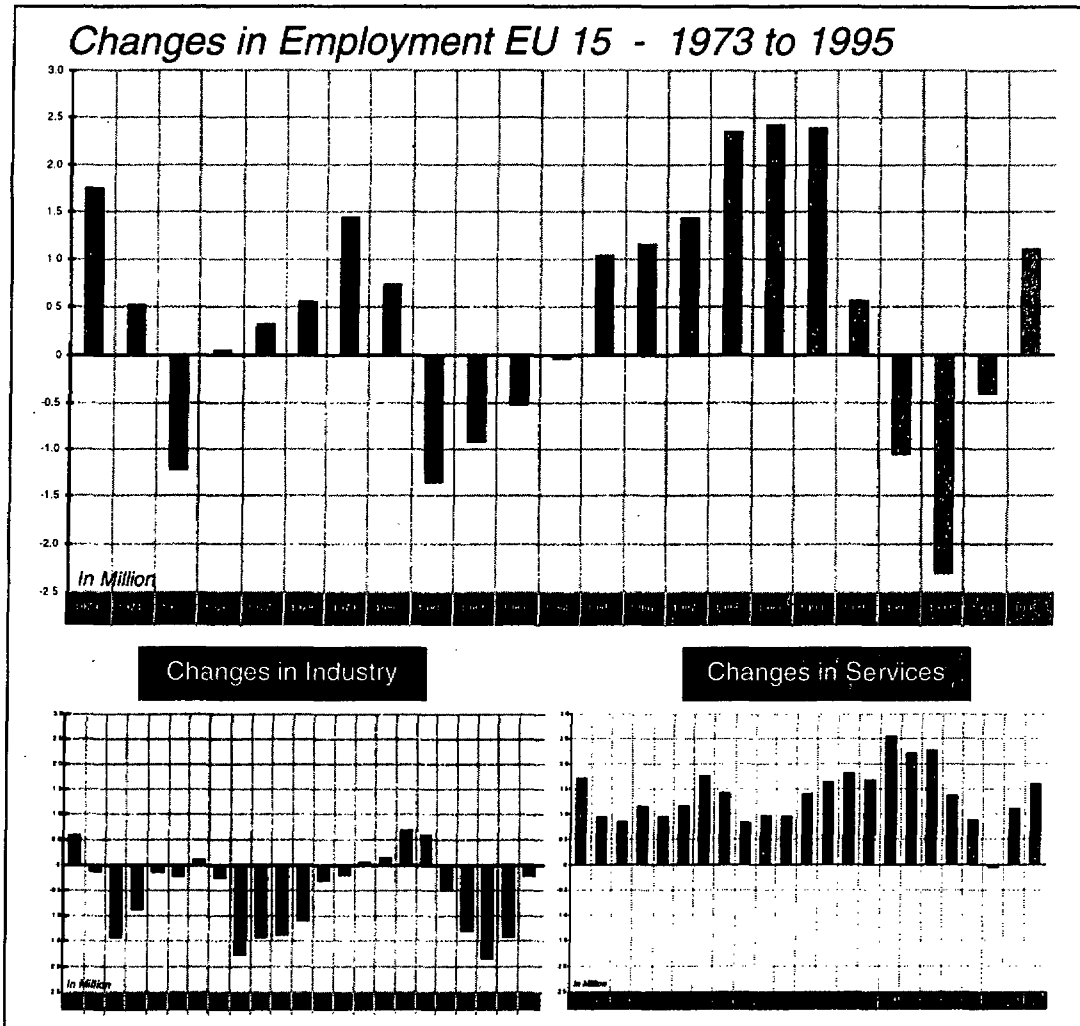
- Employment losses have been concentrated in 3 periods of recession: 1975; 1981-83; 1992-94 - with 8 million net job losses in total;

- Employment gains have been mainly concentrated in one period of good growth; 1985-90 - with over 10 million net job gains.

Unlike the US, unemployment in the EU has not been able to return to the low level prevailing before the oil price crisis. Job creation has, in general, been too low in periods of economic up-turn. This lack of dynamism is not only due to structural factors, such as fragmented product and service markets, lack of competition in these markets, and total labour costs for certain categories of labour, including taxes on labour, out of line with productivity. It has also been due to a lack of investment, unstable macro-economic policies, and exchange rate instability, which halted the sound economic upturns at the end of the 1980's and the beginning of the 1990's.

Significant employment losses have occurred in manufacturing, and been concentrated in the recession periods. Employment growth in services has been sustained, even throughout the recession periods - averaging one and a half million extra jobs a year and never much below one million jobs a year, except in 1993. In total, over 25 million jobs in services have been created in the EU in the last two decades. Throughout the period, agriculture has shed jobs at a steady rate of 300-400,000 a year.

This substantial change in the structure of economic activity - with services now accounting for almost 65% of all jobs compared with less than 50% 20 year ago - has been matched by changes in the composition of the workforce. With more women entering service sector jobs, and men (especially older men) leaving jobs in manufacturing, the share of women in total employment has risen from 35% to over 40% over 20 years. The employment rate for women has increased from 43% in 1975 to 50% in 1995.



Source : *Commission services*

3. THE NEW CONDITIONS FOR EMPLOYMENT POLICY

A number of major developments have strengthened the EU economies and linked them more closely together. These developments - which are mutually re-inforcing - include:

- The development of the EU's internal market which has increased the efficiency of the EU economy by creating bigger markets, more competition and higher productivity, and increased cross-border investment flows, thereby providing opportunities for both developed and less developed regions to further raise living standards. Increased trade, both internally and externally, together with more competition has so far increased the level of GDP by 1% to 1.5% and the number of jobs by between 300.000 and 900.000.

- The restoration of sound economic conditions in the Member States - with low rates of inflation, reasonable productivity growth, high levels of profitability, and with a surplus in trade - and growing policy consensus on fiscal consolidation, moderate wage developments, the benefits of lower interests rates and a much reduced risk of turbulence and instability;

- The deregulation and globalisation of financial markets which have improved the global mobility of capital use, leading to a better allocation of resources and to some increase in foreign direct investment but, also imposing stricter financial disciplines on all economic agents, including governments;

- Gradual convergence in incomes per head between Member States, and considerable progress in establishing the conditions for faster growth in cohesion countries, though some unemployment differentials remain wide.

These changes have brought more than efficiency improvements. They have created new macro-economic conditions and expanded the economic and employment growth potential of the EU. This is particularly true for the Single Market programme, whose contribution to employment growth will continue. Realising its full potential rests on a political determination and a commitment to action in a number of key areas: transposing and effectively enforcing the legislation that has been agreed, legislative simplification, taxation, completing the European legislative framework - not least in relation to services where the greatest employment potential remains.

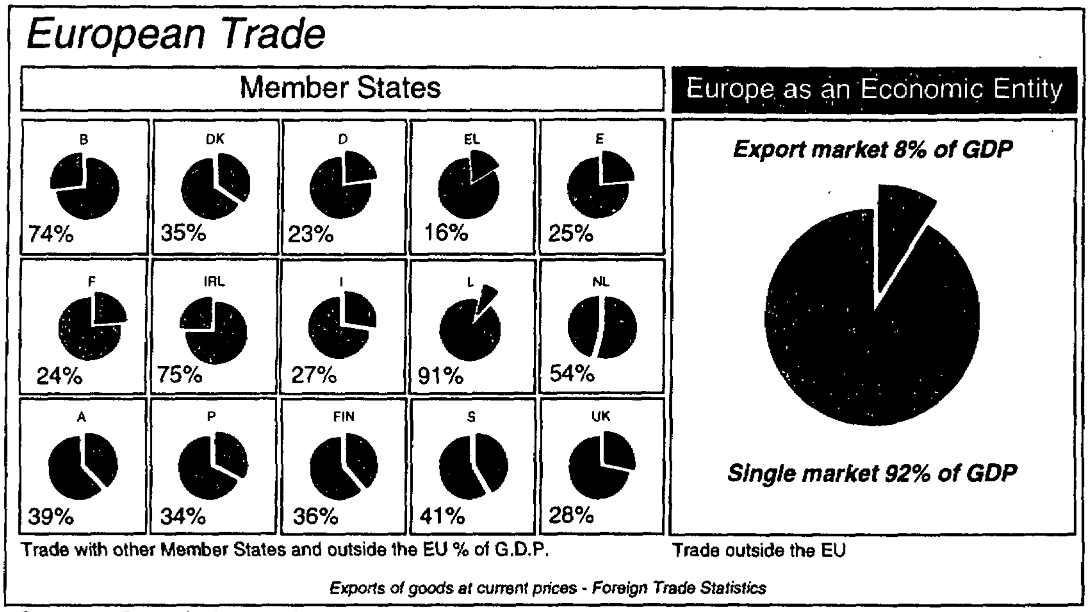
4. THE EUROPEAN ECONOMY AS AN ENTITY

4.1. The role of internal and external markets

The EU economy is the largest in the world, accounting for over 20% of world output, and has increased its external trade in line with its growth in GDP.

However, the effect of progressive enlargements, and of the development of the internal market, has increased the trade between Member States. Today, two-thirds of Member States' exports are with one-another, and one-third with outside of the EU. This is a reversal of the position 30 years ago when only one-third of the trade was internal trade between the European countries.

For individual Member States trade is a significant factor, ranging from around 25% in the larger Member States to 75% or more in the smaller ones. However, since most of this trade is contained within the EU, the scale of extra-EU trade is much smaller - with extra-EU exports of goods accounting for only 8% of EU GDP - a level that has persisted over two decades. That means that 92% of the demand is met with production in Europe, while 8% is met through imports from countries outside the EU. The equivalent figures for the US and Japanese economies are similar.



***Source** : Commission services*

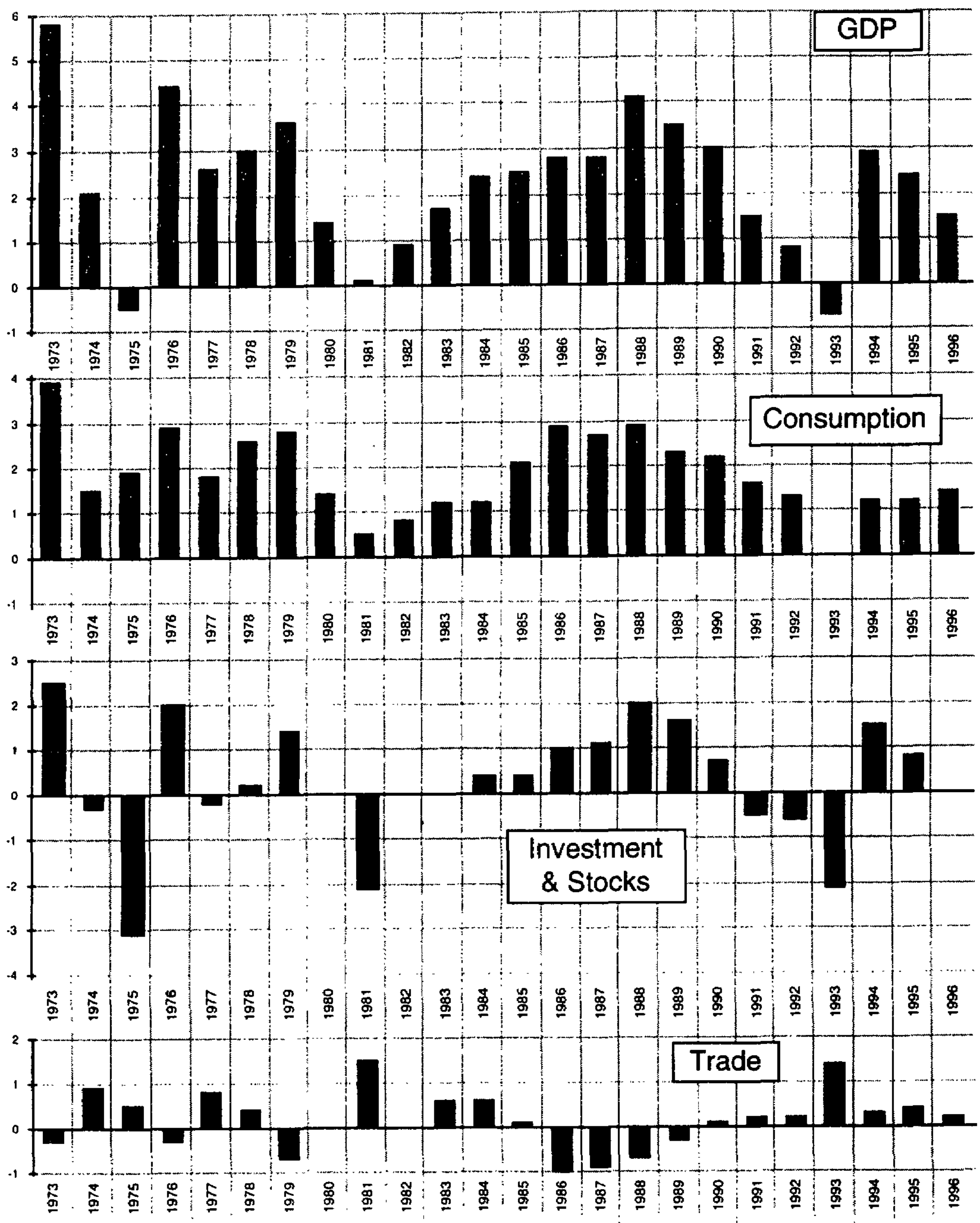
4.2 The contribution to growth and employment

The economic statistics on the contribution of different factors (consumption, investment and stockbuilding, trade) to changes in output are presented in this report. In this way, the components of growth and employment can be studied for Europe as an entity in the same way as is the case in the Member States.

In general, the data shows that, consumption is the most stable element in relation to overall output growth. Investment and stock adjustments by enterprises are more volatile, since they depend on market developments and expectations. Trade outside the EU generally has a smaller macro-economic impact although, in the two last depth-of-recession years - 1981 and 1993 - increased exports relative to imports contributed a positive 1.5% to GDP, going some way to off-setting the drop in investment and stocks.

More generally, during the last 10-15 years, overall trade and foreign direct investment - intra and extra - has brought an increased use of comparative advantage and a rapid diffusion of technical innovations. This has led, and will continue to lead, to major structural changes in the production process, in the

Contributions to changes in GDP 1973 - 1996

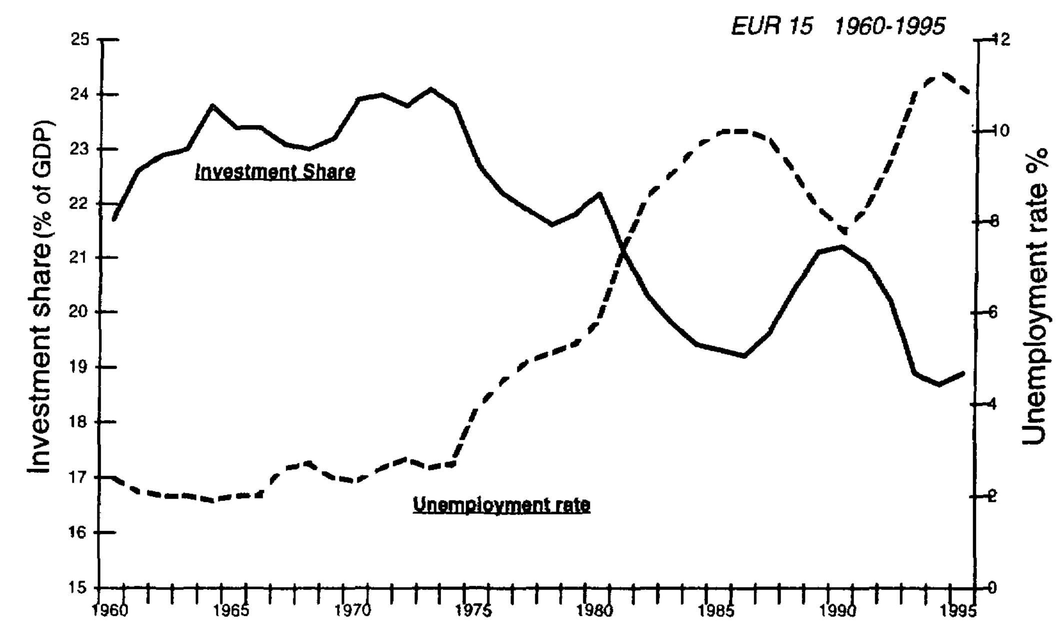


Source : *Commission Services*

demand for products and services, and in the demand for different categories of labour.

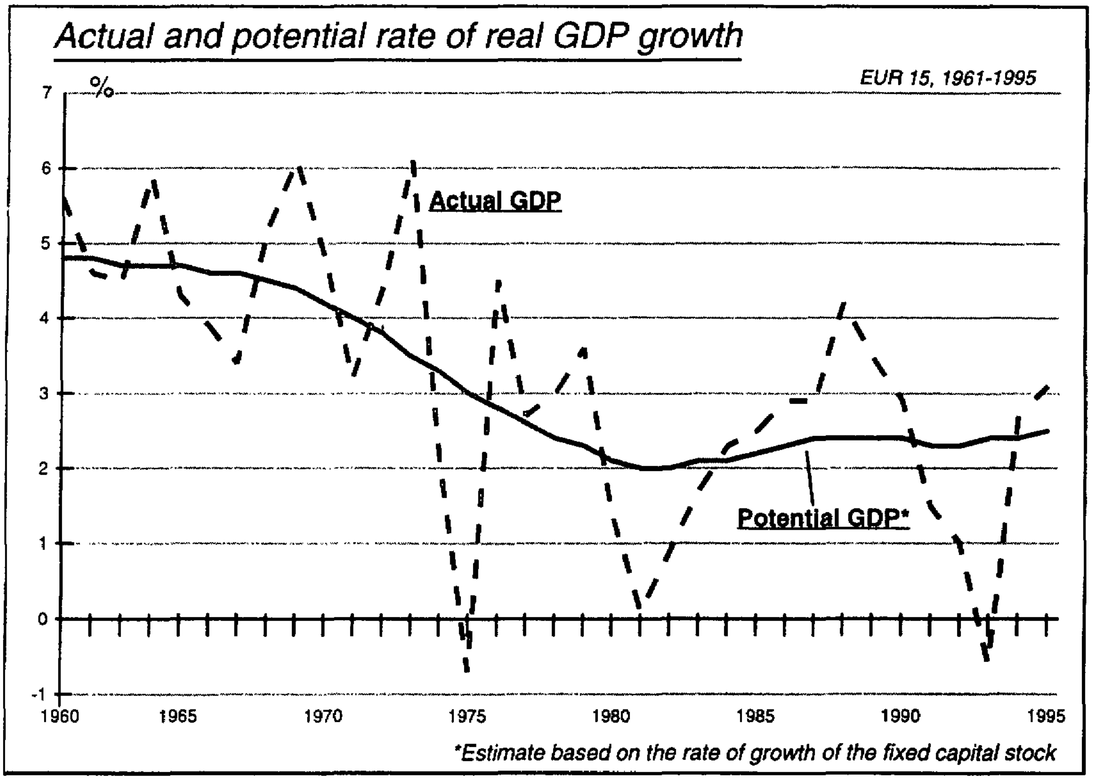
The investment component is particularly significant for sustained growth given the relatively fixed relation between the output and employment-creating potential of an economy, and its capital stock. Only a short-run recovery could be achieved without a significant increase in investment. The limited degree of capital under-utilisation that exists is not sufficient for sustained expansion.

Investment share and unemployment rate

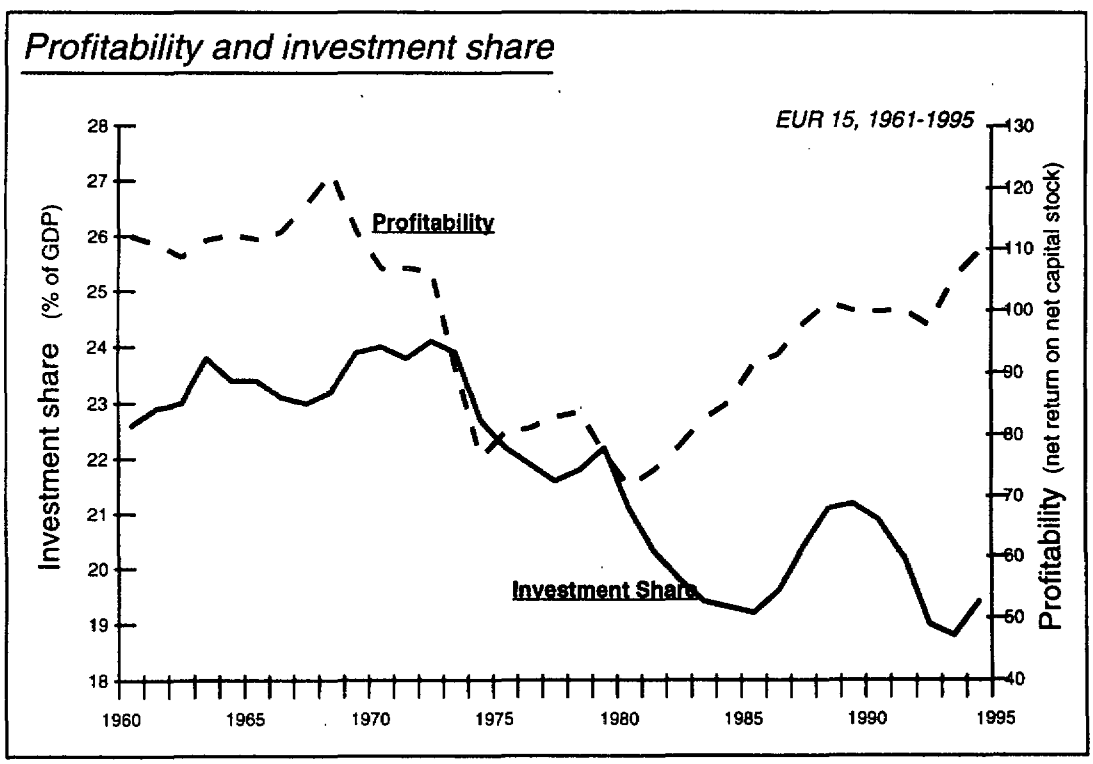


Source : Commission Services

Investment in the EU as a share of GDP declined from 24% in the early 1970s to 19% today. In the period 1985-1990 - when economic growth exceeded productivity growth by 1% to 1.5% a year, generating employment growth of 10 million jobs - the investment rate began to recover, but only to 21%. This eventually proved insufficient to sustain economic growth at 3% to 3.5%. To give a sustainable push to growth and employment will require continued fiscal consolidation and wage moderation in order to keep real interest rates low. It will also require structural reforms to inject new dynamism into EU economies.



Source: Commission Services



Source: Commission Services

Potential output growth, as proxied by the growth of the fixed capital stock, declined substantially during the 1970s and early 1980s. A long and sustainable period of high growth in fixed investment will be necessary in order to restore output growth to the 3% to 3.5% per year range. The fall in profitability has had implications for the investment share. Profitability is not the only determinant of investment, but it is significant. Since it acts with some delay, it is necessary to keep profitability on a steady growing trend in order to register its full medium term impact. The implication of the lack of productive capacity for unemployment can clearly be seen in the strong negative relationship between the share of investment in GDP and the level of unemployment.

The analysis of the determinants and the components of growth and employment will be further developed in the Commission's Annual Economic Report and the report 'Employment in Europe' as a basis for the Broad Economic Policy Guidelines and the Joint Employment Report to the Council.

4.3. European competitiveness

The primary responsibility for ensuring that the enterprises remain competitive lies within firms themselves. They maintain competitiveness through the efficiency and the flexibility with which they satisfy existing market needs and through their ability to adjust to structural change, to create new markets and to meet new needs. The quality of management determines to a large degree the extent to which enterprise are successful in these tasks. Public authorities sustain competitiveness by putting in place an appropriate framework conditions under which enterprises operate. This takes the form of providing necessary infrastructure, putting in place an appropriate regulatory environment, and specific initiatives, for example research and development, regional cohesion.

Competitiveness of an enterprise can be described in terms of growth in turnover, market shares, profitability and other indicators. In a competitive market, some enterprises will find that they are less competitive than others. This is the natural situation in a market economy, where some enterprises will grow at the expense of the less competitive enterprises. Such a situation should not lead to political measures to change the balance between more and less competitive enterprises. For the EU as an economic entity the key question is the general productivity growth, leading to better real wages and higher profits. More focus has to be put on productivity and investment issues in the EU.

This has not been well reflected in discussions on competitiveness. All too often competitiveness is seen in terms of negative responses - on the external side, monetary dumping through devaluations, or social dumping through lowering standards, or fiscal dumping through subsidies or budget manipulation, on the domestic side. Such an approach reflects a fundamental misunderstanding of the nature of competitiveness, and the means available to improve it. Competitiveness in the EU, and the competitiveness of different regions, sectors, companies or even individuals can only be increased on a lasting basis by raising the productivity of companies and the people who work in them. Competition is not between countries but between companies - within and across borders.

Nevertheless competitiveness problems can occur for companies involved in extra EU trade if exchange rates are incorrectly aligned. Currency mis-alignments and large swings can create distortions and difficulties for those directly affected, and inhibit the overall development of world trade and growth. The advent of EMU and the resulting increase in international policy co-ordination should reduce this problem.

4.4. Long run productivity growth

There are several explanations for the sudden drop in the rate of growth of productivity in the EU, but also in other industrialised countries, since the time of the first oil price shock in 1973:

- "Exogenous" explanations - that there has been a slow-down in the rate of technological change, an end to the post-war catching-up process, or the saturation of markets for manufactured goods - gives only a partial explanation.

- "Statistical" explanations - that there are productivity improvements embodied in products like computers but that we are not taking account of these correctly - find some support but are not generally considered significant;

- "Endogenous" explanations - that low productivity is partly the consequence of low growth linked to the foreshortening of business horizons after the oil price shocks and consequent reductions in levels of investment - fit with recent economic ideas regarding the embodiment of technical progress in productive capacity.

For the moment, the best predictions are that productivity will continue at a modest 2%, in line with the past 20 years. In this period, a little more than half of the 2% productivity growth is estimated to have come from technical progress, and the rest from substitution of capital for labour. However, if wages continue to adjust well, and if capacity investment and growth potential increase, building on the Single Market and EMU, substitution should slow down and technical progress pick up. In such conditions, the strengthened and sounder productivity trend would allow a higher rate of growth and job creation, which should also go hand-in-hand with increased investment in human capital.

5. THE GROWTH POTENTIAL OF THE WORKFORCE IN THE EU

The average employment rate in the EU, around 60%, is low compared with what might be considered as bench-mark targets, the employment rate in the US and in the Member States with the highest rates (over 70%). Differences between the Member States are large; with employment rates ranging from 46 per cent to 77 per cent. However, statistics on employment rate include both part time and full time jobs, and part time work plays a more important role in some Member States, like the Netherlands, the UK and Sweden. Translating employment into full time equivalents reduces the differences somewhat.

While the present employment rate represents under-performance, it also represents a double labour force potential - not just the unemployed (18 million), but also the additional workforce reserve who could, and probably would, enter the labour market if jobs were available (at least 9 million).

The labour reserve in the EU over the next ten years consist of:

- those who are temporarily unemployed and are still in the normal turnover of the labour market, some 9-10 m;

- those who have been unemployed for more than a year, some 9 m people and with an inflow of some 2 m people a year;
- those who are not in the labour force but who would work if work were available, at least 9 m;
- the demographic increase of the labour force, which is small and will not exceed more than 300,000 a year on the average from now to 2005.

EMPLOYMENT RATE 1995

	Unadjusted rate	Full time equivalents *
Luxembourg **	77,2	72,0
Denmark	75,6	67,1
Sweden	72,1	63,2
Austria	70,8	67,5
United Kingdom	70,0	59,7
Portugal	65,4	63,2
Netherlands	64,0	50,4
Germany	63,6	58,1
Finland	61,7	57,3
France	60,6	55,9
Belgium	56,6	52,5
Greece	56,4	55,2
Ireland	55,5	51,5
Italy	51,2	50,0
Spain	46,4	44,5
EU 15	60,4	55,2

* adjusted for proportion of part-time workers

** Luxembourg figures are biased upwards by the presence of cross-border workers

Source: Commission Services

The population of working age in the EU will age somewhat over the next 10 years. The demographic changes will lead to a diminishing of the younger generations (20-30 years of age) by 9 million and an increase of the older generations (50-60 years of age) by 6 million.

Not all of the potential reserve is immediately available. But most could be if the conditions were right - in terms of job opportunities, education and training, adjustment of workplaces, childcare, transportation and similar support.

As an illustration of the potential of the labour force, - on the basis of current relations between growth, productivity and employment - it takes 10 years with an annual economic growth rate of 3% to 3.5% to reach the highest average employment rate registered in the Union in the past i.e. 67% of the working age population, as in 1960/61.

A major labour market obstacle to strong growth is the mismatch between the new skill requirements and available skills. Those leaving education and training and entering the workforce represents no more than 3% of the workforce. With the changes in production, caused by trade and technology, there is a strong need for reskilling and upgrading of the whole workforce.

One severe weakness in the labour market system is that very few of the unemployed are retrained for the new jobs that are created. At present, under 10% of the unemployed receive retraining despite the fact that many will have skills or experiences from sectors and areas of the economy where employment is in decline, and where their prospects for finding a new job will be very poor. At the same time, without guidance, assistance and training support, they will be poorly equipped for entry into any of the growth areas, notably in services, that have emerged strongly in recent years. Lack of support in making the shift out of old jobs into new jobs has increased sharpened divisions between those able to benefit from new technologies and new market opportunities, and those effectively left behind to survive on social transfers.

Improvements in the quality of the labour force are seen as the key to long-term economic growth and higher productivity in the developed economies, when we take account of the greater international mobility of capital and technology, the impact of the information society and the increase in scientific and technical knowledge. Thus, lifelong learning and enhancing competence becomes a prerequisite for the employability of the labour force, for competitiveness and economic growth in Europe.

A detailed description of the labour force is presented in the Commission report 'Employment in Europe'. The analysis of the growth potential of the labour force will be further developed as the basis for the forthcoming Broad Economic Policy Guidelines and the Joint Employment Report to the Council.

6. THE MUTUALLY REINFORCING EFFECTS OF CO-ORDINATING ECONOMIC AND STRUCTURAL POLICIES

The need for macro-economic policies to be complemented by structural policies in order to ensure that they are mutually reinforcing was underlined in the interim report to the Madrid Summit 1995. The facts in the present report confirm the policy conclusions.

The principle objective is to insert dynamism in the EU economy and to avoid tensions in the growth process - both on the goods and services markets and on the labour markets - limiting the potential rate of growth. Well co-ordinated actions can strengthen the endogenous growth forces in the Union, raise productivity and enhance competitiveness. In this way, the supply potential in the EU economy can be mobilised towards the achievement of common goals, ensuring that growth in demand is not halted prematurely by supply blockages.

The importance of an integrated approach between macro-economic and structural policies has been further developed in the Broad Economic Policy Guidelines 1996 and in the Joint Employment Report to the European Council in December 1996 "Employment and Growth in Europe - the Way Forward".

The Joint Employment Report emphasises the progress made in the macro-economic policies, creating "the conditions for moving into a period of strong non-inflationary, sustainable economic growth" and the need to continue the macro-economic strategy. The Report also underlines the importance of "a further modernisation of the markets for goods and services and a determined development of active labour market policies". The Report likewise sees the implementation of the Single Market with 370 million consumers and 16 million enterprises, as "a fundamental structural improvement of the economy, resulting in bigger markets and more competition between enterprises". It sees the need to exploit the employment potential of the Single Market, most notably in relation to services, as elaborated in the Commission communication 'Putting services to work' which will be the subject of a White Paper in the first half of 1997.

Expanding market opportunities represents a condition for the growth of employment. In Europe, restrictions to access to many markets for goods and services, accounting together for around half of GDP, limit the opportunities for business. In the field of information services, for instance, high growth has been experienced following the liberalisation of telecommunications, because information services depend on the provision of efficient, cost effective, basic telecommunications.

The Joint Report recognises the progress made in reforming labour market systems. The social partners have contributed to price stability through collective agreements. Legislation and social agreements have become more flexible, including on recruitment and dismissals arrangements. The social partners are negotiating at European and other levels on more flexibility in working time. Further improvements are necessary to increase the responsiveness of individuals and enterprises to changes in the economy, - not least in the light of the development of the Single Market - especially through a modernisation of the organisation of work, increased mobility and productivity-related labour cost differentiation.

The achievement of a productive and flexible economy depends on the workforce being able to respond to the skills needs of the labour market. All workers therefore need to have the opportunity to continually up-date their skills. In ten years, much of today's technology will be out-dated, the skills and competence of the workforce also need to evolve to adapt to technological and other changes. Therefore there is a need for forceful human resources policy to meet the skills requirements of the new organisation of working life. There is also a huge potential for a more flexible labour market in a reorientation of the present policies, in line with the conclusions of the Florence Council.

The reinforcement of education and training measures initiated by many Member States should thus be continued. The activation of labour market policies needs to be supported by a strong employment orientation in other policies, especially tax policy and social protection policies.

The final recommendation in the Joint Employment Report is that the Member States need to focus more on the interplay between agreed macro-economic policy and structural policies. The former are critical for achieving the general conditions for economic growth while the latter impact on the efficiency with which markets - for goods and services as well as labour - function. The specific structural goals, as defined in the Essen strategy - relating to the integration of young people in the labour market, the prevention of long-term unemployment and the progress in the attainment of equal opportunities - can serve as indicators of how well labour markets are working, as well as ensuring that the policy focus is prioritised on the groups most hard hit by unemployment. Active measures, well designed for special needs, will strengthen economic growth and contribute to widely shared prosperity.

Annex

Contributions to changes in GDP 1961-1996.

The attached table presents, on a year by year basis, the contribution that the different components of GDP have made to overall GDP growth. All figures are in annual percentage changes at constant market prices i.e. adjusted for inflation. The data covers the period 1961-1996. The chart in the text presents this information for the period 1973-1996. Data source: European Commission DGII Database.

Changes in total GDP are presented under four main headings with sub-sections:

Consumption

Private consumption
Public consumption

Investment plus stocks

Gross fixed capital formation (investment)
Net stock-building

Trade balance of goods and services

Extra EU exports
Extra EU imports

EU GDP ANNUAL CHANGES

	GDP AT CONSTANT MARKET PRICES ANNUAL PERCENTAGE CHANGE	TOTAL GDP	PRIVATE CONSUMPTION	PUBLIC CONSUMPTION	CONSUMPTION	GROSS FIXED CAPITAL FORMATION	NET STOCKBUILDING	INVESTMENT + STOCKS	TRADE BALANCE OF GOODS AND SERVICES	extra-EU EXPORTS OF GOODS AND SERVICES	extra-EU IMPORTS OF GOODS AND SERVICES
	1	2+3+4+6+8	2	3	2+3	4	6	4+6	8		
1961	5.6	5.5	3.3	0.8	4.1	2.0	-0.5	1.5	-0.1		
1962	4.7	4.7	3.1	1.0	4.1	1.2	-0.2	1.0	-0.4		
1963	4.5	4.6	3.6	0.8	4.4	1.0	-0.3	0.7	-0.5		
1964	5.9	5.8	2.7	0.4	3.1	2.1	0.8	2.9	-0.2	0.4	-0.6
1965	4.3	4.2	2.6	0.6	3.2	0.9	-0.1	0.8	0.2	0.6	-0.4
1966	3.8	4.0	2.5	0.5	3.0	1.1	-0.3	0.8	0.2	0.6	-0.5
1967	3.3	3.5	2.4	0.7	3.1	0.8	-0.4	0.4	0.0	0.5	-0.5
1968	5.1	5.1	2.7	0.4	3.1	1.3	0.4	1.7	0.3	0.9	-0.6
1969	6.1	5.9	3.3	0.4	3.7	1.6	0.8	2.4	-0.2	0.6	-0.8
1970	4.9	4.9	3.2	0.6	3.8	1.3	0.3	1.6	-0.5	0.6	-1.1
1971	3.2	3.3	2.5	0.7	3.2	0.8	-1.0	-0.2	0.3	0.5	-0.2
1972	4.4	4.3	3.0	0.7	3.7	1.0	-0.1	0.9	-0.3	0.4	-0.7
1973	5.8	6.1	3.2	0.7	3.9	1.4	1.1	2.5	-0.3	0.7	-1.0
1974	2.1	2.1	1.0	0.5	1.5	-0.5	0.2	-0.3	0.9	1.0	-0.1
1975	-0.5	-0.7	1.2	0.7	1.9	-1.1	-2.0	-3.1	0.5	0.0	0.5
1976	4.4	4.6	2.4	0.5	2.9	0.4	1.6	2.0	-0.3	0.4	-0.7
1977	2.6	2.4	1.5	0.3	1.8	0.2	-0.4	-0.2	0.8	0.8	0.0
1978	3.0	3.2	1.9	0.7	2.6	0.4	-0.2	0.2	0.4	0.4	0.0
1979	3.6	3.5	2.2	0.6	2.8	0.7	0.7	1.4	-0.7	0.0	-0.7
1980	1.4	1.4	1.0	0.4	1.4	0.4	-0.4	0.0	0.0	0.3	-0.3
1981	0.1	-0.1	0.2	0.3	0.5	-1.0	-1.1	-2.1	1.5	1.2	0.3
1982	0.9	0.8	0.5	0.3	0.8	-0.4	0.4	0.0	0.0	-0.2	0.2
1983	1.7	1.8	0.8	0.4	1.2	0.0	0.0	0.0	0.6	0.2	0.4
1984	2.4	2.2	1.0	0.2	1.2	0.2	0.2	0.4	0.6	0.9	-0.3

EU GDP ANNUAL CHANGES

	GDP AT CONSTANT MARKET PRICES ANNUAL PERCENTAGE CHANGE	TOTAL GDP	PRIVATE CONSUMPTION	PUBLIC CONSUMPTION	CONSUMPTION	GROSS FIXED CAPITAL FORMATION	NET STOCKBUILDING	INVESTMENT + STOCKS	TRADE BALANCE OF GOODS AND SERVICES	extra-EU EXPORTS OF GOODS AND SERVICES	extra-EU IMPORTS OF GOODS AND SERVICES
	1.0	2+3+4+6+8	2.0	3.0	2+3	4.0	6.0	4+6	8.0		
1985	2.5	2.6	1.7	0.4	2.1	0.5	-0.1	0.4	0.1	0.3	-0.2
1986	2.8	2.9	2.5	0.4	2.9	0.8	0.2	1.0	-1.0	-0.6	-0.4
1987	2.8	2.9	2.3	0.4	2.7	1.1	0.0	1.1	-0.9	-0.2	-0.8
1988	4.1	4.2	2.6	0.3	2.9	1.7	0.3	2.0	-0.7	0.4	-1.0
1989	3.5	3.6	2.0	0.3	2.3	1.5	0.1	1.6	-0.3	0.7	-0.9
1990	3.0	3.0	1.8	0.4	2.2	0.8	-0.1	0.7	0.1	0.3	-0.2
1991	1.5	1.3	1.3	0.3	1.6	-0.1	-0.4	-0.5	0.2	0.3	0.0
1992	0.8	0.9	0.9	0.4	1.3	-0.4	-0.2	-0.6	0.2	0.4	-0.6
1993	-0.7	-0.7	-0.2	0.2	0.0	-1.6	-0.5	-2.1	1.4	1.4	-0.1
1994	2.9	3.0	1.1	0.1	1.2	0.5	1.0	1.5	0.3	0.8	-0.5
1995	2.4	2.4	1.1	0.1	1.2	0.7	0.1	0.8	0.4	0.6	-0.2
1996	1.5	1.6	1.2	0.2	1.4	0.3	-0.3	0.0	0.2	0.7	-0.6