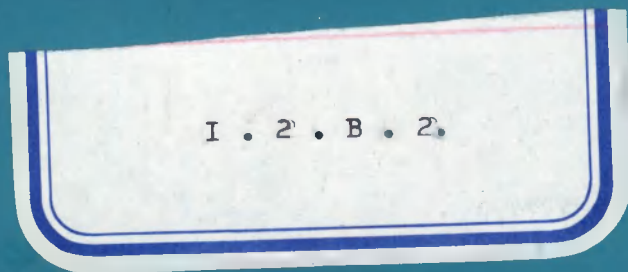


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ECONOMIC SURVEYS BY THE OECD

BELGIUM-LUXEMBOURG ECONOMIC UNION



JUNE 1963

ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

PARIS

ECONOMIC SURVEYS BY THE OECD

BELGIUM-LUXEMBOURG ECONOMIC UNION

1963

ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

The Organisation for Economic Co-operation and Development was set up under a Convention signed in Paris on 14th December 1960 by the Member countries of the Organisation for European Economic Co-operation and by Canada and the United States. This Convention provides that the O.E.C.D. shall promote policies designed :

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy ;*
- to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development ;*
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.*

The legal personality possessed by the Organisation for European Economic Co-operation continues in the O.E.C.D., which came into being on 30th September 1961.

The Members of O.E.C.D. are : Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

This document was approved
by the Economic and Development Review Committee
in July 1963

BELGIUM

BASIC STATISTICS

THE LAND

Area (1,000 sq.km)	30.5	Main urban areas :	
Agricultural area (1,000 sq.km)	16.95	— Brussels	1,023,693
Woodland 1959 (1,000 sq.km)	2.7	— Antwerp	647,060
		— Liege	446,414
		— Charleroi	280,666
		— Ghent	229,036

THE PEOPLE

Population (1962)	9,251,000	Net immigration (average 1957-61)	10,678
Number of inhabitants per sq.km (1961)	303	Total labour force (1961)	3,633,000
Population net natural increase (1957-61)	49,373	Wage and salary earners in agriculture (1961)	27,800
— Yearly average		Wage and salary earners in manufacturing industries (1961)	1,035,000
— Yearly rate per 1,000 inhabitants	5.41		

PRODUCTION

Gross national product (1962) (billions of Belgian francs)	637.2	National expenditure (1962) (billions of Belgian francs)	
Gross national product per head (1961) (U.S.\$)	1,303	— Private consumption	432.8
Gross fixed investment (average 1961-62)		— Public consumption	79.5
— Percentage of G.N.P.	26.7	— Enterprises' gross fixed asset formation	108.4
— Per head (U.S.\$)	358	— Government gross fixed asset formation	14.9
		— Net exports	1.6

THE GOVERNEMENT

Current government expenditure on goods and services, 1962 (percentage of G.N.P.)	23.2	Composition of the House of Representatives	
Current government revenues 1962 (percentage of G.N.P.)	20.7	— Christian-Social Party	45 %
Central Government debt, 31st December 1962 (billions of Belgian francs)	396.1	— Socialist Party	40 %
		— Liberal Party	9 %
		— Communist Party	2 %
		— Others	4 %
		Last election : 1961	
		Next election : 1965	

LIVING STANDARDS

Calories per head, per day (B.L.E.U.) 1960-61	2,870	Number of private cars per 1,000 inhabitants (1962)	101
Consumption of electricity per head 1962 (Kwh)	1,723	Number of telephones per 1,000 inhabitants	131
		Number of T.V. sets per 1,000 inhabitants	89

FOREIGN TRADE

EXPORTS		IMPORT	
Exports of goods and services as a percentage of the G.N.P. (1962)	36.3	Imports of goods and services as a percentage of the G.N.P. (1962)	36.1
Main exports in 1962 (percentage of total exports) (B.L.E.U.)		Main imports in 1962 (percentage of total imports) (B.L.E.U.)	
— Base metals	27	— Minerals	10
— Textiles	13	— Machinery and equipment	10
— Machinery and equipment	7	— Base metals	10
— Transport equipment	6	— Transport equipment	9
— Metal manufactures	4	— Textile fibre	7

THE CURRENCY

Monetary unit : Belgian franc	Currency unit per U.S. dollar : 50.
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LUXEMBOURG

BASIC STATISTICS

THE LAND

Area (sq.km)	2,586	Major city :	
Agricultural area, 1960 (sq.km)	1,413	— Luxembourg (1961) (inhab.)	73,221
Woodland, 1954 (sq.km)	862		

THE PEOPLE

Population (1961)	320,000	Total labour force (1960)	147,000
Number of inhabitants per sq.km (1961) ..	124	Wage and salary workers in agriculture (1961)	1,700
Population net natural increase (1953-61) ..		Wage and salary workers in manufacturing industry (1961)	45,819
— yearly average	1,467		
— per 1,000 inhabitants	4,6		
Net immigration (average 1953-60)	2,079		

PRODUCTION

Gross national product, 1960 (millions of francs)	24,413	Gross national product at factor cost by origin 1960 :	
Gross national product per head, 1960 (U.S.S)	1,551	— Agriculture	7 %
Gross fixed investment (average 1954-60) ..		— Mining and quarrying industries	3 %
— percentage of G.N.P.	22.4	— Manufacturing industries	44 %
— per head (U.S.S)	296	— Construction	7 %
		— Other	39 %

THE GOVERNEMENT

Current government expenditure on goods and services, 1960 (percentage of G.N.P.)	26	Composition of the Chamber :	
Current government revenues, 1960 (percentage of G.N.P.)	32	— Christian-Social Party	40 %
Central Government debt, December 31 st 1960 (percentage of Central Government revenues) ..	189	— Workers-socialist Party	33 %
		— Democratic Party	21 %
		— Communist Party	6 %
		Last elections : 1959	
		Next elections : 1964	

LIVING STANDARDS

Gross average hourly earnings, 1960 (francs) ..	42.21	Number of telephones per 1,000 inhabitants, 1961	180
Number of private cars per 1,000 inhabitants, 1960	118	Number of T.V. sets per 1,000 inhabitants, 1961 ..	28

THE CURRENCY

Monetary unit : Luxembourg franc.

Currency unit per U.S. dollar : 50

CONTENTS

I. RECENT ECONOMIC TRENDS AND IMMEDIATE PROSPECTS IN THE B.L.E.U. Countries	7
Production in Belgium	8
Manpower and employment	9
Wages and costs	13
Main factors in demand	15
Public Finance	16
Money and Financial Market.....	18
Prospects for 1963	20
The economic situation in the Grand Duchy of Luxembourg	22
External economic relations of the B.L.E.U.	23
II. GROWTH POLICY AND STRUCTURAL REFORMS	25
The First Economic Expansion Programme (1962-65)	26
Application of the Economic Expansion Acts 17th and 18th July, 1959	29
The National Investment Corporation (Société Nationale d'Investissements (S.N.I.) and the Regional Investment Corporations (Sociétés régionales d'Investissements (S.R.I.)	29
Fiscal reform	30
The reorganisation of the coal market	31
Structural reforms in Luxembourg	32
CONCLUSIONS	32
* * *	
STATISTICAL ANNEX.....	37

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BELGIUM-LUXEMBOURG ECONOMIC UNION

1. The Belgian gross national product increased more rapidly in 1962 than in 1961. This was a notable achievement, because growth rates in the Common Market as a whole were on the contrary tending to slow down over this period, whilst the economic situation in Belgium appears to be more and more closely linked with that of the other members of the Community. In Belgium, as elsewhere, there has been a more rapid growth of private consumption, but as slower growth of investment. The relative improvement in Belgium's position may be explained by various factors. In the first place, Belgium has shown a better resistance than other countries to inflationary pressures, which has given Belgian industry an advantage in international competition and, in the second place, there are indications that the desired structural changes are beginning to be made in its productive mechanism. It is, of course, too early to say that the various measures and reforms introduced into Belgium in recent years have yet borne sufficient fruit, but it should be noted that the authorities attach great importance to the execution of the development programme now submitted for Parliamentary approval. The economic situation in Luxembourg, on the other hand, seems much more unfavourable, mainly because of difficulties in the iron and steel industry. The authorities are doing their best to cope with the situation.

I. RECENT ECONOMIC TRENDS AND IMMEDIATE PROSPECTS IN THE B.L.E.U. COUNTRIES

2. 1962 was on the whole a good year for the Belgian economy although investments did not increase as much as desired. Unemployment continued to fall and in some sectors there was even an appreciable labour shortage. The results of the first months of 1963 have been seriously affected by the severe winter which has made the economic situation much more uncertain. The demand for consumer goods remains very strong, after the relatively rapid rise in wages and there is fairly keen tension in important sectors like building. Investments on the other hand, are practically stationary. Continued expansion will in the last analysis largely depend on the trend of exports, which absorb about

a third of the contribution of enterprises to the formation of gross national product. This trend seemed definitely slackening at the beginning of 1963 but the record level reached by exports in April 1963 warrants a more optimistic assessment of the immediate prospects of the Belgian economy.

PRODUCTION IN BELGIUM

3. Whereas in the nation's annual economic budget, first submitted to Parliament in October 1962, the growth in the volume of gross national product for 1962 was estimated at 3.5 per cent, the figure of 4 per cent is now given. No doubt the comparison between the two years 1961 and 1962 is somewhat distorted by the losses sustained by the Belgium economy in the early months of 1961 because of the widespread strikes at that period, but the trend of production during 1962 has been definitely favourable. After some hesitations at the beginning of the year the progress of industrial production has been very rapid in the second quarter of the year and has continued in the third quarter, while in the last quarter the indexes, adjusted for seasonal variations remain at a very high level. There was ascertain slackening with the abnormal extension of the heavy frosts at the beginning of 1963 but this seems to have been compensated by a subsequent movement of recovery. Similarly, the volume of agricultural production fell slightly in 1962 instead of rising by 1.5 per cent as forecast. While inadequate insulation and the late harvests affected the production of beet and herbaceous fodder, exceptional results were obtained for cereals and potatoes. No firm forecasts can yet be made for 1963 agricultural production, which should normally increase by about 3 per cent.

4. The expansion of industrial production in 1962 has been estimated at 5.5 per cent. Leaving aside mining and quarrying however, where progress has been relatively slow (+ 2 per cent), expansion in the other industries has been 6 per cent. The rapidly expanding industries have been chemicals (+ 9 per cent) and metal manufacture (+ 8 per cent). In the last case expansion was particularly marked during the first half of the year, after which there was a falling off in orders. On the other hand, the textile industry experienced a strong impetus in demand in the second half of the year and this favourable development continued during the early months of 1963. Steel production, leaving out of comparison the January figures, which in 1961 were too much distorted by the strike at the beginning of the year, increased by barely 1 per cent from one year to the next and rather seemed to be declining in the early months of 1963. The slight increase in steel prices announced in the United States in April has slightly improved the atmosphere in this industry. Finally, production in the non-ferrous metals sector fell by 3 per cent between 1961 and 1962. This decline was specially felt in the first six months and was mainly due to difficulties in the supply of Congo ore. The situation has since improved.

5. Coal production fell slightly between 1961 and 1962 (— 1.5 per cent) and is now tending to become stabilized notwithstanding the difficulties of recruiting labour. It was thought at the time of applying the coal reorganisation scheme that the closing of mines would create substantial local unemployment, and as a result a halt was called to the entry of foreign workers who constitute 70 per cent of underground workers in the south of the country. Since the demand for labour in other activities has gone on increasing and Belgian workers tend to leave the mines, the collieries ultimately had to face a real shortage of labour which could only be met by the increased immigration of foreign workers. As deliveries on the national market have further increased and household requirements gone up still further because of the severe winter in 1963, stocks have continued to run down and only amounted to 800,000 tons in April 1963 compared with 4.4 million at 31st December, 1961. They have thus returned to a less than normal level and in view of the quality of the coal still in stock there are no more surpluses to be disposed of. The isolation of the Belgian coal market within the E.C.S.C. has moreover come to an end since 1st January, 1963.

6. The activity of the building and public works industry increased in volume by 3 per cent between 1961 and 1962. This expansion is attributable to the rapid development of public works and industrial and especially commercial, building. The construction of dwellings has on the other hand, tended to fall and the trend of building licenses showed a downward trend in the early months of 1963. The stricter application of the legislation on the grant of building premiums and the increased land tax, following the revision of cadastral incomes, are generally put forward as explaining this. Stress should however also be laid on the higher costs following the severe labour shortage in this sector. This shortage became particularly acute in March 1963 when building sites were opened up again with the coming of better weather. Not only was there a certain leeway to be made up, but frost damage also had to be repaired. Local authorities in particular, increased their invitations to tender for road repairs and, in view of the inelasticity of supply, the prices quoted rose excessively abnormally. In these circumstances the authorities were induced to take decisions in principle aimed at preventing abnormal price increases, and which may perhaps lead to the spreading out of certain works over a large period of time.

MANPOWER AND EMPLOYMENT

7. Whereas Belgium used to be regarded as a country which had to face more or less chronic unemployment, the situation has progressively modified in recent years. As long ago as 1961, a certain shortage of skilled manpower was recorded in certain sectors. This shortage became worse in 1962 and has even extended to unskilled labour in building and coal mining. In 1963, after the recrudescence of unemployment in January and February due to bad weather, the number of wholly unemployed

TABLE 1. MAIN ECONOMIC INDICATORS FOR BELGIUM¹

1953 = 100.

	MONTHLY AVERAGE			1962					1963				
	1960	1961	1962	JAN.	FEB.	MARCH	APRIL	MAY	JAN.	FEB.	MARCH	APRIL	MAY
Electricity consumption (<i>million kWh</i>)	1,179	1,228	1,328	1,421	1,288	1,401	1,260	1,305	1,578	1,394	1,445	1,542	
Orders received by the metal manufacture industry (<i>Frs million</i>)....	7,332	9,190	9,084	9,111	8,613	10,774	8,541	10,312	8,534				
Turnover of department stores (<i>Frs million</i>)	156	161	170	148	134	165	166	165	153	147	168	176	
Internal traffic of State railways (<i>thousand tons</i>)	2,330	2,266	2,309	2,325	2,062	2,372	2,249	2,377	2,132	1,999			
Revenue from direct taxation (<i>Frs million</i>)	3,463	3,625	4,193	6,591	2,571	2,869	2,993	3,900	7,607	2,922	2,811	3,101	

1. See the Statistical Annex.

TABLE 2. TREND OF UNEMPLOYMENT
DAILY AVERAGE NUMBER OF REGISTERED UNEMPLOYED

	NOVEMBER 1961	NOVEMBER 1962	DIFFER- ENCE
Full-time unemployed :			
Men.....	54,413	24,453	— 29,959
Women	21,189	14,596	— 6,593
Total	75,601	39,059	—36,552
Part-time casual unemployed :			
Men.....	15,669	19,756	+ 4,087
Women	10,491	6,845	— 3,646
Total	26,160	26,601	+ 441
Full-time, part-time and casual unemployed :			
Men.....	70,081	44,209	—25,872
Women	31,680	21,441	—10,239
Total	101,761	65,650	—36,111
Unemployed put to relief work by the public authorities :			
Men.....	6,886	6,435	— 451
Women	60	77	+ 17
Total	6,946	6,512	— 434
Full-time unemployed and unemployed put to relief work by the public authorities :			
Men.....	61,298	30,888	—30,410
Women	21,249	14,673	— 6,576
Total	82,547	45,561	—36,986

Source : Belgian Memorandum.

fell to a particularly low level (34,000 in April), which really reflects a position of overemployment even if there are still several thousand unemployed engaged on relief work by the authorities¹. The proportion of wholly unemployed capable of normal employment is in fact very low.

8. The supply of labour is inelastic because demand is growing more rapidly than the active population. The rather slow growth of the latter is due both to a very slow rate of natural increase and to later school leaving, which delays the arrival of young people on the labour market. It is true that the agricultural population has declined, releasing labour for other activities, but this has had only a limited effect, since no more than 7 per cent of the total labour force is engaged in agriculture, and

1. Recent unemployment figures are not exactly comparable with the older figures as a certain number of wholly unemployed unfit for work have been free from supervision by the Communes since February 1962. It is well known that unemployment benefits are granted in Belgium on relatively liberal conditions.

their age-structure is very high. In order to meet the labour shortage and to ease tensions on the labour market, the authorities have been led to adopt a more liberal immigration policy. In 1962, 15,414 work permits were issued to foreigners, thus enabling the coal mines to satisfy part of their labour requirements. The Government intends to intensify its immigration policy during 1963¹. Foreign labour has been integrated into

TABLE 3. TREND OF EMPLOYMENT BY MAIN INDUSTRIAL SECTORS

Index 1953 = 100.

	WAGE-EARNERS AND SALARIED EMPLOYEES		% VARIA- TION FROM 1961
	SEPT. 61	SEPT. 62	
<i>General index</i>	102.2	104.4	+ 2.2
<i>Mining and quarrying</i>	66.6	62.2	— 6.8
Coal	63.9	58.6	— 8.3
<i>Manufacturing industries</i>	106.1	107.6	+ 1.4
Food products except beverages	109.0	113.6	+ 4.2
Beverages	102.3	103.5	+ 1.2
Tobacco	95.5	89.4	— 6.4
Textiles	98.2	97.5	— 0.7
Wood, cork, including furniture and furnishings	105.7	100.9	— 4.5
Paper and paper articles	105.8	107.7	+ 1.8
Printing, publishing	101.7	102.8	+ 1.1
Leather and leather goods except footwear	99.2	97.9	— 1.3
Rubber	103.7	98.8	— 4.7
Chemical products	106.9	109.7	+ 2.6
Oil and coal by-products	97.9	96.3	— 1.6
Non-metallic mineral products except oil and coal by- products	114.0	118.6	— 4.0
Basic metals	108.2	106.6	— 1.5
Metallurgical products except machines and transport equipment	107.4	110.2	+ 2.6
Mechanical engineering, not including electrical en- gineering	123.5	131.3	+ 6.3
Electric machines, apparatus and supplies	116.6	115.7	— 0.8
Transport equipment	91.3	101.7	+ 11.4
Miscellaneous manufacturing industries	109.9	95.8	— 12.8
<i>Construction</i>	106.2	111.6	+ 5.1
Electricity, gas, water and health services	99.7	101.0	+ 1.3

Source : Belgian Memorandum.

1. In practice the only foreigners authorised to work in Belgium are miners and domestic staff. It is true that once they are in Belgium they can, after a reasonable time, change their occupation without undue difficulty.

every sector of economy, but mainly in the coalmining and construction industries. In all, the number of employees, taking account of the inflow, from agriculture, immigrant labour and the self-employed, rose by more than 2.5 per cent during 1962. The coal mines have continued to lose workers to manufacturing, employment in which rose by about 2 per cent, and above all to the building industry (+ 5 per cent).

9. There are limited possibilities of increasing the supply of manpower in Belgium. Notwithstanding the higher birth rate immediately after the War, only a slow increase in total manpower is looked for. Accelerated vocational training and the resettlement of certain categories of unemployed can only give limited results in view of the small numbers involved. The authorities are trying to increase the supply of female labour, which already represents 31 per cent of the total labour force. The Belgian authorities also count on immigration to satisfy their urgent needs. Given the labour market situation in the countries which until now have supplied labour, it will be necessary to look to other sources of supply. In this respect, Greece, Malta and Turkey may be mentioned. Nevertheless, as the Expansion Programme also recognises, particular attention must be paid to raising productivity if the increase in demand is to be met. The problem will be all the more difficult to overcome in so far as the age-structure of the agricultural population limits transfers to other sectors.

WAGES AND COSTS

10. Until 1960, the rise of wages in Belgium was very modest. It speeded up during 1961 and was particularly marked in 1962, amounting to about 8 per cent in one year for average yearly earnings in industry. Wage rates under collective agreements increased by more than 5 per cent between June 1961 and June 1962, both by the application of sliding scale clauses, included in most collective agreements and which apply even in the civil service, and because of the actual revision of the agreements¹.

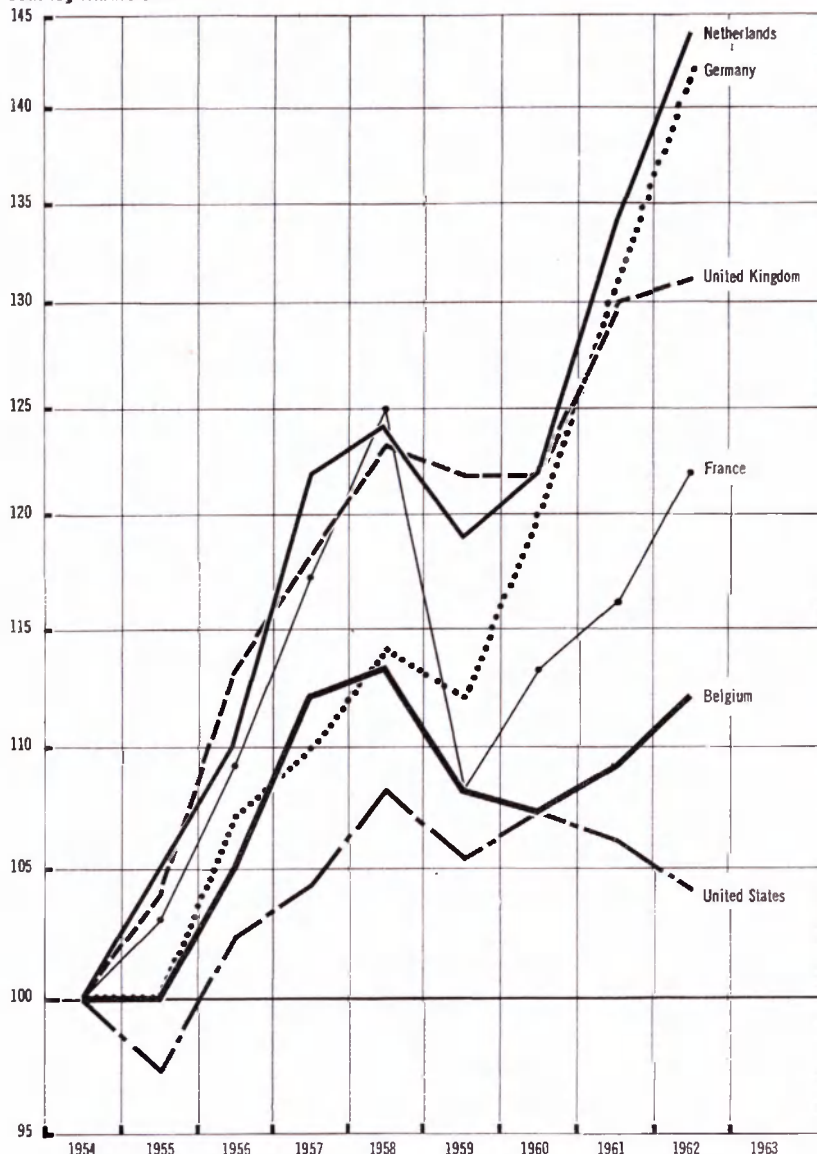
In addition, there has been wage drift, and the custom of offering « black » wages has spread, especially in the building industry.

11. Price rises have nevertheless remained moderate in Belgium and the retail price index in April 1963 was no more than about 2 per cent higher than in April 1962, the average increase between 1961 and 1962 being itself hardly more than 1 per cent. It was mainly the surges in food prices in the Spring of 1962 and again at the beginning of 1963 which governed the monthly trend of the general index. Although these surges are generally followed by a phase of decline or stabilization, they involve, under the sliding scale clauses, automatic wage adjustments, which have a repercussion, especially on the cost of services which have

1. The wage increases during the summer of 1962 to compensate for the price increases recorded in the Spring were about 2.5 per cent.

**Diagram 1. DEVELOPMENT OF UNIT LABOUR COSTS IN BELGIUM
AND CERTAIN OTHER COUNTRIES**
1954 = 100

Semi-logarithmic scale



Foot note :

These graphs take account of the changes in competitive position caused by the devaluation of the French franc at the end of 1958 and the revaluation of the Deutschmark and the Deutch guilder in March 1961.

Source : Based on data from the E.E.C.

been rising appreciably since the closing months of 1962. Finally retail prices of industrial products, though much more stable, recorded a slight rise in the second half of 1962.

12. The slow movement of prices in Belgium has had two consequences. In the first place, wage increases have been very largely reflected in a real increase in the purchasing power of wages, which is the main explanation for the rapid expansion of expenditure on consumption at constant prices. Secondly, manufacturers have not been able to pass on in their selling prices, either home or export, the full increase in their costs. Whereas in 1961 wage increases were compensated by increased productivity in 1962 they were too rapid for such compensation to take full effect. As costs have risen more than prices, there would seem to have been some contraction in profit margins in 1962 though the situation may vary in different businesses or different firms.

MAIN FACTORS IN DEMAND

13. The development of exports has therefore been the mainstay of expansion in 1962, especially during the first six months. As a whole, exports increased in volume by 9 per cent between 1961 and 1962 while imports increased by 5 per cent only. In the second six months private consumption in turn developed strongly and is estimated to have increased by 4 per cent in volume over the whole year. This feature seems to

TABLE 4. SUPPLY AND USE OF GOODS AND SERVICES

	1961	1962		1963	
	VALUE IN BILLION CURRENT FRs	PERCENTAGE VARIATION IN VOLUME	VALUE IN BILLION CURRENT FRs	PERCENTAGE VARIATION IN VOLUME	VALUE IN BILLION CURRENT FRs
A. Supply :					
Gross national product at market prices	601.2	+ 4.0	637.2	+ 3.5	672.0
Imports	214.8	+ 8.5	229.8	+ 4.5	270.1
Total	816.0		867.0		912.1
B. Use :					
Private consumption	413.1	+ 4.0	432.8	+ 4.0	456.5
Official consumption	71.4	+ 6.0	79.5	+ 2.5	85.0
Gross investment of enterprises	104.8	+ 0.5	108.4	— 1.0	110.2
Investment by the public authorities ..	12.4	+ 13.5	14.9	+ 10.0	16.9
Exports	214.3	+ 9.0	231.4	+ 5.0	243.0
Total	816.0		867.0		912.1

Source : Department of Economic Affairs and Energy.

have been caused by the increased income of wage earners with a low propensity to save. Purchases of textile products and consumer durables have in particular increased appreciably. Current expenditure in the public sector also shows a substantial rise, estimated at 6 per cent at constant prices.

14. Information about the trend of investments seems less reliable. The economic Budget estimated the increase in volume of public investments between 1961 and 1962 at 10 per cent and it certainly seems that it has in practice been very rapid. In the case of private investments the Economic Budget adopted a figure 3.5 per cent for their rise in volume, appreciably less than the quite exceptional figure for the preceding year. This estimate was still too high. In fact, as already said, the construction of dwellings has tended to fall and investment in agriculture and transport is also tending to decline (completion of the Sabena re-equipment programme). On the other hand, investment in industry and commercial development has no doubt increased and the surveys of the National Bank indicate that they have been relatively substantial during the second half of 1962. According to the orders booked by the capital goods industry, however, the general tendency is certainly towards a weakening of demand for investments and this weakening is confirmed by the most recent survey of the National Bank. In view of the manpower shortage and higher wages it might appear necessary to speed up modernisation investments in order to accelerate the growth of labour productivity, though at the same time the contraction of profit margins might act as a brake. It is particularly hard to say whether the rapid development of short-term credit in the closing months of 1962 was in fact used to finance additional investment or merely to meet the cash difficulties of enterprises.

PUBLIC FINANCE

15. The authorities are continuing their efforts to reform public finance. With regard to the budget deficit the first task was to eliminate the deficit on the ordinary budget ; thus, instead of the cash deficit of 5.6 billion in 1961 there was a surplus of 1.2 billion in 1962. The 1963 budget is also concerned with the balance of the ordinary budget. The ordinary budget does not include certain expenditure which is treated as current in the Standardized National Accounts, such as Capital expenditure on defence equipment, although it does include the amortization of the national debt. Account must also be taken of the operations of the local authorities and social security agencies. Overall the final balance for 1963 should show net savings by the public sector of 7.4 billion francs, as compared with 5.2 billion in 1962 at 3.8 billion in 1961.

16. An effort has also been made to reduce the overall deficit which, including the cost of amortization of the public debt, has fallen from 26.5 billion francs in 1960 to 16.2 billion in 1962. Allowing for operations on « Third Party Funds » the net increase in the public debt which was

over 22 billion for each year between 1958 and 1960 fell to 18.5 billion in 1961 and 12.1 billion in 1962. As the State was able to borrow more than 20 billion francs on long-term loans in 1962 and its internal short-term debts increased by 8.5 billion it was able to repay its short term debt in foreign currency which had increased notably in 1960 to the extent of more than 10 billion francs. There has thus been a definite improvement in the structure of the public debt.

TABLE 5. FINANCING OF THE PUBLIC SECTOR

In B. Frs milliard.

BUDGETARY TRANSACTIONS (IRRESPECTIVE OF FINANCIAL YEAR)	1961	1962
Actual revenue	120.7	131.7
Actual expenditure	140.5	147.9
Balance ¹	-19.8	-16.2
« Fonds de tiers »	- 2.5	- 0.5
Balance to be financed by borrowing	-22.3	-16.7
<i>Internal debt :</i>		
<i>Short-term :</i>		
Banks	0.4	3.0
Semi-public institutions	3.2	3.8
Postal Cheque Office	0.4	3.5
Congo and Rwanda-Burundi	0.1	- 0.1
Miscellaneous bills	1.0	- 1.7
Borrowing from the National Bank	0.5	- 1.4
Total	5.6	7.1
<i>Medium-term</i>	—	- 1.1
<i>Long-term</i>	13.0	20.1
Total internal debt	18.6	26.1
<i>External debt :</i>		
<i>Short- and medium-term</i>	1.2	-10.7
<i>Long-term</i>	2.2	1.4
Total	3.4	- 9.3
Total borrowing	22.0	16.8
Change in Treasury position	- 0.3	0.1

1. Excluding I.M.F. operations. These were carried out by the National Bank in accordance with the statutory provisions and did not affect the cash position.

Source : Ministry of Finance.

17. While the Treasury situation was very comfortable in 1962, partly because it was able to obtain very substantial sums on the capital market (the November 1962 loan brought in 10,480 million francs by itself alone) and partly because the banking system had abundant liquid

resources, at any rate until the Autumn of 1962, it appears to have been appreciably different in the early months of 1963. As a result of seasonal variations Treasury expenses are especially heavy at the beginning of the year. In addition owing to the prolonged winter, tax payments have been delayed and supplementary expenditure has had to be met. While Treasury needs were increasing the money market was becoming tighter and the Belgian State loan issued in March was only a partial success¹. It was in these conditions that the State again had to start short-term borrowing abroad on a fairly large scale. These difficulties are thought to be temporary.

MONEY AND FINANCIAL MARKET

18. In 1962 the National Bank followed a policy of systematically lowering interest rate by progressively reducing the discount rate from 4.75 per cent before 28th December 1961 to 3.50 per cent in December 1962. The deposit banks also decided to reduce the rate for term deposits, the last reduction being in August 1962. This trend was extended by the lowering of the interest rate on savings deposits in January 1963. This policy obviously corresponded to the market situation in the first half of 1962 and the fact is that the rates of interest on Treasury bonds and annuity bonds issued by tender fell steadily until August and September. Since then the situation seems to have reversed since interest rates on these bonds have gone up while the reduction in interest on term deposits was followed by a fall in the amount of such deposits.

19. Various factors contributed towards keeping the liquid resources of the banking system at an abundant level during the greater part of 1962. In the first place, the balance of payments showed a substantial surplus especially during the first half of the year. Secondly, the budget deficit was reduced² and the State repaid a high proportion of its short-term loan by raising money on the long-term capital market. No doubt this was essentially a debt in foreign currency, but since the bulk of the securities for this debt were held by Belgian banks, recourse by the State to the banking system over the whole year has in total been very limited. If the situation has changed in the closing months of 1962 this should no doubt be attributed to the difference in behaviour of individuals and enterprises. Not only have the liquid resources both of individuals and of enterprises ceased to be supplied by the balance-of-payments surplus but owing to the rapid rise in wages there has been a transfer of income from enterprises to individuals who have appreciably increased their expenditure while firms, either because of increased investment expenditure

1. This loan nevertheless yielded 5,900 million francs. Which matched the expectations of the Minister of Finance, given the existing market conditions.

2. Direct or indirect contributions from the National Bank to the State are subject in Belgium to a strict ceiling and vary between narrow limits only. The whole weight of financing the Treasury is therefore borne by the deposit banks. It should also be remembered that in Belgium the amount of notes in circulation represents more than half the money supply.

TABLE 6. TREND OF INTEREST RATES

Percentage.

END OF MONTH	OFFICIAL DISCOUNT RATE (ACCEPTED DRAFTS LODGED AT BANK)	DAY-TO-DAY MONEY ¹	TIME DEPOSITS (THREE MONTHS) AT BANKS, IN B. FRs	PUBLIC BONDS AND GOVERN- MENT FUNDS		
				SHORT-TERM BILLS (4 MONTHS) ²	SHORT-TERM BILLS ISSUED BY TENDER (12 MONTHS) ³	YIELD OF 5- TO 20-YEAR GOVERNMENT LOANS ⁴
1958 : December	3.50	1.10	1.75	2.75	3.860	4.85
1959 : December	4.00	2.17	2.20	3.25	4.354	5.21
1960 : December	5.00	2.67	3.45	4.75	4.956	6.07
1961 : December	4.50 ⁵	2.25	3.15	4.25	—	5.74
1962 : January	4.25	1.51	3.00	3.80	3.958	5.58
February	4.25	1.48	3.00	3.60	3.850	5.47
March	4.00	1.87	2.75	3.50	3.604	5.37
April	4.00	1.74	2.75	3.40	3.550	5.28
May	4.00	1.82	2.75	3.30	3.500	5.20
June	4.00	2.32	2.75	3.25	3.498	5.21
July	4.00	2.73	2.75	3.30	3.500	5.06
August	3.75	2.36	2.50	3.15	3.379	4.96
September	3.75	2.44	2.50	3.20	3.400	4.95
October	3.75	2.50	2.50	3.25	3.490	5.01
November	3.75	1.77	2.50	3.25	3.450	5.08
December	3.50	2.73	2.50	3.30	3.450	4.96
1963 : January	3.50	2.32	2.50	3.30	3.450	4.71
February	3.50	1.76	2.50	3.35	3.500	4.64
March	3.50	1.77	2.50	3.35	3.550	4.90
April	3.50	1.78	2.50	3.40	3.588	4.91

1. As from December 1959, weighted average of daily average rates in the month.

2. Instalment B Treasury bills and Annuity Fund bills.

3. Allocation at the beginning of the following month.

4. Beginning of the following month.

5. This rate was in force at 31st December. It had been reduced from 4.75 to 4.50 on 28 th December.

Source : National Bank of Belgium.

or the contraction of profit margins have had to resort on a very large scale to short-term credit during the second half of the year while their term deposits contracted. In other words savings by the private sector have tended to diminish. Secondly, since the beginning of 1963, the fiduciary circulation has shown an abnormal tendency to increase. This phenomenon of hoarding, which some people explain by the application of the fiscal reform and the cautious attitude of taxpayers towards it, is reflected by an increase in the proportion of notes in the money supply and therefore also affects the liquidity of the commercial banks. It is true that State borrowing abroad, so far as it entails a certain

inflow of foreign currency, should help to make the banks more comfortable. It should also be noted that the amended bank regulations which came into force on 1st January, 1962 and which were completed on 1st January 1963 by the abolition of cover ratios¹ give the mechanisms in question greater flexibility, which might allow bank facilities to be increased if need be.

20. The capital market was much more active in 1962 than in 1961. As already pointed out, Belgian State issues were intensified and their net total increased from 6 billion francs in 1961 to 18 billion in 1962. Similarly the amount of shares and bonds issued by private enterprise reached 8.6 billion in 1962 compared with 4.4 billion in 1961. Notwithstanding these issues there was a steady fall in the rate of yield on fixed interest securities throughout 1962. When the question arose in March 1963 of issuing a new Belgian State loan the rate was fixed by reference to that practised in the previous November, and the average yield on issue was 5.09 per cent. But meanwhile the fiscal reform had come into force, the system of withholding tax also applying to Government securities (equivalent in practice to deduction at source). For this reason the new loan did not benefit from the same tax exemptions as previous state loans, and this reduced its net yield to subscribers, which explains their lack of enthusiasm. In the case of loans issued subsequently by semi-state agencies like the Telegraph and Telephone Corporation, the rate on issue has been quite appreciably increased and raised to 5.55 per cent. It appears that after this adjustment of rate the market will be able to supply the necessary capital.

PROSPECTS FOR 1963

21. The Economic Budget for 1963 set a certain number of targets for the year and provided in particular for an increase of 3.5 per cent in the volume of gross national product compared with the 1962 results. Private consumption should increase in the same proportion as gross national product, while a certain slowing down is expected in the expansion of private investments, partly compensated by an acceleration of private investments, partly compensated by an acceleration of public investment. Prices should rise by an average of about 2 per cent.

22. Owing to the prolonged severe winter the initial forecasts need revision. Firstly, building work has been held up and the shortage of manpower means that this backlog can only be partly made good. Furthermore, government measures, especially the blocking of tender prices and the policy for the grant of building premiums do not encourage the development of activity in this sector. Thus it is probable that the value added by the building and public works industry will not increase by more than one per cent instead of the 2.5 per cent provided in the

1. Cf. paragraph 17 of the Annual Report on the B.L.E.U. published in July 1962.

TABLE 7. VARIATIONS IN TOTAL MONEY SUPPLY AND ITS COUNTERPARTS

In B. Frs. milliard.

PERIOD	TOTAL MONEY SUPPLY			QUASI-LIQUID RESOURCES ²	TOTAL MONEY SUPPLY AND QUASI-LIQUID RESOURCES	ORIGIN OF CHANGES				
	NOTES AND COIN ¹	BANK MONEY	TOTAL			FOREIGN TRANS-ACTIONS ³	FINANCING OF THE PUBLIC AUTHORITIES ⁴	NEW MONEY RESULTING FROM PUBLIC DEBT OPERATION	CREDIT TO THE PRIVATE SECTOR	MISCELLANEOUS
1957.....	+ 1.2	— 1.5	— 0.3	+ 1.3	+ 1.0	+ 1.3	— 2.0	— 0.5	+ 3.4	— 1.2
1958.....	+ 4.8	+ 8.1	+ 12.9	+ 2.4	+ 15.3	+ 14.9	+ 5.6	+ 4.1	— 8.4	— 0.9
1959.....	+ 1.0	+ 5.8	+ 6.8	+ 5.8	+ 12.6	+ 0.7	+ 3.7	+ 3.2	+ 4.4	+ 0.6
1960.....	+ 5.5	— 1.1 ⁶	+ 4.4 ⁶	+ 6.1 ⁶	+ 10.5 ⁶	+ 1.6	+ 6.1	+ 2.1	+ 4.7	— 4.0
1961.....	+ 5.4	+ 11.3 ⁶	+ 16.7 ⁶	+ 9.1 ⁶	+ 25.8 ⁶	+ 7.8	+ 4.4	+ 1.9	+ 8.2	+ 3.5
1962.....	+ 9.5	+ 7.6	+ 17.1	+ 4.3	+ 21.4	+ 5.0 ⁵	+ 1.4 ⁵	+ 2.7 ⁵	+ 11.7	+ 0.6 ⁵
1961 : 1st quarter	— 1.2	+ 3.3 ⁶	+ 2.1 ⁶	+ 3.3 ⁶	+ 5.4 ⁶	— 1.9	+ 4.9	+ 0.6	— 1.6	+ 3.4
2nd quarter	+ 2.3	+ 1.8	+ 4.1	+ 0.4	+ 4.5	+ 0.1	+ 0.4	+ 0.2	+ 2.7	+ 1.1
3rd quarter	+ 1.3	+ 0.4 ⁶	+ 1.7 ⁶	+ 3.6 ⁶	+ 5.3 ⁶	+ 4.3	+ 1.9	+ 0.4	+ 0.5	— 1.8
4th quarter	+ 3.0	+ 5.8 ⁶	+ 8.8 ⁶	+ 1.8 ⁶	+ 10.6 ⁶	+ 5.3	— 2.8	+ 0.7	+ 6.6	+ 0.8
1962 : 1st quarter	— 1.2	+ 0.1	— 1.1	+ 4.2	+ 3.1	+ 3.8	+ 1.1	— 0.4	+ 0.5	— 1.9
2nd quarter	+ 4.3	+ 4.4	+ 8.7	—	+ 8.7	+ 1.7	+ 0.1	+ 1.0	+ 1.8	+ 4.1
3rd quarter	+ 1.4	+ 0.2	+ 1.6	+ 2.6	+ 4.2	+ 0.3 ⁵	+ 3.0 ⁵	+ 0.8 ⁵	+ 3.3	— 3.2 ⁵
4th quarter	+ 5.0	+ 2.9	+ 7.9	— 2.5	+ 5.4	— 0.8 ⁵	— 2.8 ⁵	+ 1.3 ⁵	+ 6.1	+ 1.6 ⁵

1. After deducting notes and coin held by the monetary institutions (the National Bank, the Commercial Banks, the Postal Cheque Office and various credit institutions).

2. Quasi-liquid resources include: term deposits with banks, residents' deposits in foreign currencies at banks and the credit balances of the Treasury at the National Bank of Belgium.

3. Excluding capital transactions and transfers of the public authorities.

4. Including the balance on their capital transactions abroad.

5. Provisional figures.

6. These totals have been adjusted for the accounting changes made necessary by the accession of the Congo to independence.

Source: National Bank of Belgium.

Economic Budget. The trend of agricultural production is still uncertain, though the rise in industrial production is expected to be slightly faster than forecast (5 per cent instead of 4 per cent). According to the figures recorded since the beginning of the year this result seems very probable though it is still necessary for demand to increase sufficiently to absorb this production.

23. The wage losses of building workers have been largely made up by unemployment benefit, while bank facilities have been extended to firms which found themselves in cash difficulties. These losses were not negligible if only because the benefits granted are calculated on the basis of contract wages whereas the actual wages paid were in some cases higher. The main feature, however, was a fairly considerable change in the breakdown of consumer expenditure with an appreciable increase of expenditure on heating and the purchase of clothing, made up by reduction in other expenditure, the consumer being moreover encouraged to stay at home. It is difficult to say how far the postponed purchases will be made up later and what will be the final effect of all these events. Since a further substantial wage increase is expected and price stability seems to be firmly secured, the total of consumption expenditure should continue to grow markedly (about 4 per cent in volume). In addition an increase of 2.5 per cent is expected in the volume of public consumption. It is known in particular that budget expenditure will be slightly greater because of the prolonged winter. On the other hand it is certain that public investment could not increase by 14 per cent as forecast by the Economic Budget.

24. The trend of private investment gives some anxiety and if it increases from one year to the next it should hardly be by more than one per cent. With regard to exports, notwithstanding the recovery recorded in March they hardly exceed for the whole of the first quarter of 1963 the level of the corresponding quarter in 1962. The very favourable results for April have given renewed hope of a substantial progress without any guarantee that the rise will really be 5 per cent in volume between the two years for all goods and services exported as was hoped. Overall it is highly possible that gross national product will in fact increase by 3.5 per cent between 1962 and 1963 but this result is not yet certain.

THE ECONOMIC SITUATION IN THE GRAND DUCHY OF LUXEMBOURG

25. Since 1962 the general index of industrial production in the Grand Duchy of Luxembourg has been falling, mainly as a result of a decline in the rate of activity in the iron and steel industry. The contrast is all the more marked since 1961 was a year of vigorous expansion. The change can be attributed to the unfavourable turn in the iron and steel market in the E.C.S.C. countries ; the production of crude steel in Luxembourg fell by 2.5 per cent between 1961 and 1962. However,

nearly every branch of industry also experienced a pronounced fall in its activity and total industrial production fell by 4.3. per cent compared with the year before. Industrial production has fallen in the first months of 1963 ; orders-in-hand in iron and steel are at present lower than at the same period of 1962. For these reasons it is unlikely that the gross domestic product will rise in 1963.

26. The contraction in iron and steel production has had a definite impact on public revenue. The income of the Communes has fallen by more than a quarter, while total budget revenue has fallen by about 6 per cent. Although ordinary expenditure has increased only slightly, (2.7 per cent compared with 1961) the state of public finance has worsened and the public debt in particular has increased by 142 million francs compared with a fall of 477 million in the previous year.

27. Total wages should increase following the increase of civil service salaries and the wage agreements in iron and steel and the coal mines. Retail prices, which remain relatively stable (about 1 per cent increase over a year) rose sharply in May 1963 (plus 2.5 per cent) following higher prices for bread and milk. This rise will involve an automatic increase in civil service salaries because of the sliding scale which applies to salaries throughout the public sector and to 80 per cent of those in the private sector

EXTERNAL ECONOMIC RELATIONS OF THE B.L.E.U.

28. B.L.E.U. exports have shown an appreciable change in pattern, while at the same time expanding rapidly. The other E.E.C. countries are, in fact, absorbing a growing part of these exports, namely, 57 per cent in 1962 compared with 35 per cent in 1960. This rapid increase in exports to the E.E.C. (17.5 per cent in a year) is mainly the result of the boom in those countries and the difficulty of local industry in meeting demand owing to full employment of labour ; thus a number of sub-contracts have been concluded by the metal manufacturing industry. This trend, however, also results from a very definite improvement in the relative cost of Belgian industry owing to the more moderate wage increases in that country. A certain recovery is now recorded in exports to the Belgian Congo which, after falling by more than 30 per cent in 1961, increased by 10 per cent in 1962. There has also been a fairly sharp increase in exports to the United States (plus 14.5 per cent) while sales to the EFTA countries seem to be shrinking slightly. The pattern of exports is also in the process of change and the proportion of finished products other than food is definitely increasing ; in the case of metal manufacture it amounted to 25 per cent of the total in 1962 compared with 20 per cent in 1958.

29. Imports increased in value less than exports (plus 7 per cent against plus 10 per cent) and the extent to which imports were covered by exports rose from 93 per cent to 96 per cent while the trade deficit

TABLE 8. GEOGRAPHIC DISTRIBUTION OF B.L.E.U. EXPORTS

COUNTRY	AMOUNT IN 1962 B. FRs MILLION	PERCENTAGE SHARE		VARIATIONS (per cent)	
		IN REGIO- NAL TRADE	IN WORLD TRADE	62/61	61/60
France	26,838.3	21.8	12.4	+ 21.5	+ 12
Netherlands	49,345.3	40.3	22.8	+ 7.2	+ 14
FR of Germany	38,126.0	31.1	17.6	+ 26.8	+ 1
Italy	8,595.3	7.0	4.0	+ 34.5	+ 8
E.E.C.	122,904.9	74.43	56.8	+ 17.5	+ 9.5
E.F.T.A. countries	30,996.8	18.77	14.3	— 2.3	+ 5.8
Communist countries	4,316.5	2.61	2.0	— 7.4	— 3.4
Other European countries	6,892.4	4.16	3.2	+ 12.5	— 0.9
EUROPE	165,110.5	100.0	76.3	+ 12.4	+ 7.8
Congo (Leopoldville)	2,257.3	26.25	1.0	+ 10.0	— 30.9
Other African countries	6,335.8	73.75	3.0	+ 12.8	+ 5.9
AFRICA	8,593.1	100.0	4.0	+ 12.0	— 73
United States	20,708.1	69.5	9.6	+ 14.5	+ 0.9
Canada	2,153.2	7.22	1.0	— 2.0	+ 5.6
Latin America	6,926.9	20.30	3.2	— 10.2	— 5.6
AMERICA	29,788.2	100.0	13.8	+ 6.3	— 0.6
ASIA	10,247.3	100.0	4.73	— 9.6	— 14.8
OCEANIA	1,165.0	100.0	0.54	— 6.6	— 30.4
OTHERS	1,333.3	100.0	0.62	—	—
Total	216,237.4	100.0	100.0	+ 10.2	+ 3.9

Source : Belgian Memorandum.

fell from 15 billion to 9 billion : in the case of the E.E.C. Member countries the previous deficit was, in fact, changed into a slight surplus. These results have been achieved notwithstanding the unfavourable trend of the terms of trade which moreover reflects the relative fall in the price of Belgian products.

30. The fall in the trade deficit has resulted in a further increase in the surplus on the balance of current payments which amounted to 3.6 billion francs (\$ 72 million) in 1962 compared with 2.9 million (\$ 58 million) in 1961. This surplus was mainly concentrated in the first quarter of the year. Leaving aside government transactions, the net inflow of private capital in the second quarter allowed a fairly substantial surplus on the overall balance of payments to be maintained throughout the first half of the year. If, on the other hand, government transactions are included, especially the repayment of the short term debt in foreign

exchange, the net external holdings of the banking system after increasing substantially in the first quarter fell fairly sharply in the second and third quarters. The deposit banks have appreciably increased their holdings but those of the National Bank fell by \$ 35 million during 1962. From the beginning of 1963 a steady increase has been recorded in the gold and foreign exchange holdings of the National Bank which have increased by \$ 129 million in four months. This increase does not seem to be due to an improvement in the balance of payments but to short term government borrowing abroad and also no doubt to a restriction of the liquidities of the banks, which have probably continued to cut down their external holdings as they had already begun to do in the last quarter of 1962.

TABLE 9. BALANCE OF PAYMENTS OF THE B.L.E.U.¹

BALANCE (CREDIT MINUS DEBIT)	1961					1962				
	1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	YEAR	1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	YEAR
1. Transactions on goods and services and private transfers	-0.5	-1.4	+1.7	+3.1	+2.9	+3.1	-0.1	+1.1	-0.5	+3.6
2. Government transfers.....	...	...	...	-0.9	-0.9	...	...	...	+0.1	+0.1
3. Movements of public and semi-public credit and operational capital	-0.4	-5.2	-0.2	+2.2	-3.6	+2.9	-4.2	-1.8	-0.1	-3.2
4. Movement of other capital :										
— Registered short-term	-0.3	+0.4	-1.0	-0.4	-1.3	-1.2	+0.9	-1.7	+1.8	-0.2
— Other.....	+0.2	-0.4	+1.0	+1.6	+2.4	+0.6	+0.5	+2.0	-1.4	+1.7
5. Errors and omissions	-0.2	+0.2	+0.7	+0.4	+1.1	+1.2	+0.4	-0.4	+0.7	+1.9
6. Total corresponding to the movement of the net external assets of the monetary institutions	-1.2	-6.4	+2.2	+6.0	+0.6	+6.6	-2.5	-0.8	+0.5	+3.8
of which : National Bank.....	-0.9	+2.9	+3.4	+6.7	+12.1	-2.2	-0.9	-1.0	+2.4	-1.7
Other.....	-0.3	-9.3	-1.2	-0.7	-11.5	+8.8	-1.6	+0.2	-1.9	+5.5

1. This balance of payments has been drawn up according to the established rules.

Source : National Bank.

II. GROWTH POLICY AND STRUCTURAL REFORMS

31. The Belgian authorities are becoming increasingly conscious of the need to stimulate the long-term growth of the Belgian economy and to encourage a modification in the structure of the production mechanism so as to make it better adapted to export markets, and they have therefore embarked on a policy designed to bring about the desired changes. The First Economic Expansion Programme (1962-65) sets a certain number of targets for 1965 and determines the conditions in which these targets can be reached. In asking Parliament to improve

this Programme the Government desires to give it greater authority than a mere administrative act and to ensure it of a certain permanence. Because of its strictly indicative character the Programme is not binding on private firms. On the other hand the programme for the extension of public investment is binding on the public authorities, who in their cyclic policy must also bear in mind the general targets of the 1962-1965 programme. In addition, through the application of the 1959 Economic Expansion Acts, the intervention of the newly created National Investment Corporation, the fiscal reforms and the continued reorganisation of the coal industry the authorities have various means available which enable them to influence the structure of the Belgian economy.

THE FIRST ECONOMIC EXPANSION PROGRAMME (1962-65)

32. The Economic Programming Office, created at the end of 1959 and strengthened in January 1961, after drawing up first a relatively summary programme, communicated to Parliament in December 1960, worked out the final programme for 1962-65 with the assistance of government technicians and the leaders of economic life. It has also been approved by the National Economic Expansion Council, which includes in addition to Ministers the leaders of the main management and labour organisations. The main object of the programme is to speed up the expansion of the Belgian economy. The growth rate adopted for the period 1962-65 is 4 per cent per year for the gross national product whereas the average rate for 1950 to 1960 was only 2.7 per cent per year. This rate was selected in the light of the limits of the possibilities of existing structures, as well as of the desire for accelerated expansion. The general balances to be achieved have been carefully studied and relatively detailed sectoral programmes have been drawn up. It is true that there are certain gaps in the statistics, which may vitiate some of the projections made, but on the whole the system is consistent and is based on a reliable analysis of the available data.

33. The execution of the Expansion Programme depends on a certain number of conditions which have been formulated by the Programming office as follows :

- a moderate expansion of the active population calls for the application of an employment policy which mobilises all disposable resources and stimulates the adaptation of manpower to the jobs to be done. The Programming office proposes, inter alia, the development of part-time work by women.

- it is, however, by greater productivity that the growth targets will be achieved ; this calls for the intensification of investments especially in modernisation.

- since Belgium depends largely on her external trade it is also necessary to encourage the expansion of exports by improving the competitive position of Belgian products. As the export of industrial semi-

manufactures, formerly the basis of Belgian prosperity, is now faced with increasing difficulties, an effort must be made to change the pattern. The special task should be to develop new activities and the production of merchandise with a strongly expanding demand.

— the maintenance of the equilibrium of the balance of payments and the accelerated development of investment means that the expansion of private consumption must be kept within reasonable limits. Furthermore, current State expenditure on goods and services should only increase within moderation so as to allow the formation of savings in the public sector.

TABLE 10. MAIN TARGETS OF THE FIRST BELGIAN ECONOMIC GROWTH PLAN

B. Frs milliard at 1961 prices.

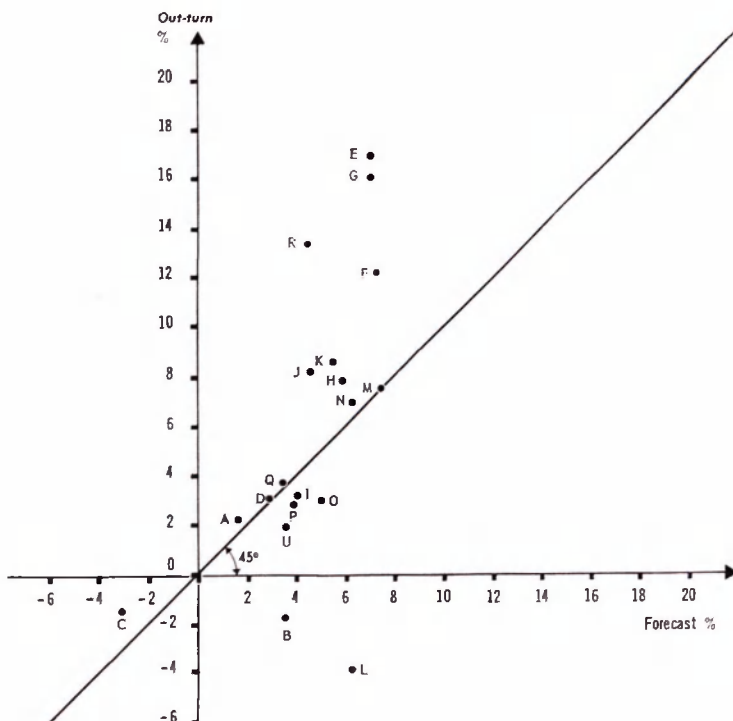
	1957	1961	1965 ESTIMATES	PER CENT INDICES	
				1961 /57	1965 /61
<i>Supply :</i>					
Agriculture	37.1	34.9	38.8	94.0	111.0
Energy	25.7	24.7	28.0	96.0	113.1
Manufacturing industry	163.8	186.8	232.9	114.0	124.6
Construction	41.5	46.7	55.5	112.5	118.9
Housing	36.8	37.9	39.8	103.0	105.0
Services	149.9	167.8	196.9	112.0	117.3
Public authorities	48.5	52.9	58.5	109.0	110.5
Gross domestic product at factor cost	503.3	551.7	650.4	110.0	117.9
Gross indirect taxes ¹	61.8	73.1	84.8	118.0	116.0
Net income from abroad	7.6	8.6	5.9	113.0	68.4
Gross national product at market prices	572.7	633.4	741.1	111.0	117.0
Imports ²	181.6	229.4	308.5	126.3	134.5
Total Supply	754.3	862.8	1,049.6		
<i>Uses :</i>					
Private consumption	393.4	435.0	496.9	110.6	114.2
Official consumption	66.0	72.1	79.8	109.2	110.7
Gross investment	100.2	119.1	151.0	118.9	126.8
Variations in stocks	6.3	1.9	6.0		
Exports ²	188.4	234.7	315.9	124.4	134.6
Total uses	754.3	862.8	1,049.6		

1. These taxes were calculated at 1961 rates.

2. Exports cover goods and services, including foreign tourism in Belgium. They also include the foreign contribution to the national product in the form, for example, of earnings by Belgians abroad or dividends paid to Belgians by foreign enterprises. The definition of imports is in line with the above. The figures apply to Belgium alone and are not therefore directly comparable with those of the balance of payments of the B.L.E.U.

Source : Belgian Memorandum.

Diagram 2. CHANGES IN PRODUCTION BY MAIN SECTORS FROM 1961 TO 1962 AND FORECASTS OF FIRST PROGRAMME FOR ECONOMIC EXPANSION ANNUAL AVERAGE, 1961 TO 1965



Source : Bureau de Programmation.

Key :

F. Petrol	G. Chemicals	M. Metal products	Q. Distribution
C. Coal	R. Financial services	N. Wood and paper	A. Agriculture
D. Coke and gas	P. Transport	J. Construction materials	B. Foodstuffs
E. Electricity	K. Steel	O. Construction	U. Other services
N. Other industries	L. Non-ferrous metals	I. Textiles	

34. The results so far recorded are fairly encouraging and the expansion achieved since 1961 corresponds fairly closely to that provided in the Plan. The trend of production by major sectors also seems in most cases in keeping with the data of the sector programmes. The rapid increase in exports and the change in their pattern also show that Belgian industry is adapting itself well to international market conditions. Finally, the weakness of productive investment if it were

to continue would undoubtedly endanger the execution of the programme especially in its later stages. It is this which gives so much importance to the steps taken by the Belgian authorities to encourage investments.

APPLICATION OF THE ECONOMIC EXPANSION ACTS 17th AND 18th JULY, 1959

35. Since the 1959 Acts were passed, Government guaranteed credits granted to industry, with or without a reduction in interest rates, amount 30 billion francs. Out of this total, credits for regional expansion amount to 11 billion francs. The grant of credits was particularly rapid in 1961 when it reached the rate of 1 billion francs a month (or about 10 per cent of gross investment of enterprises). In 1962 requests for State aid were scrutinised more strictly and the rate of granting preferential credits fell to 600 million francs a month. During this year the expansion of investments was more moderate and enterprises also made greater use of the financial market and short-term bank credits. This slowing down is explained in part by the desire to be more selective in the grant of credits and in part by a slowing down in the rate of application. Credits are granted on the application of those concerned and up to now have mainly affected metallurgy, chemicals and metal manufacture, that is to say the largely traditional sectors which have mostly developed their investments with State aid. It is desired in future to give more favourable treatment to aid to the manufacture of new products or the use of new manufacturing processes. The completion by the Programming Office of its study of sector and regional targets for investment policy is awaited before full use is made of the aid possibilities afforded by the 1959 Acts. It will also be noted that in future enterprises in the distribution sector are entitled to the benefits of these Acts.

THE NATIONAL INVESTMENT CORPORATION (Société Nationale d'Investissements (S.N.I)) AND THE REGIONAL INVESTMENT CORPORATIONS (Sociétés régionales d'Investissements (S.R.I.).

36. The activities of the National Investment Corporation created on 8th October, 1962, are even more positive, since this agency can itself take the initiative with regard to the operations to be carried out, whereas under the 1959 Acts it is necessary to wait until the enterprises in question apply for aid. The National Investment Corporation is a Corporation recognised to be in the public interest, constituted in the form of a joint stock company in which holdings by the State and semi-public financial institutions must represent not less than 75 per cent of the capital, the balance being subscribed by the private sector, including a consortium of banks. Its initial capital amounted to 2 billion Belgian francs but this can be increased in future. In addition to its own capital the S.N.I. is entitled to issue bonds, the interest and repayment of which may be

guaranteed by the State and the amount of which must not exceed capital plus reserves.

37. The S.N.I. may take temporary holdings in the capital of industrial or trading companies under private law whose main establishment is located in Belgium. In other words, they can supply national enterprises with risk capital and not mere credits. Such capital may be contributed either when the enterprise is created or when it is expanded and may not exceed 80 per cent of the total, save in exceptional cases. Transfers of S.N.I. holdings must be offered in priority to the shareholders in the company concerned. The S.N.I. may also discount or purchase commercial bills and notes and carry out any other transactions maturing within not more than 120 days.

38. The activities of the S.N.I. are to be supplemented by the operation of Regional Investment Corporations which will function at the level of regions defined at the time they are created. They must be approved by the National Investment Corporation. Their organisation, form and aims are the same as those of the S.N.I. but limited of the regional level. The acquisition of holdings in enterprises is subject to the same rules as in the case of the S.N.I.

39. The S.N.I. is destined to play an important part in the orientation of investments, especially by directing them towards the sectors of activity where rapid expansion is hoped for. It will also be in a position to give effective aid to small and medium-sized firms which in fact experience difficulty in raising capital. These are limits to self-financing and direct access to the capital market is in practice closed to them. They also fear that the aid they might obtain from big companies or financial groups might not be disinterested and might ultimately lead to take-over or merger. There is no such risk where holdings are taken by the S.N.I. It is in any event too soon to pass judgment on the activity of a Corporation which is only just beginning to operate. It will probably be very cautiously managed in the early stages.

FISCAL REFORM

40. The fiscal reform finally adopted by Parliament is not designed to increase the burden of taxation but to rejuvenate the system of collecting direct taxation which dated from 1919 and which had been made more complicated by a series of changes from year to year. The desire for simplification was combined with that of equity, especially by aggregating individual incomes for the purposes of tax assessment and by strengthening the campaign against tax evasion. The reform, partly introduced in 1963 (company tax and withholding tax) will be applied in full from 1964 onwards.

41. It is particularly interesting to note that another reason for this reform was the desire to encourage economic expansion. The Belgian

system has now been brought into line with that of adjoining countries, which will help European economic integration. Furthermore, fluctuations in revenue will now follow more closely upon cyclical fluctuations and it will be easier to form long-term savings in the public sector. A dominant concern has also been that of encouraging the development of investments. The tax on profits distributed by enterprises has been reduced (42.75 per cent instead of 47.20 per cent) and the same rate applies to profits placed to reserve, which were formerly subject to a preferential rate. The object is to stop favouring self-financing in favour of the distribution of profits and the formation of supplementary saving by the use of financial circuits. It is desired in this way to stop the concentration of investment in old established activities and to make it easier to finance new ones. It is even sought to intensify this effect by imposing a supplementary tax of 5 per cent on profits placed to reserve when they exceed 5 million francs. On the other hand, in the case of small and medium-sized firms who find it difficult to gain access to external sources of finance the old system which encouraged the placing of profits to reserve has been retained. In addition the New Act authorises the executive to amend the rules for calculating depreciation and the study of a system of declining balance depreciation and accelerated depreciation is sufficiently far advanced for measures of execution in this field to be expected in the near future.

THE REORGANISATION OF THE COAL MARKET

42. The progressive reorganisation of the coal market has made it possible, as already indicated, to eliminate completely the surplus stocks of coal. Since 1959 some 60 workings representing a total production capacity of 7,500,000 tons per year have been closed and the number of miners has fallen by 60,000 over the same period. The closing of further mines which was to have taken place in 1963 would have resulted in a further reduction of 2 million tons in production capacity, but it is not certain in the present state of the market for coal, whether this programme will be carried out. The question is no longer one of meeting exceptional difficulties but of rationalising production as much as possible and bringing costs in the Belgian collieries down to a competitive level.

43. The « Directoire charbonnier » (Coal Board) is a body under public law whose main task is to co-ordinate the activities of the coal mines in matters of production, prices, marketing and financing. It has in particular the right to create common sales depots for a number of mines, to co-ordinate investment programmes and to act in general as an intermediary between the Government and the private sector. Although the « Directoire charbonnier » has been paralysed because the E.C.S.C. contested certain of the responsibilities given to it under the Belgian Act, it has taken decisions to close certain mines and prepare a programme for the merger of most of the mines in the Campine coalfield so as to help in carrying out the production plan which it has prepared for this coalfield.

STRUCTURAL REFORMS IN LUXEMBOURG

44. The present state of the economy in Luxembourg once again clearly demonstrates the serious difficulties which may arise in a period of contracting demand from the extent to which this economy depends solely on the activity of the iron and steel industry. The question of diversifying production arises more keenly than ever. The Chamber of Deputies of the Grand Duchy of Luxembourg passed an Outline Law in 1962 to introduce and co-ordinate action for an improvement in the general pattern and regional equilibrium of the national economy and stimulate its expansion. It specifies the different types of action which can be taken, either in conjunction or separately, especially those designed to provide easier access to credit, the grant of capital subsidies, the supply of firms with the necessary land and buildings and certain tax exemptions. During 1963 the Grand Duchy of Luxembourg will attempt to draw up an economic budget for 1964, using this new technique to fill an important gap in its present system of short-term economic forecasting.

CONCLUSIONS

45. The 4 per cent increase in the gross national product of Belgium in 1962 in conformity with the targets of the first Economic Expansion Programme is manifestly encouraging. This result has been attained with a slight surplus on the balance of payments, a better balanced budget and a very comfortable Treasury position. Over the year, demand drifted towards consumer goods and the expansion of exports lost some of its vigour during the latter months of 1962. The atmosphere also changed on the money market and there was less abundant liquidity towards the end of the year. 1963 started badly with an unduly prolonged winter. The State had some difficulty in finding the necessary cash. A tendency became manifest to hoard bank notes, enterprises, whose profits seemed to have shrunk, have shown increasing reluctance to invest and when the frost came to an end the expansion of building was hampered by an acute labour shortage. The recovery in the expansion of exports since the month of March, wage increases and the constant pressure of demand for consumer goods and further progress in industrial expansion indicate this Spring that the economic situation is tending towards expansion without any certainty that the increase in gross national product can reach 3.5 per cent in volume for the whole year as forecast. The situation nevertheless remains uncertain so far as economic expansion in the E.E.C. countries seems to be slowing down.

46. The Belgian authorities are continuing their efforts to improve and complete their statistical apparatus. An economic budget was submitted to Parliament for the first time in October 1962 ; in addition the work of the Commission on National Accounts has led to the preparation and publication of official figures for the Belgian national accounts, for which only private estimates were previously available. Progress has also been made in the presentation of monetary and financial

statistics. It is to be noted, however, that the official figures are often challenged, that important gaps remain to be filled, and that certain important indices, such as the index of industrial production, only become available after considerable delay. For this reason, the efforts already made in statistical documentation need to be still further intensified and encouraged, especially in regard to statistics of short-term economic fluctuations.

47. While Belgium has derived full benefit from the reduction of customs barriers within the Common Market and has found it fairly easy to expand exports to the other Member countries, it seems to have somewhat neglected third country markets. This has increased the extent to which Belgian economy depends upon that of neighbouring countries and if there were no effective co-ordination of cyclical policies and long-term growth policies such a situation might give rise to some anxiety.

48. The rate of growth of consumption is accelerating, a favourable development in itself. Investment, on the other hand, shows some signs of weakness. It may be asked what are the reasons for this. Despite the contraction of profit margins, which is deplored, financial resources are not lacking either to enterprises or to the Belgian economy. The behavior of firms can only be explained by a certain lack of confidence in the future, in so far as this depends mainly on the uncertain evolution of external demand. The authorities are determined to sustain the long-term expansion of the economy. It may be moreover that these hesitations are merely transitory. If sales of consumer goods remain high and exports continue to expand there should normally be a recovery in the upward movement of investment, particularly when the measures designed to stimulate them take full effect. That is why, in spite of certain hesitations in the early months of 1963, there is good hope of reaching the targets assessed for 1965 by the first Economic Expansion Programme.

49. The almost complete disappearance of unemployment and the emergence of a genuine labour shortage is a new phenomenon for Belgium. The pattern of population is such that employment is not very elastic. Moreover, in spite of the desire of the authorities to increase female employment, expansion depends almost exclusively on the progress of productivity. The possibilities in this field should not be underestimated, but there might be some difficulties in supply expanding sufficiently to meet a very great expansion in demand. Care must therefore be taken to maintain a certain overall equilibrium and the better management of public finance should contribute to this. Nevertheless, in view of the balance-of-payments situation and the state of official gold and foreign exchange holdings, Belgium has a certain freedom of manoeuvre. Furthermore, so far as the national economy experienced considerable expansion, this should be an encouragement for foreign capital to invest to an even greater extent in Belgium and should retain in the country the capital which has for a long time past been attracted to investment abroad.

ANNEX

RECENT CHANGES IN THE STATUTES OF THE BELGIUM-LUXEMBOURG ECONOMIC UNION

1. The Convention on Economic Union between Belgium and Luxembourg, signed 25th July, 1921, came into effect on 1st May, 1922. It provided for the establishment of a customs union and included a certain number of financial, monetary, tariff, commercial and cultural provisions. It was concluded for a period of 50 years, with provision for renewal. Because of the development of restrictive business practices during the nineteen-thirties and after, it was found necessary to co-ordinate the activities of the two countries in this field also. An Agreement, signed 23rd May, 1935, established a common set of regulation between Belgium and the Grand Duchy of Luxembourg regarding imports, exports and transit. Several other agreements concluded between Belgium and Luxembourg since 1935, have completed the Economic Union and defined the relationship between the two countries in various fields.

2. The special relationship between Belgium and Luxembourg might have been thought to be called in question by the creation of similar structures on a larger geographical scale, namely : Benelux and the Common Market. In reality, even in this new context, Belgium-Luxembourg co-operation kept all its importance and the two Governments had no difficulty in obtaining, both in the Benelux Treaty (Article 94) and in the Treaty establishing the European Economic Community (Article 233), recognition of their special ties. Nevertheless, in view of the radical changes in the economic structures of Western Europe, the two Governments recognised the need for reviewing all the conventions and agreements linking their countries so as to confirm the Union and bring it into line with present-day requirements. The decision to open negotiations was taken at the beginning of 1957. At the end of three Ministerial Conferences, a whole series of instruments were finalized :

1. three Protocols, namely :
 - a Protocol amending the Convention establishing the Belgium-Luxembourg Economic Union ;
 - a Special Protocol on Agriculture ;
 - a Special Protocol on the Monetary Union.
2. joint comments on the above Protocols ;

3. a draft co-ordinated text of the Conventions establishing the Economic Union as amended.

The three Protocols, which had been approved by the Luxembourg Conference of 22nd October, 1962, were signed in Brussels on 29th January, 1963, and will be submitted for Parliamentary approval in Brussels and Luxembourg.

3. The revision of the B.L.E.U. has not changed the sense of the agreements, but has modernised their form. The terminology has been brought up to date and obsolete provisions have been repealed. A number of gaps have been filled. But the most remarkable innovation has been in institutions. Like the European Communities and Benelux, the B.L.E.U. will in future have a Committee of Ministers. The other organs of the Union will be the Administrative Commission and the Customs Council ; this is not a case of creating new institutions but of adapting two existing ones, the joint Belgium-Luxembourg Administrative Commission (C.A.M.B.L.) and the Joint Administrative Council, created respectively in 1935 and in 1921. It has been thought desirable to abolish the Conseil supérieur de l'Union, established by the 1921 Convention.

4. The new instruments not only consolidate the existing situation, but introduce improvements in those fields where the previous agreements had provided no solution or inadequate ones. They deal mainly with the following subjects : residence, establishment and exercise of occupations, the co-ordination of economic policies and the harmonization of legislation on those subjects where there is no common legislation, the elimination of obstacles created by the indirect financial system, and co-operation in the field of transport.

5. Agricultural problems are the subject of a Special Protocol, which is an integral part of the Convention on Economic Union. It should be remembered, in fact, that since the Second World War the agricultural relations between Belgium and Luxembourg, previously governed by the 1921 and 1935 agreements, have been increasingly influenced by the provisions adopted within the framework of the Benelux and Common Market Treaties. These provisions have also been applied to agricultural trade between the partners of the B.L.E.U. In the Special Protocol on Agriculture the two Governments have created the opportunity for returning, by measures agreed in the Committee of Ministers, to a freer system between the two countries.

6. The revision of the Convention on Economic Union also provided the occasion for bringing up to date the provisions governing monetary relations. These were the subject of a Special Protocol establishing a Monetary Union between the two countries. This Protocol, like the Agricultural Protocol, forms an integral part of the Convention on Economic Union.

7. Article XXIII of the Revision Protocol provides that the Governments of the High Contracting Parties shall ensure, after the Revision Protocol comes into effect, the promulgation of a co-ordinated text of the Convention establishing the Belgium-Luxembourg Economic Union. This co-ordinated text will include those provisions of the former 1921 and 1935 Conventions still in existence, and the amendments and new provisions introduced by the Revision Protocol. The co-ordinated text, which will be officially promulgated after the Revision Protocol comes into effect, is divided into 7 chapters whose headings give an idea of the subjects governed by the new agreement on Economic Union : basic provisions ; provisions regarding customs and excise ; residence, establishment and exercise of occupations ; economic provisions ; foreign trade ; institutional and general provisions ; final provisions.

8. In its new form, the Belgium-Luxembourg Convention on Economic Union, as compared with other treaties of economic integration, includes a series of original features which justify the maintenance of this special link between Belgium and Luxembourg within Benelux and the Common Market :

1. A particularly forceful affirmation of the unity of economic territory and complete freedom of internal trade ;
2. Fiscal equality ;
3. The existence of common legislation on all major aspects of the Economic Union, namely customs and most excise duties (indirect contributions), as well as regulations for imports, exports and transit ;
4. Common trade and tariff agreements ;
5. Considerable integration of the customs authorities ;
6. A common fund for the proceeds of customs, excise and prelevies on imports, shared in proportion to the population ;
7. A system of monetary association which allows complete freedom of payments within the Union, completed by a joint set of regulation on exchange and foreign exchange control.

STATISTICAL ANNEX

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TABLE I. PRODUCTION, EMPLOYEMENT AND OTHER BUSINESS INDICATORS

	UNIT OR BASE	1961	1962	1961				1962				1963	
				1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	APRIL
INDUSTRIAL PRODUCTION INDICES¹ :													
1. General (non-adjusted)	1953 = 100 Monthly average	135	143	126	142	130	142	140	145	137	149		
2. General (seasonally adjusted)	—	...	...	126	139	137	139	140	141	145	145		
3. Mining and quarrying	Monthly average not seasonally adjusted	77	77	74	82	72	81	75	80	72	82		
4. Manufacturing	—	147	157	137	155	141	155	154	158	151	163		
5. Building materials ²	—	144	156	124	152	147	153	143	162	158	161	120	
6. Basic metals	—	148	156	126	163	149	154	158	160	148	158		
7. Metal product	—	150	159	139	161	140	158	156	163	150	165		
8. Textiles	—	128	131	127	132	116	138	127	132	120	144		
9. Food, beverages and tobacco	—	127	134	116	128	131	132	119	129	149	137		
10. Chemical products	—	186	210	170	191	183	198	210	210	210	209		
BUILDING ACTIVITY²													
11. Licences granted	Total for the period	51,983	48,467	13,197	14,979	12,795	11,012	12,593	11,364	12,989	11,521		
12. Buildings completed	—	42,407	36,746	9,411	10,561	11,667	10,768	7,316	8,886	10,674	9,870		
13. RAILWAY FREIGHT (inland) ³	1953 = 100 Standard months	75	76	64	83	74	81	72	79	72	81	79	
EMPLOYMENT INDICES³ :													
14. Industries as a whole	1953 = 100 Non-adjusted month- ly averages	96	96	95	96	97	97	96	95	96	96		
15. Fuel and energy	—	62	56	65	63	61	59	57	56	56	56		
16. Primary metals	—	110	107	109	111	111	111	108	107	106	107	106	
17. Metal products	—	116	121	113	115	117	120	120	121	122	123	106	
18. Chemical products	—	113	115	115	113	113	114	118	117	114	112		
19. Textiles	—	84	83	85	84	84	83	84	82	83	84		
20. Food	—	97	96	92	94	98	102	93	94	99	100		
21. Total employment in industry in constructions and transport	—	95	95	94	95	95	95	94	95	95	95		
UNEMPLOYMENT :													
22. Wholly unemployed ²	Thousands daily average	64.6	30.7	88.8	61.3	51.7	55.3	52.0	25.5	21.4	24.9	31.4	
23. F	—	23.3	16.5	29.6	23.2	18.7	21.2	22.7	16.1	13.0	14.5	16.0	
24. T	—	87.9	47.2	118.5	84.5	70.5	76.5	74.6	45.5	34.4	39.4	47.5	
25. Partial and casual unemployment ² M	—	29.9	29.0	43.1	17.3	12.2	35.4	54.1	12.4	10.3	38.6	126.5	
26. F	—	10.5	9.4	11.8	8.8	7.5	11.6	12.2	9.6	7.3	8.7	9.7	
27. T	—	40.3	38.5	55.0	26.1	19.7	47.0	66.3	22.0	17.6	47.4	136.2	
28. Total unemployment ²	—	128.2	85.6	173.4	110.6	90.1	123.5	140.9	63.5	52.0	86.8	183.6	
29. Wholly unemployed ¹	Thousands seasonally adjusted daily averages	—	—	96	90	85	77	58	44	41	39	39	
30. Unfilled vacancies ¹	—	—	—	9.9	12.7	13.2	15.8	15.7	15.2	14.3	18.2	15.8	17.7

1. O.E.C.D. Statistical Bulletins.

2. Statistical Bulletins of the Institut National de Statistiques.

3. Service mensuel de Conjoncture de l'Institut de Recherches économiques et sociales de l'Université de Louvain.

TABLE II. WAGES AND PRICES

	UNIT OR BASE	1962	1962	1961				1962				1963	
				1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	APRIL
1. Index of wages and allowances in industry and transport (excluding mining) Base: married man with 2 children ²	1953 = 100 end of period	135.0	144.4	132.4	134.6	135.0	137.8	138.7	145.2	144.8	148.9		
2. Consumer price index (official) ¹	1953 = 100	111.0	112.6	110.5	110.8	111.6	111.4	111.6	113.4	112.8	112.8	114.1	114.4
3. Wholesale price index ¹	monthly averages	102.4	103.2	102.9	102.1	101.9	102.5	103.4	103.6	102.1	103.6	105.6	105.0

TABLE III. MONEY AND BANKING

	UNIT OF BASE	1962	1961				1962				1963	
			1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	APRIL
1. MONEY SUPPLY ¹	Billions of Belg. fr. end of period	220.4	222.6	226.8	228.6	237.4	236.3	245.0	246.7	254.5	262.6	262.9
COMMERCIAL BANK DEPOSITS ¹												
2. Sight deposits and less than one month	—	66.0	70.1	70.3	69.4	72.9	73.8	75.6	75.7	76.8	73.9	78.8
3. Other deposits	—	37.8	40.5	41.8	45.5	48.2	52.5	53.1	55.6	54.2	56.8	56.6
SHORT-TERM CREDIT GRANTED TO THE ECONOMY ¹												
Credit to the private sector :												
4. by the Central Bank	—	4.3	2.8	2.1	1.7	2.7	2.0	1.7	1.7	6.3	2.5	2.2
5. by the Commercial Banks	—	47.9	47.3	50.1	51.6	56.2	58.8	60.6	64.1	65.5	70.8	
6. Credit to Government by the Commercial Banks	—	54.1	60.5	67.4	69.0	65.6	64.5	65.8	66.7	64.8	69.2p	
SAVINGS												
7. Deposits at the "Caisse générale d'Épargne et de retraite"	—	78.9	79.7	80.2	81.2	84.6	86.8	87.4	89.0	92.7	93.9	93.7
INTEREST RATES ²												
8. Rediscount rate	% end of period	5.0	5.0	5.0	4.75	4.50	4.0	4.0	3.75	3.50	3.50	3.50
9. Call money (day to day) rate	Average period	2.80	2.50	2.68	2.64	2.42	1.63	1.96	2.53	2.35	1.97	1.78
10. Interest on 6 months, Treasury bills	Percentage beginning of period	4.17	4.86	4.85	4.71	4.70	4.28	3.54	3.37	3.33	3.36	3.45
11. Interest on 5 to 20 years, Government loans	Percentage beginning of next period	6.07	5.90	5.90	5.81	5.74	5.37	5.21	4.95	4.96	4.90	4.91

1. O.E.C.D. Statistical Bulletins. General Statistics.

2. Bulletins d'information et de documentation de la Banque nationale de Belgique.

3. Bulletins de documentation du ministère des Finances.

4. Service mensuel de conjoncture de l'Institut de Recherches économiques, sociales et politiques de l'Université de Louvain.

p. Provisional figure.

TABLE IV. PUBLIC FINANCE

	UNIT OR BASE	1961	1962	1961				1962				1963	
				1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	APRIL
EXECUTION OF BUDGET (actual receipts and expenditure)*	Billions of Belg. fr. total for the period												
1. Receipts	—	120.7	131.7	29.2	29.2	30.0	32.3	31.7	30.3	32.4	37.3	32.7	10.0
2. Expenditure	—	140.6	147.9	37.7	35.3	32.0	35.6	40.9	35.0	33.5	36.5	44.7	13.1
3. Balance	—	-19.9	-16.2	-8.5	-6.1	-2.0	-3.3	-9.2	-4.7	-1.1	+0.8	-12	-3.1
SITUATION OF PUBLIC DEBT*	Billions of Belg. fr. end of period												
4. Consolidated internal debt	—	241.3	277.6	230.8	236.5	235.6	241.3	246.4	244.4	247.1	277.6	280.6	279.8
5. Consolidated external debt	—	20.3	21.0	18.9	18.6	19.4	20.3	21.2	21.4	21.2	21.0	20.8	20.7
6. Medium and short-term internal debt	—	121.0	107.1	124.7	121.5	121.0	121.0	125.4	135.0	135.1	107.1	112.7	116.0
7. Medium and short-term external debt	—	28.3	17.6	31.7	32.7	30.2	28.3	26.4	20.1	18.4	17.6	21.2	21.9
8. Total debt	—	411.0	423.2	406.3	409.3	406.2	411.0	418.6	421.1	421.9	423.2	435.3	438.4

TABLE V. FOREIGN TRADE (B.L.E.N.)*

	UNIT OR BASE	1961	1962	1961				1962				1963	
				1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	2nd QUAR- TER	3rd QUAR- TER	4th QUAR- TER	1st QUAR- TER	APRIL
1. NET GOLD AND FOREIGN EXCHANGE HELD BY THE CENTRAL BANK....	Millions of \$ end of period	1,657	1,622	1,442	1,472	1,552	1,657	1,662	1,603	1,626	1,622	1,729	
2. C.I.F. IMPORTS	Millions of \$ monthly average	347	373	356	346	326	360	367	378	334	402	380	
3. F.O.B. EXPORTS	—	326	362	308	336	317	342	366	364	332	376	365	
4. TRADE BALANCE	—	-21	-11	-48	-10	-9	-18	-1	-14	-2	-26	+15	
5. C.I.F. IMPORTS	Millions of \$ monthly average seasonally adjusted	...	...	349	349	343	350	357	382	366	391	374	
6. F.O.B. EXPORTS	—	...	...	303	331	338	333	359	359	367	366	362	
7. TRADE BALANCE	—	...	...	-46	-18	-5	-17	+2	-23	+1	-25	-12	
VOLUME INDICES	1953 = 100												
8. Imports	seasonally adjusted	183	198	187	181	173	189	192	198	186	214		
9. Exports	—	181	203	170	186	176	190	204	205	192	211		
10. Imports	—	...	...	185	181	185	185	205	203	182			
11. Exports	—	...	...	167	187	188	187	212	212	204			
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