

OECD
ECONOMIC SURVEYS

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

YUGOSLAVIA

ORGANISATION DE COOPÉRATION ET DE DÉVELOPPEMENT ÉCONOMIQUES

APRIL 1976

BASIC STATISTICS OF YUGOSLAVIA

THE LAND AND THE PEOPLE

Total area (1 000 sq. km)	256	Net increase in population	
Agricultural area (1 000 sq. km)	151	1965-1974 (1 000), annual average	172
Forest area (1 000 sq. km)	89	Total paid employment	
Population (30.6.1974, 1 000)	21 155	(1975, 1 000)	4 758
Republics:		of which:	
Serbia	8 692	Industry	1 852
Croatia	4 490	Building	407
Bosnia and Herzegovina	3 925	Agriculture (social sector)	268
Slovenia	1 766	Active population in private	
Macedonia	1 730	agriculture (31.3.1971 census, 1 000)	3 892
Montenegro	552		
Major cities (31.3.1971 census):			
Belgrade	1 209		
Zagreb	602		
Skopje	389		
Sarajevo	292		
Ljubljana	258		

PRODUCTION

Gross national product at factor cost		Origin of GDP in 1974 (per cent of GDP):	
(1974, billion dinars)	448.8	Agriculture, forestry and fishing	16.6
Gross national product per head		Mining and manufacturing	33.7
(1974, US \$)	1 330	Building	10.2
Gross fixed asset formation:		Other	39.5
1974 (billion dinars)	117.4		
1974 (per cent of GNP)	23.7		
1970-1974 (per cent of GNP)	24.7		

GOVERNMENT

Collective consumption		General government revenue,	
(1974, per cent of GDP)	15.7	including social security	
Federal current revenue		(1974, per cent of GDP)	34.5
(1974, per cent of GDP)	9.3		

FOREIGN TRADE

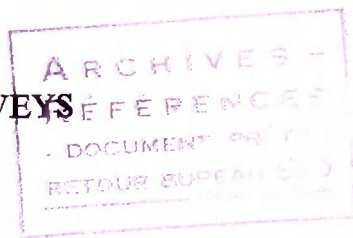
	Structure of exports in 1975 (per cent)	Structure of imports in 1975 (per cent)
Food, drinks, tobacco	11.7	5.4
Raw materials and semi-finished goods	45.2	55.4
Finished manufactures	43.1	39.2

THE CURRENCY

Monetary unit: Dinar	Currency units per US \$, average of daily figures:	
	Year 1975	17.35
	March 1976	18.11

NOTE An international comparison of certain basic statistics is given in an annex table.

OECD ECONOMIC SURVEYS



YUGOSLAVIA

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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- 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 multi-lateral, non-discriminatory basis in accordance with international obligations.

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*The annual review of Yugoslavia by the
OECD Economic and Development Review Committee
took place on 24th March, 1976.*

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INTRODUCTION

Despite the considerable impact of the world recession, output and employment grew at fairly good rates in 1975 and investment continued to expand strongly. A short-lived decline in industrial output was followed by a distinct recovery in the late months of the year, thanks to a series of policy measures and to the beneficial effect on exports of the revival of foreign demand. Since the middle of 1975 significant progress has also been made in reducing the large current external deficit and moderating the rapid rate of inflation. The prospects for 1976 are for continued significant expansion of production and employment, but for a further increase of the high number of registered job seekers, due largely to continuing returns of emigrant workers. And, notwithstanding the recent improvements on both fronts, the balance of payments and the inflation problems will continue to give cause for concern.

Part I of this Survey analyses recent developments in production, demand and employment, prices and costs, and external transactions. Part II examines the role of economic policies in the progress towards better internal and external financial balance and considers certain longer-term policy initiatives. The short-term prospects of the economy and a number of economic policy issues are discussed in the concluding section of the Survey.

I DEVELOPMENTS IN 1975

Policy targets and outcome

The main policy objectives at the beginning of 1975 were: to ensure fairly fast growth of output, though more moderate than the exceptionally strong growth of 1974; to achieve a rapid increase of fixed investment at the expense of a slower rise of consumption; to dampen the very high rate of inflation; and to reduce the sizeable current external deficit recorded in 1974 after the exceptional current surpluses of the preceding two years. The authorities were counting on a strong revival of exports and a considerable abatement of inflationary pressure from abroad. The social product was expected to rise in real terms by some 6 per cent¹, following a 9 per cent rise in 1974, thus permitting employment to grow by about 3 per cent. The December to December increase of industrial producer prices was expected to be 18 per cent, i.e. about half the comparable rate during 1974. Exports of goods and services were forecast to advance in volume much more

1 The national accounts aggregates used in the present Survey are mostly based on Yugoslav definitions and concepts, which broadly conform to the system of material product balances. Estimates according to the UN-OECD standardized system are only available up to 1974. Comparisons of coverage, concepts and methods of the two systems will be found in the statistical publications of the United Nations. For a formal comparison see Richard Stone in "Mathematical Models of the Economy and Other Essays", London, 1970. Figures given for 1975 in this Survey are preliminary estimates. Volume changes should be interpreted with caution as they are calculated at constant 1966 prices; the structure of demand and output as well as relative prices have probably since changed considerably.

rapidly than imports and it was expected that the current deficit would be somewhat lower than the \$1.2 billion recorded in 1974.

In the event, the deflationary effects on output of the world recession were much more pronounced than anticipated. Instead of growing by 10 per cent, the volume of merchandise exports declined by about 2 per cent. On the other hand, the deceleration of inflation abroad had a stronger than expected dampening effect on domestic price developments. Indeed, between December 1974 and December 1975 the increase of industrial producer prices dropped sharply to less than 11 per cent from 35 per cent twelve months earlier. With regard to real demand and output, the steep downturn of international demand was roughly offset by a stronger than foreseen expansion of gross fixed asset formation and, to some extent, by import substitution. But the deceleration of private consumption in real terms was much more pronounced than expected. As a result, the social product increased in volume by some 4 per cent, despite a decline of agricultural output. Some moderate gains in net invisible earnings and a volume fall of imports by 3 per cent made it possible to attain the balance-of-payments target of reducing the current deficit to about \$1 billion.

The annual figures for 1975 conceal some considerable changes of trend in the course of last year which reflected both external factors and new policy measures taken during the year (described in Part II). The current external deficit remained very high in the first half of 1975. And under the impact of falling exports and sluggish personal consumption in real terms industrial production declined up to the summer despite the strength of investment demand. In the last few months of the year, however, foreign demand—notably for raw materials and intermediate goods—began to recover, in line with the revival of activity and the turnaround of the stock cycle in major OECD countries. The volume of private consumption also appears to have picked up, partly due to the measures taken to dampen the rise in the cost of living and the relaxation of consumer credit restrictions. Consequently, industrial production rose again swiftly. Imports, on the other hand, remained weak until recently partly owing to the measures introduced last summer. Thus, the situation at the beginning of 1976 with regard to production, prices and the current external account was clearly more satisfactory than in the early months of 1975.

Domestic demand

One of the salient features of the demand situation in 1975 was the continuation of the investment boom which had started in late 1973. The volume of total fixed asset formation which rose by as much as 9 per cent in 1974 showed another increase of 10 per cent in 1975 thus exceeding the initial target rate of 6½ per cent. The increase was shared by virtually all sectors, including public “non-economic” investment which had been scheduled to decline in real terms. Large increases were recorded in most branches of industry, especially some basic sectors like energy which represented an important goal of 1975 investment policies. Total construction likewise made important gains but the rise of housebuilding was apparently moderate.

It is difficult to say whether the measures of financial restraint taken in the summer (see Part II) have served to moderate the pace of investment. Investment payments continued at very high levels throughout the year, and the trend of output of investment goods industries and imports of machinery and equipment remained steeply upward. On the other hand, the closing months of the year saw an increase in inventories of investment goods which could be interpreted as a first sign of weakening of the investment boom.

Table 1 Demand and output
Yugoslav national accounts concepts

	Billion dinars, current prices			Percentage changes at constant 1966 prices							
	1973 SNA ¹	1973	1974	1972	1973	1974	1975		1976 Plan	1971-75	
							Plan	Outcome ³		Plan	Outcome ³
Private consumption	187.1	168.9	220.2	5	3	8	5	2	5	7	5½
Collective consumption	52.7	26.7	36.0	3½	4½	7½	5	10	3	6½	5
Gross fixed investment	85.3	85.5	117.4	3½	3	9	6½	10	7	7½	7
Final domestic demand	325.2	281.1	373.6	4½	4	8	5½	4½	5	7	5½
Stockbuilding	32.0	32.0	57.8								
Foreign balance	-11.6	-14.5	-44.7								
Exports — goods	48.5	48.5	64.7	16	7	1	10	-2	6		5
— services	27.9	23.8	30.4								
Imports — goods	76.7	76.7	127.8	-6	16	14	4	-3	3		6
— services	11.3	10.1	12.0								
Statistical discrepancy	7.6	7.6	20.6								
Social Product (GDP for SNA)	353.7	306.4	407.3	4½	5	9	6	4	5½	7½	6
Of which: Agriculture	59.3 ²	56.1	67.2	-1	7	6	2½	-2	4	3½	3
Industry and mining	115.9 ²	107.4	153.2	7	5½	11½	7-7½	5½	6	8	8
Net factor income from abroad	19.3	22.4									
GNP, market prices	372.5										

1 UN — OECD standardized system of national accounts. As will be noted, GDP according to SNA definitions was 15 per cent higher and GNP 22 per cent higher than Social Product according to Yugoslav definitions in 1973. SNA estimates for more recent years are not available.

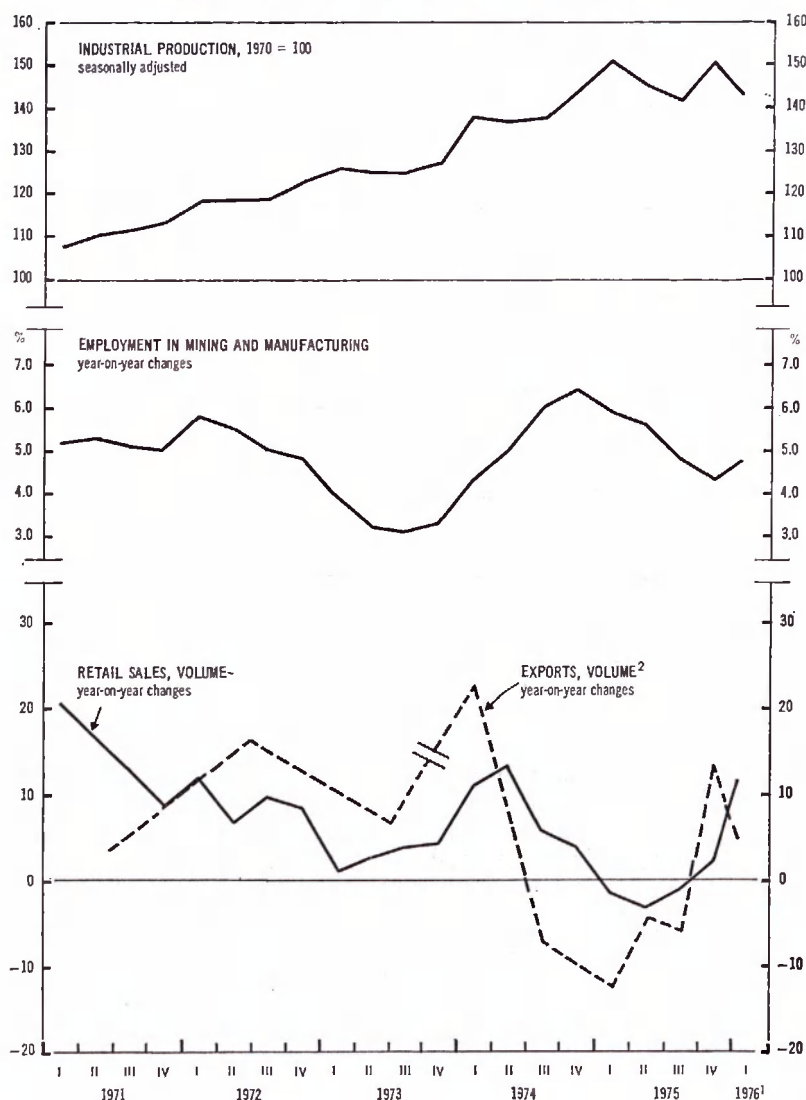
2 At factor cost.

3 Preliminary estimates.

4 Fixed investment and stocks.

Source: Direct communication to the OECD.

Diagram 1 Current economic indicators 1971-1975



1 January.

2 1971-1973 annual, 1974-1975 quarterly figures.

Sources: SZS; OECD, MEI.

Although national accounts data on inventory formation for 1975 are not yet available, current indicators suggest that stockbuilding contributed importantly both to support the level of production and to smooth its trend during last year. The volume of inventories of industrial goods (finished and semi-processed) increased by as much as 24 per cent on the average between 1974 and 1975, compared with increases of 6 to 7 per cent in the preceding two years. Stocks of consumer goods rose rapidly in the first half of 1975, when production of these goods flattened out, but these trends were reversed in the second half-year. As noted earlier, investment goods inventories only started rising towards the end of

Table 2 Indicators of Investment

	1974	Percentage change from the previous year						
		1971	1972	1973	1974	1975		
						Year	I	II
	<i>Bill. dinars</i>							
Gross fixed asset formation (volume)	119.3	7.2	3.4	5.0	9.6	8.6	..	..
Economic sector ¹	81.5	..	..	3.2	10.4	10.6	..	..
Non-economic sector ²	37.7	..	..	7.7	8.5	5.6	..	..
	<i>Million</i>							
Total hours worked in construction	596.0	-1.0	-1.8	-9.1	5.7	10.0	9.0	10.5
	<i>Thousands</i>							
Number of flats completed	145.0	-2.3	6.4	1.0	7.6	1.4	..	..
Number of flats under construction	299.0	13.2	7.8	10.5	7.6	..	..	..
Industrial output of investment goods, volume		9.5	6.2	5.8	11.6	13.6	15.5	11.9
	<i>Bill. dinars</i>							
Imports of investment goods, value	22.2	11.1	1.0	45.8	30.0	44.6	52.3	34.5
Capital outlays (cash payments)	79.1	7.7	17.7	8.3	49.7	50.8	50.8	50.8
Economic sector	53.0	2.9	15.9	6.1	52.0	50.7	51.0	49.3
Non-economic sector	26.1	20.0	21.8	12.8	45.2	52.6	50.5	54.1

1 Industry and mining, agriculture, forestry, fishing, construction, transport, trade, handicrafts and catering services.

2 Housing and the public sector, excluding public utilities.

Sources: SZSS Indeks and direct communication to the OECD.

the year. The apparent sharp increase of stocks of semi-manufactures throughout last year probably reflects to a large extent the situation of some basic exporting branches. As regards stocks of industrial raw materials, they showed virtually no increase during last year; but their average year-on-year rise was roughly in line with the advance of total industrial production.

Table 3 **Industrial production and inventories**
Volume indices, 1970 = 100

	1971	1972	1973	1974 ¹			1975 ¹		
				Year	I	II	Year	I	II
<i>General indices</i>									
Industrial production	110	119	125	139	137	141	147	147	147
Unsold stocks in industry	105	105	112	119	115	123	149	142	156
Raw material stocks	116	121	125	147	135	159	154	147	160
<i>Investment goods</i>									
Production	110	117	123	137	131	144	156	151	161
Stocks	104	107	123	119	119	119	125	117	132
<i>Consumer goods</i>									
Production	111	122	130	143	141	145	149	150	148
Stocks	101	99	111	122	118	127	156	150	157
<i>Intermediate goods</i>									
Production	110	118	123	137	135	139	143	144	142
Stocks	109	109	110	116	112	120	147	137	157

1 Half-yearly data are not seasonally adjusted.

Source: SZSS Indeks.

Real personal consumption, which began to show signs of slackening already in the second half of 1974, remained sluggish until late 1975 when a recovery seems to have taken place. A major factor in weak consumption was the approximate stagnation of real wages, which largely offset the effects of higher dependent employment. Following a 6 per cent rise in 1974, average real earnings in the social sector failed to show any increase in 1975 as consumer prices (especially of some food products, fuels and services) accelerated until the middle of the year, while the rate of wage increase remained fairly stable. Though no current figures are available, real incomes in private agriculture (which represents about 30 per cent of total personal incomes) probably fell. Agricultural producer prices increased by 13 per cent in 1975, i.e. considerably less than industrial producer and retail prices; given, in addition, relatively poor crops in 1975, a significant loss in purchasing power may have been experienced by private farmers. The effect of poor harvests on retail food prices was, on the other hand, an important factor in the stagnation of real wages in the social sector. The advance of disposable incomes of households in 1975 was also restrained by the deceleration of remittances from workers abroad; these had increased by more than 40 per cent in 1972 and 1973, but rose by only 4 per cent in 1975 (in value).

The relatively slow advance in real disposable income of private households can—in a certain measure—also be attributed to the apparent shift of income shares over the last two years. It appears that in 1974 the share of retained earnings (accumulation) in enterprise net income increased substantially, probably

Table 4 Indicators of personal consumption
Percentage change from previous year

	1971	1972	1973	1974	1975		
					Year	I	II
Retail sales:							
Value	31.0	26.5	22.6	34.9	24.2	27.5	22.2
Volume	11.4	7.3	2.7	6.5	-1.0	-2.5	0.6
Production of consumer goods, volume	11.4	10.3	5.8	10.1	4.0	6.1	1.6
Imports of consumer goods, value ¹	12.6	1.0	39.0	39.1	-21.9	-22.5	-21.3
Consumer credit (end of period)	0.5	-9.5	27.3	54.2	50.8	53.4	50.8

1 Including food, drinks and tobacco which in 1974 accounted for almost half of total consumer goods imports.

Sources: *SZZS Indeks* and direct communication to the OECD.

because of the simultaneous rapid increases in output and selling prices². Given also that governmental tax receipts increased more than social product, it seems very probable that wage shares in enterprise value added declined appreciably³. Very tentative calculations indicate a probable maintenance of this shift in the first six months of 1975. While in 1974 the large gains in output and productivity made possible a strong increase in real wages in spite of such a shift, this was no longer true in the first half of 1975 when productivity declined. It is not unlikely that the measures taken to reduce price increases in the second half of last year may have reversed the earlier movement towards a declining share of wages in enterprise income. In any case, real wages recovered somewhat and this, combined with higher instalment credit, has led to a strengthening of consumer demand. The pick-up of the volume index of retail sales in the fourth quarter of 1975 seems to point in this direction.

Foreign trade

The slump in world trade constituted the most important threat to the growth target in 1975. While official forecasts were for a sharp increase, merchandise exports declined in volume terms following only small gains in 1974. The declines were essentially confined to OECD countries, especially Western Europe, while shipments to other areas remained buoyant. Exports to Western Europe are dominated by agricultural goods and raw materials. Due in part to EEC restrictions, agricultural exports remained depressed following sharp reductions in 1974, while raw material exports, which in 1974 were still rising rapidly, experienced an absolute drop in value terms. As noted earlier, the decline of merchandise exports has been reversed since the closing months of 1975.

While conditions in major markets abroad were by far the most important cause of weak exports, it appears that competitive factors have also played a role. Yugoslav exports over the past two years, especially in 1974, were generally more depressed than foreign import demand, resulting in losses of market shares.

2 According to flow of funds accounts gross savings in the enterprise sector in 1974 increased to over 30 per cent of value added from about 25 per cent in 1973. To some extent the improved share of retained earnings in current income may have contributed to the increases in fixed investments. In 1974, however, and probably also in 1975, increased investment in inventories equalled almost the entire increase in gross enterprise savings. Consequently, the expansion in fixed asset investment was matched by an almost equivalent increase in external borrowing.

3 The bulk of tax revenues are deducted from enterprise income.

Table 5 Foreign trade by commodities
Percentage change from previous year

	1974		1971	1972	1973	1974	1975		
	Bill. din.	% Shares					Year	I	II
Exports of goods (volume)			3.3	16.3	6.8	1.0	-1.8	-8.5	6.0
Exports of goods (value)	64.7	100.0	8.1	23.3	27.5	33.4	7.0	6.9	7.1
Machinery and equipment	8.7	13.5	11.4	17.2	23.2	32.0	35.2	24.9	44.2
Raw materials and semi-manufactures	38.7	59.8	2.7	25.4	33.7	50.4	-5.3	-2.4	-8.0
Consumer goods	17.2	26.7	15.2	22.9	20.4	6.8	20.3	20.1	20.4
Agricultural products	5.0	9.1	6.7	28.7	14.9	-15.1	5.1	-4.3	16.8
Imports of goods (volume)			9.3	-6.1	16.4	14.4	-2.5	-1.0	-5.0
Imports of goods (value)	127.8	100.0	13.1	-0.5	39.5	66.7	2.4	12.0	-6.6
Machinery and equipment	22.2	17.3	11.1	1.0	45.8	30.0	44.6	52.3	38.2
Raw materials and semi-manufactures	89.2	69.8	14.0	-1.4	37.6	86.7	-3.7	9.9	-15.5
Consumer goods	16.5	12.9	12.6	1.0	39.0	39.1	-21.9	-22.5	-21.3
Agricultural products	11.4	8.9	30.0	90.1	59.6	72.4	-50.0	-54.9	-36.1

Sources: National Bank of Yugoslavia Quarterly Bulletin; OECD Statistics of Foreign Trade, *SZZS Indeks*; and direct communication to the OECD.

According to Secretariat calculations Yugoslav regional markets abroad expanded in volume terms by some 6½ per cent between 1973 and 1975, whereas actual exports failed to show any growth over these two years⁴. The decline in market shares may have been partly a consequence of higher inflation in Yugoslavia than abroad and, in 1974, of strong domestic demand pressure. In this context, it is relevant to note that the effective exchange rate of the dinar, following a 7 per cent depreciation in October 1974 (which reversed the appreciation of 1973) was maintained at about the same level in 1975.

Table 6 Foreign trade by regions

	1970	1971	1972	1973	1974	1975
EXPORTS fob						
Total (US \$ million)	1678.9	1814.4	2237.2	2852.6	3805.1	4072.3
% change	13.9	8.1	23.3	27.3	33.4	7.0
OECD						
Share	55.9	53.1	56.8	55.7	46.6	35.7
% change	14.5	2.0	32.5	24.8	11.6	-18.1
EEC						
Share	39.0	35.7	36.1	35.7	27.4	22.8
% change	16.4	-1.5	25.3	25.8	2.5	-10.9
Centrally planned economies¹						
Share	32.5	36.9	36.1	34.0	41.6	47.3
% change	20.0	22.2	21.1	20.0	63.0	21.7
Other						
Share	11.5	10.0	7.1	10.3	11.9	17.1
% change	-2.6	-2.1	-15.9	86.7	52.9	54.3
IMPORTS cif						
Total (US \$ million)	2874.0	3252.0	3232.8	4511.1	7542.2	7696.7
% change	34.7	13.2	-0.5	39.5	67.2	2.1
OECD						
Share	68.9	65.8	65.3	62.5	60.5	60.7
% change	43.7	8.0	-1.3	33.5	61.8	2.5
EEC						
Share	46.4	44.1	44.0	42.2	40.0	41.1
% change	38.5	7.6	-0.8	33.9	58.3	4.8
Centrally planned economies¹						
Share	20.6	23.9	24.8	24.8	23.3	24.8
% change	16.1	31.2	3.1	39.3	57.1	8.7
Other						
Share	10.4	10.3	9.8	12.7	16.2	14.5
% change	22.9	11.7	-5.4	81.1	134.1	9.1

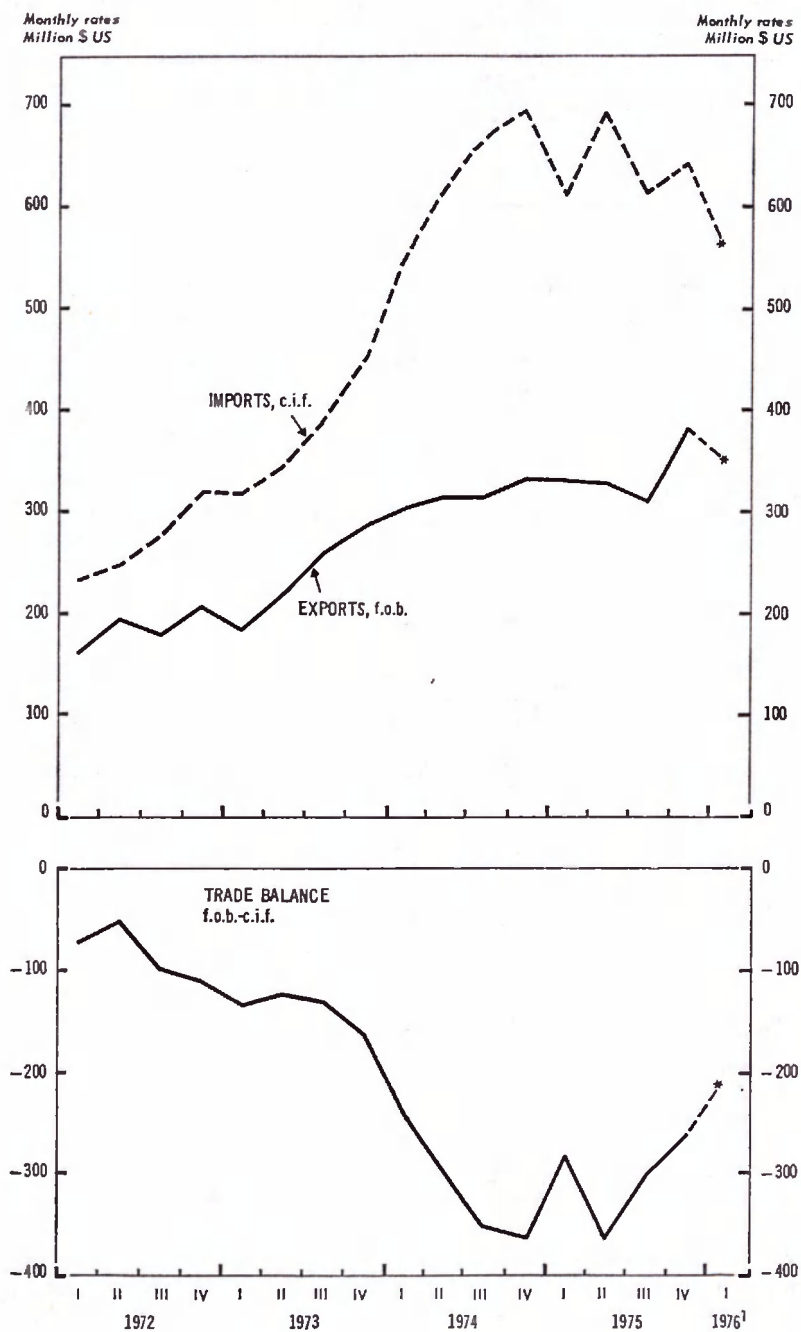
1 Countries of Mutual Economic Assistance (CMEA), P.R. of China, and Albania.

Sources: National Bank of Yugoslavia, Quarterly Bulletin, and OECD Foreign Trade Statistics, Series A.

The steep rise of merchandise imports during most of 1974 gave way to a decline in the course of 1975 and early 1976. The 14½ per cent volume increase of imports registered in 1974 was mainly due to very strong final domestic demand but was also influenced by considerable stockbuilding, the cessation of which dampened import demand in 1975. Indeed, the building of stocks of imported foodstuffs, combined with the good harvests of 1974, permitted a very large

4 These market share calculations are based only on the composition of Yugoslav exports by country of destination and do not take into consideration the commodity structure which has been particularly unfavourable for Yugoslavia during most of this period.

Diagram 2 Merchandise trade
Quarterly averages, not seasonally adjusted



* January/February.

Source: OECD, MEI.

reduction in food imports in 1975. Some industrial raw materials imports were also affected by the large stock carry-over. The slackening of the pace of industrial output, as well as weak consumer demand, certainly contributed to reduce imports in 1975. The impact of selective import-dampening measures taken during last summer is not clear, but these probably played a role in the decline of imports in the second half year. On the other hand, imports of machinery and equipment were swollen by the investment boom with increases in value terms of almost 45 per cent in 1975 and little sign of slackening in the course of the year. The latest data (up to February 1976) do not suggest any significant revival of total imports in the present phase of stronger consumption and production.

The balance of payments

Despite the fact that demand and output in Yugoslavia held up much better than in most of its trading partners, the decline in the volume of imports was slightly more pronounced than that of exports. Furthermore, the terms of trade, influenced partly by the high rate of domestic inflation, moved in Yugoslavia's favour. Hence, the trade deficit decreased slightly in 1975, though it remained high by past standards⁵. Receipts from tourism rose by 10 per cent and workers' remittances showed some further gains, though much less than in earlier years. Tentative indicators are that other invisible earnings have developed favourably. Consequently, there was a moderate reduction of the current account deficit from \$1.2 billion in 1974 to less than \$1 billion in 1975, or a decline from 5½ per cent to some 4¼ per cent of gross domestic product (standard methodology). With net foreign claims on Yugoslavia amounting to \$5.6 billion at the end of 1975 the ratio of debt service (net) to current receipts stood at 15.2 per cent, i.e. was higher than in 1974 (14.3 per cent) but lower than in 1973 (15.9 per cent). The improvement in the current account was concentrated in the second half of last year, when the deficit was running at an annual rate (not seasonally adjusted) of some \$0.5 billion, compared with more than \$1.4 billion in both the second half of 1974 and the first half of 1975. The major portion of the 1975 current deficit was financed by official long-term loans and credits. Foreign exchange reserves declined by some \$350 million.

There have been some significant changes in the structure of external transactions in recent years. Trade under clearing arrangements is normally balanced and thus virtually the whole trade deficit is with the convertible area. On the other hand, the bulk of Yugoslavia's invisible receipts (notably workers' remittances and tourism) also originates in convertible currency countries, essentially the OECD Member countries. As will be seen in Table 8, exports to the convertible area covered only some 40 per cent of the corresponding imports in 1975, while net invisible earnings covered another 40 per cent. The widening of the trade gap with the convertible area in recent years reflected differences in the relative cyclical position of OECD countries and Yugoslavia and changes in the terms of trade, but also quite different rates of development of trade with various regions. Between 1970 and 1975 the share of exports to OECD countries in total Yugoslavian exports declined from 56 to 36 per cent and of exports to the EEC from 39 to 23 per cent. The shares of exports to Eastern European and other non-OECD countries showed a corresponding rise (Table 6). There were some parallel movements in import shares, but given the relative levels of exports and imports the deficit with OECD countries rose considerably.

⁵ Export earnings covered just over 50 per cent of the cif value of imports in 1974 and 1975, compared with 60 per cent on average in the period 1969-1973. The deterioration was only in small part due to the higher oil import bill, which even in 1974 constituted only 6.6 per cent of total import costs.

Table 7 **Balance of Payments¹**
Billions of US\$

	1973	1974	1975 ²
Imports cif	4.51	7.54	7.70
Exports fob	2.85	3.81	4.07
Trade balance	-1.66	-3.73	-3.63
<i>Services and transfers, net</i>	2.14	2.50	2.67
Workers' and emigrants' remittances	1.17	1.62	1.70
Tourism, receipts	0.53	0.70	0.79
Transportation, net	0.27	0.37	0.45
Investment income, net	-0.15	-0.19	-0.29
<i>Current balance</i>	0.49	-1.23	-0.95
Long-term capital	0.56	0.73	0.95
Short-term capital, including errors and omissions	-0.26	0.06	-0.27
<i>Reserve movements, net³</i>	0.79	-0.43	-0.27
Net gold and foreign exchange	0.64	-0.35	..
Bilateral balances	0.03	-0.20	0.06
Central and commercial banks' credit and net IMF account	0.12	0.12	..

1 For earlier years and more detailed figures see Statistical Annex.

2 Preliminary estimates.

3 Increase in assets = (+)

Sources: IMF Balance of Payments Yearbook and direct communication to the OECD.

Table 8 **Structure and development of the current account**
Millions of US\$

I Annual data for 1975 ¹		
	Convertible area ²	Non-convertible area
Imports, cif	6 145	1 552
Exports, fob	2 555	1 518
Trade deficit	-3 590	-34
Invisible receipts of which:	3 805	265
Workers' remittances	1 700	—
Invisible payments	1 335	61
Current balance	-1 120	+170

II Half-yearly data, not seasonally adjusted

	1973	1974		1975	
	II	I	II	I	II
Imports, cif	2 522	3 505	4 037	3 928	3 769
Exports, fob	1 637	1 860	1 945	1 989	2 083
Trade deficit	885	1 645	2 092	1 939	1 685
Net invisibles	1 066	1 117	1 381	1 225	1 449 ¹
Current balance	+181	-528	-711	-714	-236 ¹

1 Preliminary estimates for invisibles and current balance in 1975 II.

2 Including imports of \$298 million from, and exports of \$340 million to, some East European countries with which bilateral clearing accounts were terminated at the end of 1974.

Sources: National Bank of Yugoslavia, Quarterly Bulletin and direct information to the OECD.

Employment and output

Employment growth in 1975 was even more rapid than in 1974. In both years the increases in paid employment⁶ considerably exceeded the official expectations. While the increase of 1974 can be attributed to the very strong rise in demand and output, this was not true in 1975. Partial explanations for last year's high employment gains are the increase of investment, especially in construction, and that a relatively large number of new plants were brought into operation. Perhaps even more important may have been the increase in the number of people looking for a job resulting in local pressures on enterprises to expand employment. In fact, the number of registered job seekers continued to grow steadily and amounted to about 10 per cent of the paid labour force. An important factor was the weak employment situation abroad. Emigration of Yugoslav workers (mainly to Western European countries) virtually stopped and, according to official estimates, some 60 000 returned in 1974 and 65 000 in 1975⁷. The total number of school and university leavers seeking employment is approximately 140 000 per year, while retirements number between 50 000 and 60 000. The increase of paid employment by over 200 000 in both 1974 and 1975 must have provided considerable room for shifts from agriculture (the active population in agriculture declined by an average of 50 000 annually between the census years 1961 and 1971). It is unlikely, therefore, that the number of registered job seekers would have shown such important increases without a significant net return flow from abroad. On the other hand, there is some evidence of increasing participation rates among married women and of an accelerated exodus of marginal farmers from agriculture which makes disguised unemployment overt.

Table 9 Employment and labour force
In thousands

	1971	1972	1973	1974	1975
Total population, mid-year ¹	20 572	20 772	20 956	21 155	21 352
Percentage increase	1.0 ⁴	0.9	0.9	0.9	0.9
Active population, mid-year ¹	8 900	9 028	9 055	9 120	..
Percentage increase	0.6 ⁴	1.5	0.2	0.7	..
Paid employment (monthly averages)	4 034	4 210	4 306	4 514	4 753
Percentage increase	2.2 ⁴	4.4	2.3	4.8	5.3
of which: industry and mining	5.3	5.4	3.2	5.5	5.2
building and construction	3.0	2.2	-1.1	5.7	7.9
Employed in West Germany ²	478.3	474.9	535.0	470.0	417.0 ⁵
Registered unemployed (monthly averages)	291.3	315.3	384.6	448.6	537.0
Unemployment rate ³	6.7	7.0	8.1	9.0	10.1

1 Census data for 1971. Other figures are official estimates.

2 September figures.

3 Registered unemployed as per cent of paid employment plus unemployment.

4 Average annual increase 1961-1971.

5 June.

Sources: SZZS, Statisticki Godisnjak and Indeks, SZRJ and Bundesanstalt für Arbeit.

6 Paid employment, essentially confined to the socialised sector of the economy, is still only around 50 per cent of the estimated total active population. The bulk of the self-employed are in private agriculture. There are well-known problems in the definition and statistical measurement of participation rates and the active population in an economy with such an employment structure.

7 Precise estimates are not possible because many workers going abroad did not register through Yugoslav employment bureaux and hence neither their departures nor their returns have been recorded.

The estimates for employment and output in the social sector imply a marginal fall of average productivity following an increase of some 4½ per cent in 1974. The growth of output in this sector (around 5 per cent) reflected an increase of industrial production by 6 per cent (compared with 11.3 per cent in 1974) and some acceleration of building activity; the number of hours worked in building and construction rose by 10 per cent⁸, following a 7 per cent increase in 1974. With regard to the private sector of the economy (which accounts for some 15 per cent of the social product) the more important change concerned agriculture. Total agricultural output, after increasing by 6 to 7 per cent in the preceding two years, declined by some 2 per cent in 1975 according to provisional results.

Prices and costs

As noted earlier, the rate of inflation slowed down significantly in the course of 1975 but, due to the large carry-over from 1974, the average for the year as a whole remained very high. Industrial producer prices were the first to show signs of deceleration and this became quite marked by the end of the year. Retail prices of industrial goods as well as service prices followed this movement with a time lag. But agricultural producers' prices, which had risen comparatively slowly in the course of 1974, accelerated again during last year when harvests were much less plentiful. As a result, the rise of the cost-of-living index between

Table 10 Prices
Percentage change from previous year

	1971	1972	1973	1974	1975	Dec. 74 Dec. 73	Dec. 75 Dec. 74
<i>Producer prices</i>							
Industrial goods, total	15	11	13	29	22	35	11
Investment goods	12	6	9	12	22	17	18
Raw and intermediate goods	18	10	13	38	23	43	10
Consumer goods	12	13	13	22	21	30	9
Agricultural goods, total	26	24	25	14	14	9	19
<i>Retail prices¹</i>							
Total	16	15	18	27	26	30	17
Agricultural products	20	17	23	16	23	20	20
Industrial products	14	18	17	30	27	34	15
Services	14	11	17	20	26	20	24
<i>Cost of living¹</i>							
Total	16	17	20	21	24	23	19
Goods	16	18	20	22	24	23	18
of which: food	17	19	22	16	24	16	17
durables	13	13	16	27	30	38	17
Services	3	10	17	19	25	17	23
of which: rent	4	8	15	17	20	17	14
<i>Foreign trade prices</i>							
Export prices in US dollars	5	6	19	32	9		
Import prices in US dollars	3	6	20	46	5		

¹ The differences between retail sales and cost of living index changes reflect differences in coverage as well as in weights.

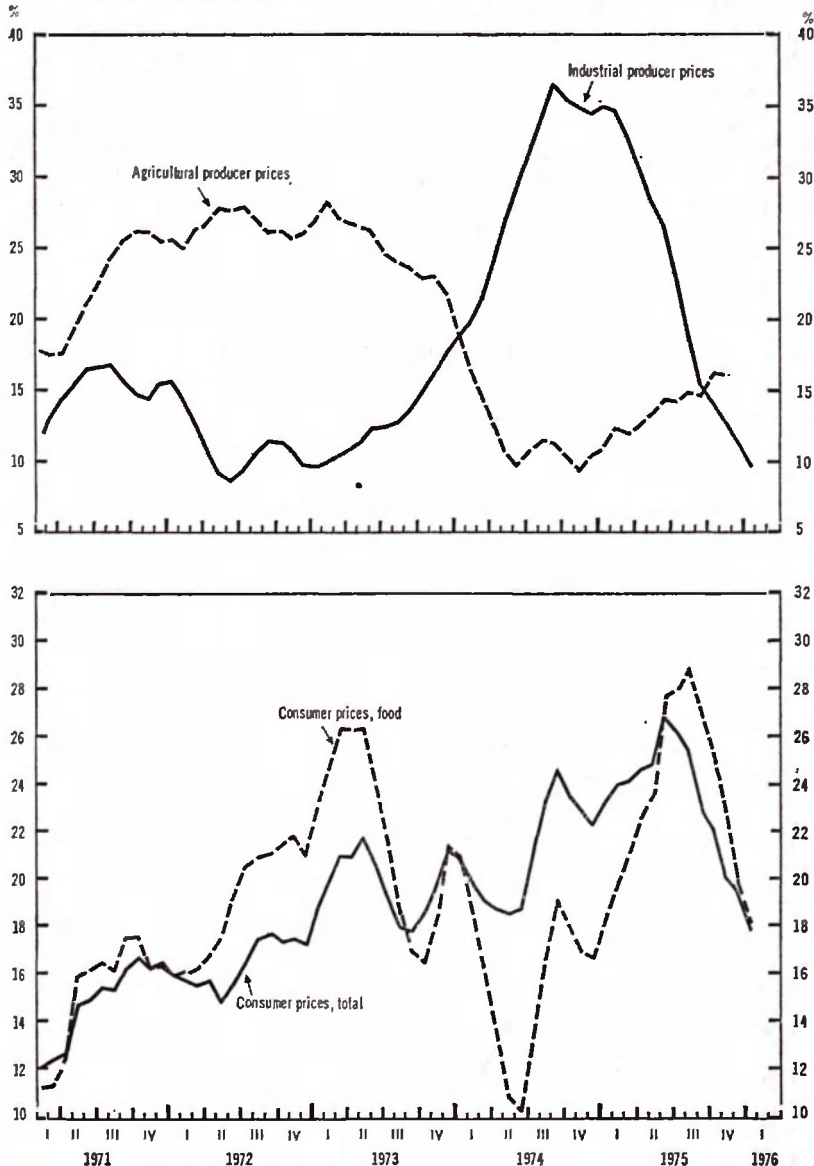
Sources: SZZS, Statisticki Godisnjak 1975 and Saopštenje, No. 358.

December 1974 and December 1975 remained relatively high, even though the advance between June and December⁹ was moderate (4 per cent) compared to the preceding six months period (14 per cent) and the second half of 1974 (10 per cent).

Several factors have played a role in moderating the pace of inflation. The first of these is the stabilisation of world market prices. The upsurge in foreign trade prices in 1973 and early 1974 affected Yugoslavia strongly as imports

Diagram 3 Prices

3- months moving averages, per cent increase over 12 months earlier



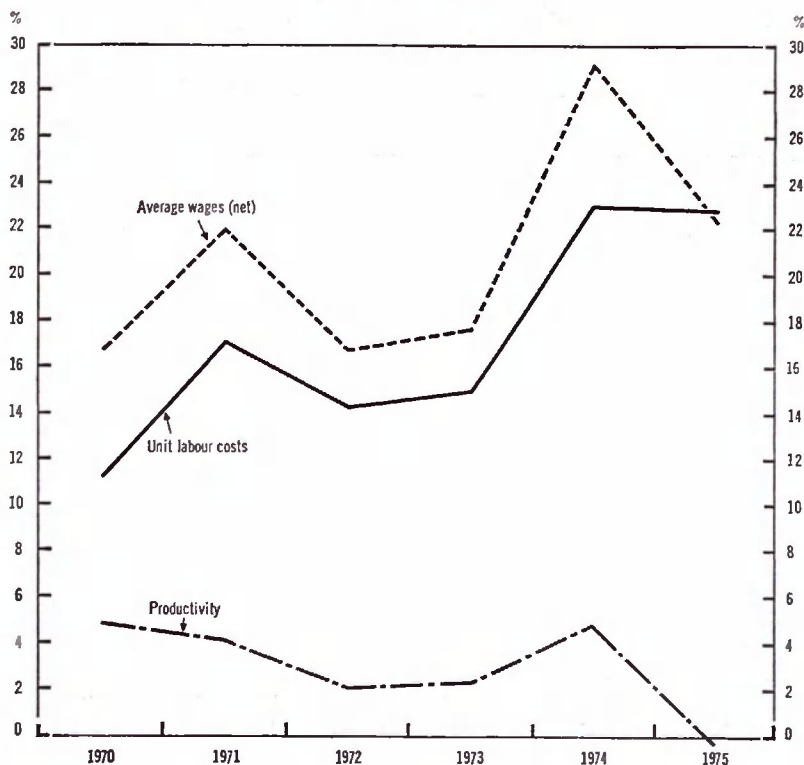
Sources: SZSZ; Indeks; OECD, MEI

⁹ Figures not seasonally adjusted. The quarterly movements of the index show strong seasonal variations.

represent more than 20 per cent of total supply. The pass-through of these increases was probably completed by the end of 1974. In 1975 import prices (in US dollars) exceeded the level of a year earlier by 5 per cent after an average rise of 46 per cent in 1974. A similar, though less pronounced, deceleration occurred in export prices. The pressure of domestic cost factors also slackened somewhat, despite the unfavourable productivity trend. The annual advance of nominal earnings per employee in the social sector declined from 27 per cent in the beginning to some 20 per cent at the end of last year. On the other hand, the measures taken to restrict imports in mid-1975 and the $1\frac{1}{2}$ per cent increase in the basic turnover tax added to price pressures even though some specific turnover taxes were lowered. But considerable efforts were exerted by the authorities (partly in the form of "social contracts" with regional administrations, autonomous agencies and productive enterprises) to dampen the price rise. It appears that these political and administrative pressures had some significant effects. However, the change in the supply/demand situation was a basic factor in the deceleration of inflation of domestic origin. The rate of price increases did not moderate for investment goods and accelerated for agricultural products—the two main sectors where the demand/supply balance was tight.

Diagram 4 Wages, productivity and labour costs
Socialized productive sectors, excluding agriculture

Year-on-year changes



Source: SZZS, Indeks.

II ECONOMIC POLICIES

1975 was a year of active policies with regard to both short- and longer-term objectives. Economic policy remained basically committed to expansion. But in view of the balance-of-payments deterioration and the rapid inflation which accompanied the strong expansion of 1974, the Policy Resolution for 1975 set a lower growth target as well as specific goals aimed at reducing the external deficit and the rate of price increases. As has been the case in the past, current policies (in particular, credit and foreign trade policies) were frequently adjusted in the course of last year to changes of the economic situation and, in certain cases, reversed. The measures taken were, to a large degree, of a selective character. Moreover, several measures were introduced to implement basic political, legal and administrative provisions embodied in the new Constitution¹⁰.

Monetary policy

The guidelines for monetary policy in 1975 adopted in January set the target growth rate of money supply¹¹ at 26 per cent, distinctly below the projected nominal increase in social product of 30 per cent¹². It was felt that the attainment of the envisaged real growth of 6 per cent would not require any greater monetary stimulation and that a principal task of monetary policy was to assist in slowing down the rise in nominal domestic demand and prices. Cash balances of the enterprise sector were expected to grow faster than demand deposits of private households. To realise the overall money supply target, bank credit was foreseen to expand by 21 per cent and the balance of payments drain on the monetary base was expected to be offset by the combined influence of Central Bank rediscount facilities, and selective reductions in the rates of reserve requirements, in particular for exports and agriculture.

Due to the high balance-of-payments deficit, weaker credit activity¹³ and a substantial increase of non-monetary deposits (notably foreign exchange deposits by residents), money supply grew less fast than expected in the first half of the year. Consequently monetary conditions were eased somewhat in the summer months. This, combined with a higher deficit of the Federal Government and especially the substantial improvement of the foreign balance, resulted in a marked acceleration of monetary growth. In the year as a whole the expansion of money and credit exceeded the initial target even though the nominal rise of the social product was somewhat less than projected. The increase of money supply for the year as a whole was over 30 per cent.

On the whole, monetary policy in 1975 had more than a merely accommodat-ing influence on the aggregate level of demand and output, while the acceleration of money supply growth in the second half-year risks undermining the objective of slowing down the rate of inflation. Despite flexible adjustment of policy to changing circumstances, the sharp and unforeseen swings in the balance of payments continued to create difficult problems for the control of liquidity in the economy. Monetary policy was also instrumental in influencing the structure and

10 A new Constitution was promulgated in February 1974 codifying the changes in the political, economic, social and legal system introduced since 1971.

11 Monetary planning in Yugoslavia is based on a narrowly defined concept of money supply which includes currency in circulation, demand deposits and payments in process of settlement (float). This concept conforms to the IFS definition of M1 except that the latter excludes demand deposits of the Federal Government.

12 It should be noted that money and credit projections are also established on a quarterly basis, providing the operational target for monetary policy.

13 Despite the loss of reserve money through foreign exchange transactions banks' resort to rediscount credit facilities was less than anticipated.

Table 11 Money supply and its formation
Billions of dinars

	End-of-year position	Changes during period							
		1972	1973	1974			1975		
				Year	I	II	Year	I	II
<i>Money supply by sector:</i>									
Socialist enterprises	27.7	4.9	9.8	4.9	0.5	4.4	18.5	1.3	17.2
Federal Government	1.5	0.8	-0.4	0.1	0.3	-0.2	1.0	0.4	0.6
Other public bodies	31.8	3.5	7.4	8.1	6.8	1.3	6.5	4.7	1.8
Private households	35.7	5.3	5.5	6.2	2.6	3.6	7.6	2.5	5.1
Funds in transit ¹	6.7	2.8	0.0	2.0	-0.9	2.9	0.8	-2.0	2.8
Total	103.4	17.3	22.3	21.3	9.3	12.0	34.4	6.9	27.5
Percentage change		40.7	37.3	25.9	11.3	13.1	33.3	6.7	24.9
<i>Sources of money supply:</i>									
Bank credits		36.9	43.2	68.6	29.0	39.5	96.8	37.4	59.4
Foreign exchange transactions		7.6	7.7	-9.8	-6.4	-3.3	-3.8	-7.0	3.2
Increase (= -) in non-monetary deposits		-26.5	-28.6	-37.2	-13.2	-24.1	-58.8	-23.6	-35.2

1 Including rest of the world.

Source: National Bank of Yugoslavia, Quarterly Bulletin.

Table 12 **Bank credit**
End of period

	Amount outstanding Billion dinar		Percentage change from previous year			
	1974	1975	1972	1973	1974	1975
Socialist enterprises	280.1	350.9	17.8	15.7	23.1	25.3
Federal Government	31.2	41.3	9.1	14.4	26.3	32.4
Other public bodies and funds	33.4	25.9	31.4	36.1	10.9	10.7
Private households	28.6	38.7	11.4	21.0	34.3	35.3
Total	363.3	456.8	17.3	17.2	23.3	25.7
Short-term	99.9	138.3	22.3	12.4	36.1	38.4
Long-term	263.4	318.5	15.6	18.9	19.0	20.9

Source: National Bank of Yugoslavia, Quarterly Bulletin.

level of domestic demand. In March, consumer credit conditions were tightened and more stringent investment credit regulations were introduced in June as part of a package of measures designed to check the excessive rise of investment expenditure and to gain better control over financial positions of individual enterprises. But the large accumulations of inventories during the first half of 1975 prompted the authorities in July to ease consumer credit conditions for various types of products. The allocation of credits continued to be governed by structural considerations. According to an inter-bank agreement reached in February 10 billion dinars (the equivalent of 3.8 per cent of total bank assets) was to be distributed on a selective and sectoral basis with more than a third of the total volume of credit directly provided by the National Bank¹⁴. Concern with the development of agriculture and the foreign balance was a major reason for the National Bank to retain responsibility for crediting in these areas.

Fiscal policy

The major goal of fiscal policy in 1975 was to hold the rate of growth of public sector expenditure 20-25 per cent below that of nominal social product¹⁵. At the same time investments in public projects were expected to decline in real terms. Preliminary estimates of 1975 results suggest that these objectives have only partly been achieved. Collective consumption, excluding direct labour inputs, appears to have increased by 4 per cent in constant prices following an increase of over 7 per cent in 1974. But employment in the public sector rose by some 5 per cent. As regards public investments, nominal payments increased by more than 40 per cent which certainly means substantial advances in real terms. On the revenue side, the import surcharge was increased by 3 to 4 percentage points in April and the basic turnover tax rate was raised by 1.5 percentage points to 14 per cent in May. Turnover tax rates on certain luxury goods were also raised while some lower "special" rates were further reduced. The republics, on

14 At the end of 1974 the volume of total outstanding bank credits amounted to 247 billion dinars, of which 69 billion were accounted for by "selective" credits.

15 In 1974 total public and collective consumption was equivalent to less than 10 per cent of gross social product. Following a wide range of constitutional changes, the basic principles relating to taxation and expenditure policy are now established by the republics and communes with the exception of customs duties and the basic turnover tax. An important element of centralisation is maintained in the operation of the Social Accounting Service — the accounting, clearing, revenue collecting and auditing institution for all sectors of the economy.

the basis of inter-communal agreements, took measures to lower the tax burden on enterprises and earned income from regular work but from available data it is not clear what the net revenue effect of all these discretionary tax measures has been. Budget revenues of all socio-political communities during the first nine months were about 32 per cent higher than a year earlier. Revenues of "communities of interest" appear to have risen at an even more rapid pace. All in all, it seems that on the expenditure as well as on the revenue side, plan targets were exceeded, with the overall public sector impact on the economy probably stimulative rather than restrictive.

Table 13 **Federal budget**
Billions of dinars

	1972	1973	1974	1975 Plan	1975 Estimated	1976 Plan
Regular revenues	25.5	31.3	43.8	54.7	56.8	69.5
Customs duties	10.7	13.7	20.8	26.4	26.5	35.0
Contributions from republics	13.6	16.5	20.2	26.5	27.8	33.4
Other	1.2	1.1	2.9	1.8	2.5	1.1
Expenditures	25.1	33.6	45.8	57.7	60.4	72.0
Defence	11.7	15.8	20.9	29.3	28.7	32.4
Administration	2.6	3.4	4.4	5.9	6.2	8.4
Grants to republics	1.8	2.0	2.9	4.6	4.6	5.4
Investments	1.1	0.7		0.5	0.5	0.6
Supplement to pension funds	1.9	4.0	6.0	6.5	6.5	9.1
Subsidies and rebates		7.1	10.6	10.2	13.2	15.0
Other	6.0	7.7	11.6	10.9	13.9	16.1
Balance on regular account	0.4	-2.3	-2.0	-3.0	-3.6	-2.5
FINANCING						
Receipts		3.6	4.9	7.3	7.8	9.7
Borrowing from National Bank		1.4	2.2	3.8 ¹	4.3 ¹	6.7
Bond issues		2.2	2.7	3.5	3.5	3.0
Allocations	0.4	1.3	2.9	4.3	4.2	7.2
Budget reserves	0.1	0.5	0.2	0.2	0.2	0.2
Debt repayment and other	0.3	0.8	2.7	4.1 ¹	4.0 ¹	7.0

1 Includes credit granted by the National Bank to the Federation for the redemption of federal bonds in 1975.

Source: Direct communication to the OECD.

A more up-to-date picture is available for Federal finances. Initial budget estimates envisaged expenditure increases of 26 per cent on 1974 results and fore-saw receipts (excluding borrowing from the banking system) growing by little less than 25 per cent, leaving a deficit before loan transactions of 3 billion dinars. While defence spending turned out to be lower than expected, there was a considerable increase in subsidy payments and rebates which pushed expenditure 6 percentage points above the target level. About half of the extra spending was financed by additional contributions from the republics and a further 25 per cent was covered by other revenue increases. As a result, the actual deficit before loan transactions at 3.6 billion dinars¹⁶ exceeded the initial estimate only a little. In

16 Including debt repayments, reserve formations and other cash requirements, the gross financing requirement amounted to 7.8 billion dinars, of which 3.5 billion dinars was covered through one-year bonds carrying 10 per cent interest and providing certain additional benefits to the holders. Enterprises, banks and local governments have been the main purchasers, while sales to individuals have not met expectations.

Table 14 Consolidated budget of general government
Billions of dinars

	1970	1971	1972	1973	1974
Total revenue	57.7	70.7	88.3	113.7	163.2
Direct taxes	31.8	34.4	39.5	56.9	87.2
Indirect taxes	18.3	24.1	35.6	45.5	60.8
Obligatory loan for regional fund	—	3.0	4.1	4.8	5.8
Other	7.6	9.2	9.1	6.5	9.5
Total expenditure	56.3	69.0	88.8	114.2	158.2
Administration and defence	13.2	15.6	18.8	25.4	34.9
Education	7.4	9.3	10.8	15.5	21.6
Social security	17.2	21.7	28.0	33.6	45.6
Investment	12.4	12.9	14.3	15.2	18.2
Other	6.1	9.5	16.9	24.5	37.9
Surplus or deficit	1.4	1.7	-0.3	-1.3	5.0
Financing					
Net foreign borrowing	-0.9	-1.0	-1.5	-2.1	-2.3
Net domestic borrowing	-0.5	-0.7	1.8	2.6	-2.7

Source: Direct communication to the OECD.

terms of social product the deficit amounted to less than 0.7 per cent. But following the institutional reforms of recent years, the federal budget accounts now for a much smaller part of total public sector transactions.

Foreign trade and balance of payments policies

Temporary import restrictions imposed in August 1974¹⁷ and the 7 per cent depreciation of the dinar in October did not prove sufficient to narrow the trade gap. In fact, the share of merchandise imports (cif) covered by exports, which had amounted to close to 70 per cent in 1972, dropped to about 50 per cent in 1974 and the first six months of 1975. In order to reverse this tendency, further measures relating to imports as well as exports were taken. Following an increase in the import surcharge¹⁸ and the transfer of certain import items from more liberal import regimes to permit categories in April 1975, additional restrictions were introduced in June when some 30 per cent of 1974 imports were made subject to a licensing procedure. The scheme, which expired on December 31st, applied to most consumer durables, certain types of machinery, a wide range of production materials and some raw materials, including agricultural products. The main purpose of these regulations was to impose an effective temporary ban on certain non-essential imports and to prevent speculative ordering in excess of current "national needs". Goods being imported under a long-term co-operation agreement were exempted from the licensing procedure. In addition, the Chambers of Commerce have expanded schemes which link the possibility to import with compensating flows of exports, and more generally the availability of foreign exchange to export performance. Other balance of payments measures taken during 1975 included the easing of bank credit conditions for exports and tightening of those for imports, and the provision of rebates to exporters for

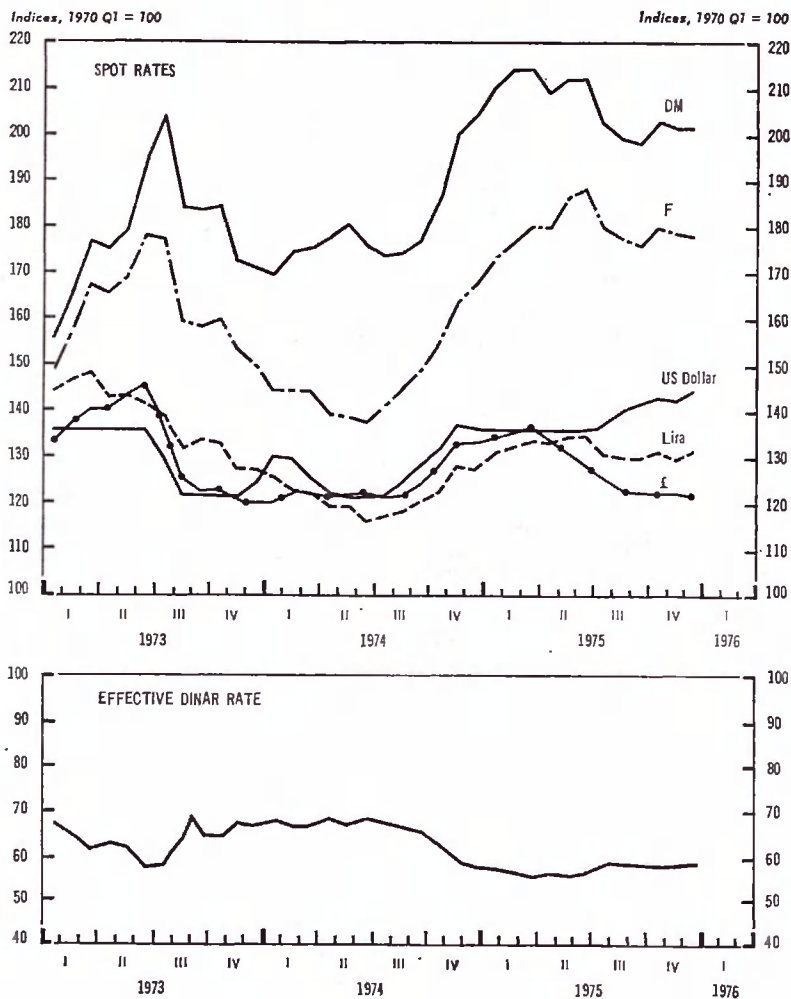
¹⁷ For details see the 1975 Annual Survey.

¹⁸ In April the temporary import surcharge was raised from 6 to 10 per cent and for a number of items (including capital equipment for the development of basic primary product industries, some production materials and certain agricultural goods) from 2 to 5 per cent. In January 1976 it was decided to maintain the general rate at 10 per cent and to raise the "priority" rate to 7.5 per cent.

customs payments on imports. On the other hand, the import restrictions introduced in 1974 were ended in 1975, notably the advance deposit requirements on a number of import items. On balance, it would seem that the foreign trade measures taken in the course of last year contributed to an important extent to the reduction of the trade deficit which occurred between the two halves of 1975.

As noted earlier, the effective¹⁹ exchange rate of the dinar did not vary significantly in the course of last year. Exchange rates are determined in a "managed market" for foreign currencies. Authorised commercial banks buy and

Diagram 5 The effective dinar rate and selected spot rates



NOTE Spot rates are end of month figures expressed in dinars per unit of foreign currency. The effective dinar rate is a trade weighted average (1972 weights) of dinar spot rates vis-à-vis currencies of Yugoslav trading partners (expressed in units of foreign currency per dinar).

Sources: OECD, MEI, Secretariat estimates.

¹⁹ Trade-weighted average rate calculated by the Secretariat on the lines of the IMF multi-lateral trade model.

sell in this market but movements of rates are closely controlled by the National Bank. Official interventions in the market are centered on the US dollar and the Deutschmark, the two most widely used currencies in Yugoslavia's external settlements, and have often resulted in practice in a double pegging of the dinar. Significant variations of exchange rates have occurred infrequently in the period under review.

Prices and incomes policy

In order to slow down the rate of inflation, an elaborate system of price agreements and controls has been operated²⁰. Following the adoption of the 1975 Resolution, an inter-republican agreement on prices was concluded in February setting out the targets for general price increases. On this basis, further social and self-management agreements on prices for specific products and services were reached on local government and enterprise levels. At the same time, surveillance of trends in liberalised prices was continued by a trade inspectorate, which under special instructions of, and in accordance with, the Federal authorities can propose corrective measures to the producers whenever it appears that price increases are excessive. During last year the Federal Executive Council re-examined the system of price formation and its relationship with the new Constitution²¹. In view of the unabated inflationary tendencies in 1974 and early 1975, the authorities encouraged more rigorous price surveillance and controls on all levels of government.

Efforts to curb the inflationary spiral have also been intensified on the income side. In April 1975 an inter-republican agreement on incomes policy was signed which, contrary to previous agreements, did not embody any specific formulae or criteria for the distribution of incomes. Its major goal was to keep the rate of growth of wages within the limits of average labour productivity advances in each republic. Enterprises with an above-average productivity growth and/or operating under particularly favourable conditions, were required to allocate larger shares of their total income for collective consumption, reinvestment or reserve building. At the same time the upper limits on personal incomes have been abolished, when there are "objective" criteria for evaluating individual contributions to production. A common rationale behind the various norms of income determination and distribution is to reduce inequitable wage differentials arising from different operating conditions, market position, capital intensity, rents, etc. It is considered that such differentials release pressures for upward wage and price adjustments in the "dis-favoured" sectors, thus constituting a powerful source of continuing inflation.

The control of investment

As the strong investment boom risked creating specific bottlenecks and imposed a burden on the balance of payments, measures were taken progressively to bring it under control. Promoters of investment projects in "non-economic" sectors (notably social services and administrative facilities) were required to make a prior deposit of 50 per cent of the cost of investment. Measures were also taken concerning investment by enterprises, not merely in response to the conjunctural

20 In 1975, about one-third of producer prices were free of control and could be determined at the enterprise level; another one-third was subject to adjustments on the basis of automatic formulae related to world market prices or arising out of proposals for adjustments made jointly by producers and industrial consumers; the remaining part was subject to direct government control at the Federal, the republican or the provincial and communal level.

21 The intent of the new constitutional arrangements is to pass responsibility for price formation increasingly to self-management units acting in concert with all industrial and final consumers.

situation but also with a view to medium-term objectives. All new investment projects have been subjected to a central registration procedure, though not to prior authorisation. Investors are required to provide evidence as to the sources and adequacy of available funds, while commercial banks are prohibited from issuing financing guarantees and opening new credit lines in excess of their lending power. Of potentially great importance in the medium term is a series of legislative measures which re-define enterprise income to exclude accounts receivable not covered by bank guarantees, and provide for more appropriate methods of inventory valuation and for depreciation of fixed capital on the basis of replacement rather than historical cost.

If these new principles are fully applied in practice, this may have a significant influence on certain recurring problems of the economy—notably the tendency of enterprises both to invest and to distribute wages in excess of their effective command on resources and the related phenomenon of large accumulation of inter-enterprise credits, often referred to as the illiquidity problem. In the country's present stage of development, the underlying propensity to invest is, naturally, strong. It is probably reinforced by the great decentralisation of investment decisions²² since new production facilities are seen at the regional political level as the answer to the local unemployment problems. The fact that commercial banks have been founded and are managed by groups of enterprises and other non-governmental bodies partly explains the easy availability and conditions of bank credit for investment²³. The result is a particularly high share of investment in GNP. Although international comparisons are fraught with great statistical and other difficulties, it is of interest to note that (on a standardized national accounts basis) this ratio has been comparable to that of some industrialised OECD countries in Europe which have a particularly high investment propensity.

Table 15 Investment shares in GDP
Standardized national accounts concepts, current prices

	Per cent of GDP	1967	1968	1969	1970	1971	1972	1973	1974
1	Fixed investment	25.6	27.0	26.9	28.4	27.5	26.2	24.1	24.8
2	Stockbuilding	4.8	3.0	4.8	7.5	9.3	5.2	9.0	12.2
3	Total gross investment	30.4	30.0	31.7	35.9	36.8	31.4	33.1	37.0
4	Net exports goods and services	-1.4	-1.5	-1.6	-4.8	-5.7	-2.0	-3.3	-8.6
5	Net income from abroad	0.2	0.4	0.9	2.3	3.3	4.5	5.5	4.6
6	National saving (= 3+4+5)	29.2	28.9	30.9	33.4	34.4	33.8	35.4	33.0
7	National saving in per cent of GNP	29.1	28.7	30.6	32.7	33.3	32.3	33.6	31.6

Source: Yugoslav submission to the OECD — cf. Statistical Annex.

Given the high propensity to invest, there is a permanent problem concerning the funds available after tax payments for distribution of wages. Any possible method of reducing the conflict at the individual enterprise level risks being applied

22 Special procedures for "pooling funds" have been devised for large investment projects which exceed the possibilities of individual enterprises or local agencies.

23 It has been officially recognised that enterprises, as net borrowers from the banks, have a natural interest in keeping both lending charges and deposit rates low. Legislation is being prepared to provide for representation on bank boards of groups with opposite interests, notably representatives of households and certain associations.

—inadequate depreciation, increases of sales prices accompanied by an accumulation of "bad debts", generous valuation of inventories, etc. The conflict cannot, of course, disappear at the aggregate level of the economy and tends to be "resolved" through a high rate of inflation. It would seem, therefore, that the enforcement of stricter accounting rules together with better control of credit can go a long way in combatting one of the permanent causes of inflation in Yugoslavia.

III PROSPECTS AND POLICY CONSIDERATIONS

Targets and policy intentions for 1976

Policy intentions for 1976 point to some subordination of the growth objective to the goal of an improved external balance. The official 1976 plan calls for an expansion of social product by $5\frac{1}{2}$ per cent in real terms but it is emphasized that the achievement of this target will depend largely on the success in holding the current account deficit below the 1 billion dollar mark. The volume of merchandise exports is forecast to increase by 6 per cent, which would allow imports to rise in volume by about 3 per cent and this in turn requires that the expansion of domestic demand should be kept in check. The postulated growth for the social product is somewhat lower than the medium-term average and the acceleration from 1975 is solely due to the assumed recovery of agricultural production. It is estimated that an increase of non-farm output at about the same rate as last year will lead to a 3 per cent rise of employment in the social sector and thus to positive productivity gains after last year's small decline. The 1976 Policy Resolution attaches high priority to consolidating the recent slowdown of inflation and to keeping the rise of real wages in line with productivity advances but does not indicate quantitative forecasts or targets for price and wage movements. It is emphasized that expected price increases should no longer be taken into consideration in negotiating nominal wage increases. Wages are to be periodically (every six months) adjusted to compensate for *past* price increases and the wage-paying capacity of an individual enterprise should be determined by its *past* rather than its expected future earning performance.

Total domestic demand is expected to rise slightly less than social product (cf. Table 1). Private consumption is forecast to rise distinctly faster in volume than last year partly because of the assumed deceleration of consumer prices and more favourable harvests. The share of collective consumption in the domestic use of resources should decline. Total fixed investment should rise somewhat less fast than in 1975, but housing construction is expected to accelerate. Stock accumulation is apparently expected to be much less important than last year.

The type of measures designed to achieve the basic targets of 1976 are outlined in the Resolution. But policies will also be inspired by medium-term considerations, in particular the progressive implementation of the principles embodied in the new Constitution and the directives of the medium-term plan for 1976-1980 which is expected to be finalised by next summer. The Policy Resolution specifically rejects any general stimulation of demand in 1976 despite the difficult situation in the labour market and the build-up of inventories of finished goods. Thus the growth of credit and of money supply are expected to be in line with the nominal rise of social product. The role of the National Bank in selective crediting may again include special rediscount credit facilities not only for exports and the agricultural sector but also for sales of equipment and ships in domestic markets and possibly for other goods. In addition, the commercial banks will be expected

to establish in their inter-bank agreements rather firm guidelines for channelling credit to priority sectors. The selective adjustment of consumer credit conditions, actively used in the second half of 1975, is expected to be an important factor in sustaining sales of consumer durables in 1976. Another interesting possibility is that in order to mobilise private financing for housing construction, consideration is being given to indexing savings deposits for this purpose.

Discretionary fiscal policy changes are not intended to be used as a means of influencing the level of aggregate demand. The Federal budget for 1976 is foreseen to expand roughly in line with nominal social product, but with current revenues estimated to rise faster than expenditure (22 vs. 19 per cent) the deficit before loan transactions is expected to decline. Nevertheless, given the present schedule of debt repayments, recourse to National Bank credit will probably rise further. As regards total public consumption, it is expected that inter-governmental agreements will establish the principle that outlays increase less than nominal social product²⁴; the adoption of improved accounting methods at the local government level should permit more up-to-date monitoring of expenditure. Judging from the Policy Resolution, it appears that tax reliefs may be used to a considerable extent to dampen price increases. Reduction of fees and taxes is also being considered as a means of promoting housing construction, a relatively important sector for employment.

With the move to greater decentralisation of economic policy, it is expected that inter-republic agreements and social contracts will gain importance as vehicles for policy formulation and implementation. The Federal Government will try to promote price and income guidelines in the social contracts as well as more vigorous price surveillance on the part of the republics and local authorities. Inter-sectoral contracts on the pooling of funds for major investment projects will also be encouraged. On the other hand, the progressive implementation of the reforms in enterprise accounting (see page 28) is expected to reduce excessive distribution of wages and generally to improve enterprises' financial discipline.

The size of the current external deficit and in particular the growing imbalance of foreign trade with OECD Member countries are considered as the major constraints on economic policy. Assuming that the forecast 6 per cent growth of merchandise exports materialises, it is thought that special efforts might still be required to keep down import growth to about 3 per cent. And in view of the uncertainties relating to exports it is envisaged that import policies may need to be re-scheduled according to the export results. It is planned that exporting enterprises will have greater access to foreign exchange and will receive increased rebates for duties paid on imported inputs. Moreover, revisions of tariff laws are at present being prepared, which will emphasize the function of tariffs in supporting development objectives.

Short-term prospects

In view of the improved performance of the economy during the second half of last year, some of the principal targets set for 1976 would seem attainable without any significant change in policies. The decline in non-farm output which occurred during 1975, largely due to the slump in OECD import demand, was confined to a relatively short period and gave way to a distinct upturn in the closing

24 The Policy Resolution specifies a maximum nominal increase in general and collective consumption which corresponds to the real social product increase between 1975 and 1976 plus the carried-over price increase from 1975 and 60 per cent of the additional price increase registered in 1976. However, this target may be revised, since, given the present rate of inflation and rates of increase in wages of above 20 per cent, such a target would imply a substantial decline in real terms.

months of the year. The 6 per cent growth of industrial production officially forecast for 1976 would already materialise with a rate of expansion between end-1975 and end-1976 appreciably lower than the one recorded since last summer. Thus, on the assumption of normal harvests, the postulated 5½ per cent growth of social product seems very likely. Similar conclusions can be drawn for the major components of domestic demand. Total fixed investment will probably expand fairly rapidly, though less fast than in 1975 in view of the measures taken last summer to tighten control of enterprise capital spending and finance. In fact, some moderation of the earlier sharp rise of investment appears to have taken place around the turn of the year. The forecast of more rapid real growth of private consumption this year also appears plausible. Retail sales (in volume) were running below their level of a year earlier until last autumn but have since picked up and showed a year-on-year growth of 2 per cent in the last quarter of 1975. However, the strength of private consumption in 1976 is subject to uncertainties concerning, in particular, developments in paid employment, consumer prices and private transfers from abroad.

Last year, employment in the social sector rose unexpectedly fast relative to the growth of output. But developments during the year (cf. Diagram 1) lend support to the official forecast of a more moderate rise in 1976—by 120 000 to 140 000, compared with 240 000 in 1975. To what extent unemployment will rise further will depend largely on the number of workers returning from abroad. There is reason to hope that, although the upswing now under way in the countries of immigration will not have immediate large effects on their labour markets, it may prevent the number of workers returning to Yugoslavia from being even larger than last year. A further significant rise of unemployment seems, nevertheless, likely even if the increase in employment is somewhat higher than is officially expected.

Given the sharp slowdown of price increases during the second half of 1975 and early 1976, there can be little doubt that the average rate of inflation will be lower this year. Strong inflationary forces continue to operate, however, in particular wage increases of the order of 20 per cent. The beneficial effects of the decline in world prices of raw materials will probably have been exhausted by the early months of 1976 and, on present forecasts, some moderate increase can be expected in the course of this year. But any measures restricting the volume of imports for balance-of-payments reasons will not fail to exert an upward pressure on domestic prices. Even assuming relatively good harvests, it is therefore rather uncertain whether the deceleration of prices recorded since the middle of last year will continue through 1976.

The outlook for exports is clearly much better than one year ago, mainly because the earlier sharp decline of OECD countries' imports has given way to an upturn since last autumn. In fact, the volume of exports picked up already in the late months of 1975. They should normally benefit for some time from the restocking process now under way in some major countries in view of the important share of semi-processed goods in total Yugoslav exports. On present forecasts for world trade in 1976, the target of a 6 per cent volume increase in exports would seem quite feasible. There are, however, some doubts about the import projection which is, admittedly, more in the nature of a normative target than of a forecast. The projected real import growth of 3 per cent would seem in line with recent trends even though the implicit elasticity with respect to total final demand or output is very low by past standards. Some doubts nevertheless remain whether in the absence of more stringent restrictions the target level would not be exceeded. The sharp decline of food and agricultural imports in 1975 may be partly reversed this year, given the poor harvests of some basic crops. Moreover, the accumulation of "reserve stocks" in 1974 exerted a once-for-all

dampening effect on last year's import level. Thus, despite the favourable export prospects, there is a risk that the trade deficit could tend to widen again. On the other hand, it seems reasonable to expect some further moderate gains in net invisible receipts.

Policy considerations

Management of the economy over the last couple of years can claim an important measure of success. Output and employment grew at fairly satisfactory rates even in 1975, when the main impact of the world recession was felt, and rapid expansion of fixed investment was maintained. The sharp rise of world trade prices and a strong domestic boom had greatly enlarged the current external deficit in 1974 and accelerated price increases, thus threatening to arrest economic growth. But significant progress was made last year on both fronts, so that 1976 started with production rising relatively fast, a smaller current deficit and a reduced rate of inflation. However, difficult problems of external and internal financial equilibrium continue to loom ahead and they are exacerbated by the high and rising number of job-seekers. These problems cannot be considered merely in a short-term horizon, especially for a country in Yugoslavia's stage of economic development.

During the last two years dependent employment rose considerably but registered unemployment also increased fast. This can be largely explained by the continuing movement of manpower out of agriculture which transforms disguised into open unemployment. But the return of workers from abroad has made the employment problem acute. Even when the economies of Western Europe will have fully recovered it seems unlikely that emigration of workers could resume on a large scale. Therefore, a high rate of growth of output will be even more important than in the past, but this will make more urgent the need to tackle the permanent problem of inflation. Continuing price increases of 15 to 20 per cent, and ingrained inflationary expectations would thwart sustainable rapid growth—by undermining the economy's external competitiveness, reducing the propensity for voluntary savings and distorting the basis of economic calculations. They would also greatly complicate the problem of adjusting relative domestic prices.

This is not the first time that the authorities aim at improving the relative prices of agriculture, basic products and energy at the expense of prices of processing industries and certain services. A similar objective was part of the basic economic reforms introduced in the mid-1960s, and this suggests that some permanent factors are at work. In a very early stage of development, it was inevitable that relative prices of manufactures would rise, providing the mechanism of some sort of "primitive accumulation" at the expense of farmers who were then the vast majority of the labour force. At a later stage, however, such an increase of relative prices was no longer economically justified, even less so after the shift of world terms of trade in favour of energy and certain basic products. But whereas price controls have impinged more frequently on prices of food, energy and basic materials, it is in the processing industries and certain urban services that the wage-price spiral has operated almost uninhibited. To achieve lasting results in the fight against inflation it will be necessary to prevent overheating in the economy in general or in major sectors; thus, the role of monetary policy will continue to be important. But in the special conditions of Yugoslavia some type of price and incomes policy appears indispensable. General policy places at present great emphasis on the extension of various types of "social contracts". These should be fully utilised to achieve a progressive and simultaneous reduction in the rate of increase of prices and money wages. Recent agreements on the principle that

wage settlements should on no account allow for price increases expected in the future can be considered as a first step in this direction.

Assuming that moderation of price and wage increases can be obtained, the employment problem will, nevertheless, remain difficult, calling not only for rapid economic growth but probably also for certain changes in the pattern of investment. As was argued in last year's Survey, the degree of capital intensity of production merits re-examination, especially since the ample opportunities for workers' emigration of the past are unlikely to reappear in the foreseeable future. It was pointed out in Part II above that the share of investment in GDP has been relatively high and there are indications that capital-intensive methods and branches of production have been favoured by policy-makers or inadequate factor price relationships. However, capital and not labour is the scarce factor of production in Yugoslavia. Present policies favour the expansion of labour-intensive sectors like housebuilding, private services and certain types of agricultural production; and quite understandably, policy does not seek considerable growth in the near future of several branches of light manufacturing where unused capacities are very important. But the problem of capital or labour intensive methods of production arises also within each sector of output. Lax regulations for enterprise accounting and interest rates which during recent years of soaring inflation have been strongly negative in real terms, have encouraged an almost permanent excess demand for investment in equipment and stocks and have constituted an important subsidy to capital formation. This has probably led to considerable waste and inefficiency, and more generally, has distorted the basis for calculation of the trade-off between higher productivity growth and higher employment. Effective application of the stricter accounting rules introduced recently, together with adequate control of bank credit, can help in correcting these distortions. But a significantly higher level of real interest rates (preferably through lower rates of inflation) would also seem appropriate, with explicit subsidization of rates in special cases.

Although the prospects for a further decrease of the current external deficit in 1976 seem favourable, the balance of payments will continue for some time to be a major constraint on growth policies. Moreover, the distortion in recent years of the regional pattern of exports presents clear economic disadvantages as the increased share of bilateral trade has both reduced the freedom of choice of imports and probably created difficulties of sectoral adaptation. It would naturally be of great help to Yugoslavia if growth of world trade resumes at a high rate and if conditions in foreign markets allow full exploitation of her comparative advantages. But domestic policies can also play a major role in promoting sound export growth. Anti-inflation policies will obviously be important, but special arrangements with foreign firms for production of exportable goods which the authorities seek to promote may also be very helpful. With regard to imports, a certain measure of control appears inevitable in the present stage of the country's economic development, but there may be a case for greater recourse to general and flexible methods for keeping imports in check than to specific measures. It may be added with regard to the balance of payments that low domestic interest rates are a source of potential adverse capital flows; and that it is difficult to understand why the same interest is paid on deposits in dinars and in foreign exchange.

According to the principles of the revised Constitution, important institutional changes are being introduced favouring decentralisation of decision-making in many spheres of social activity. In the economic area increased decentralisation is accompanied by efforts to reinforce the role of market forces. This process should help to raise the average efficiency of the economy but it implies more, not less, reliance on central management of the economy by general, indirect methods. It enhances, for instance, the importance of monetary policy, the instruments of which will probably need to be further developed and refined.

Despite considerable institutional differences among countries, the basic problems of economic management, development and resource allocation are sufficiently similar, so that the results of Yugoslavia's new initiatives in the economic sphere will be followed with great interest in other countries.

STATISTICAL ANNEX

Table A Social Product (Yugoslav definitions and concepts)
Millions of dinars

	1966	1967	1968	1969	1970	1971	1972	1973	1974
<i>Current prices</i>									
Consumers' expenditure	50 510	56 897	61 921	71 706	86 305	110 514	137 025	168 877	220 187
Collective consumption	8 137	10 008	11 689	13 409	14 689	17 508	21 286	26 708	35 962
Gross fixed asset formation	26 616	30 283	35 044	41 049	51 723	64 651	73 977	85 502	117 387
Change in stocks	12 410	5 736	3 913	7 297	13 638	21 983	14 500	31 957	57 827
Foreign balance	-1 169	-2 258	-2 778	-3 459	-9 723	-15 043	-8 024	-14 550	-44 698
Exports of goods and services	20 439	21 476	22 308	26 264	30 381	40 575	56 026	72 278	95 128
Imports of goods and services	21 608	23 734	25 086	29 723	40 104	55 618	64 050	86 828	139 826
Statistical discrepancy	2 546	3 044	2 183	1 958	575	4 863	6 631	7 832	20 624
Social product	99 052	103 710	111 972	131 960	157 207	204 476	245 395	306 395	407 289
<i>1966 prices</i>									
Consumers' expenditure	50 510	54 209	56 147	60 547	65 641	71 529	75 100	77 170	83 190
Collective consumption	8 137	8 957	9 599	10 463	10 846	11 095	11 500	12 030	12 930
Gross fixed asset formation	26 616	28 344	30 625	32 521	38 250	40 718	42 100	43 250	47 143
Change in stocks	12 410	5 658	3 639	6 451	10 616	14 228	10 600	12 700	17 000
Foreign balance	-1 169	-2 260	-2 767	-3 279	-5 289	-10 628	-5 116	-7 500	-14 042
Exports of goods and services	20 439	21 348	22 625	25 524	27 078	28 824	37 576	40 800	41 208
Imports of goods and services	21 608	23 758	24 986	28 173	35 179	39 276	42 692	48 300	55 250
Statistical discrepancy	2 546	6 668	8 409	9 941	3 662	7 729	6 607	10 202	14 696
Social product	99 052	101 576	105 652	116 644	123 726	134 671	140 791	147 852	160 917

Source: Direct communication to the OECD.

Table B National Product and Expenditure (Standardized definitions and concepts)
Millions of dinars, current prices

	1966	1967	1968	1969	1970	1971	1972	1973	1974
Consumers' expenditure on goods and services	56 512	63 406	69 238	79 944	95 593	121 722	151 687	187 146	244 100
Government current expenditure on goods and services	17 607	20 107	23 000	26 054	30 484	36 686	45 290	52 742	74 300
Gross fixed asset formation	26 616	30 283	35 044	41 049	51 723	64 651	74 107	85 324	117 400
Change in stocks	12 410	5 736	3 913	7 297	13 638	21 983	14 702	31 957	57 800
Exports of goods and services	21 155	22 184	23 212	27 383	31 841	42 909	59 206	76 436	101 100
less: Imports of goods and services	21 965	23 852	25 191	29 894	40 494	56 291	64 996	87 951	142 000
Statistical discrepancy	-431	604	755	1 034	-867	3 651	3 166	8 010	20 000
Gross domestic product at market prices	111 904	118 468	129 971	152 867	181 918	235 311	283 162	353 664	472 700
Income from the rest of the world	895	1 250	1 628	2 724	5 728	10 024	15 411	23 098	26 710
Income payments to the rest of the world	950	1 034	1 085	1 290	1 610	2 236	2 818	3 778	4 800
Gross national product at market prices	111 849	118 684	130 514	154 301	186 036	243 099	295 755	372 530	494 610
Indirect taxes	8 235	10 017	11 504	12 628	15 864	22 041	27 279	29 239	58 070
Subsidies	1 099	977	991	935	1 287	2 790	7 015	8 194	12 280
Gross national product at factor cost	104 713	109 644	120 001	142 608	171 459	223 848	275 491	351 485	448 820
Depreciation and funds for other purposes	8 370	9 845	12 041	14 238	16 644	21 180	27 979	36 290	50 840
Net national product at factor cost	96 343	99 799	107 960	128 370	154 815	202 668	247 512	315 195	397 980

Source: Direct communication to the OECD.

Table C Gross Product at Factor Cost by Industry
Millions of dinars, current prices

	1966	1967	1968	1969	1970	1971	1972	1973	1974
Agriculture, forestry and fishing	26 004	25 014	23 310	27 129	29 612	37 346	43 273	59 250	70 900
Mining and quarrying	3 240	3 217	3 425	3 460	4 103	5 503	6 860	8 900	13 740
Manufacturing	30 805	30 293	33 954	39 086	48 590	63 889	77 570	98 514	130 020
Electricity, gas and water	2 702	3 136	3 401	3 779	4 411	5 477	6 891	8 450	9 500
Construction	9 826	11 550	13 348	15 180	19 490	25 108	29 888	33 600	43 750
Transport and communication	7 001	7 588	8 108	9 463	12 391	16 281	19 254	23 600	28 400
Wholesale and retail trade	9 006	10 442	12 391	14 325	17 367	23 501	27 193	33 150	42 000
Income from finance, insurance and real estate (land not built upon)	1 601	1 792	1 980	2 432	2 811	3 666	4 846	6 500	7 600
Owner-occupied housing	735	829	1 036	1 230	1 464	1 860	2 300	3 000	3 600
Public administration and defence	4 995	5 529	6 217	6 951	7 762	9 611	11 757	15 000	23 500
Health and education	5 636	6 373	7 314	8 684	10 416	13 209	16 476	19 700	26 983
Other services	4 012	4 491	5 687	6 654	8 646	11 003	13 672	18 040	27 317
Gross domestic product at factor cost	104 768	109 428	119 458	141 174	167 341	216 060	259 980	327 704	426 910
Net payment of income payable to factors of production by the rest of the world	-55	216	543	1 434	4 118	7 788	12 593	19 320	21 910
Gross national product at factor cost	104 713	109 644	120 001	142 608	171 459	223 848	275 491	351 485	448 820
Adjustment	-795	-826	-713	2 801	278	-394	2 918	4 461	—

Source: Direct communication to the OECD.

Table D.1 Gross Fixed Investment
Millions of dinars, current prices

	1967	1968	1969	1970	1971	1972	1973	1974
TOTAL	30 620	35 698	42 266	53 103	65 623	75 079	86 732	119 254
Private sector	5 795	6 589	7 423	9 657	13 064	16 281	22 304	28 375
Social sector	24 825	29 109	34 843	43 446	52 559	58 798	64 428	90 879
<i>by activity:</i>								
Productive	22 273	25 979	31 217	37 565	46 537	52 245	59 721	81 531
Non-productive	8 347	9 719	11 049	15 538	19 086	22 834	27 011	37 723
<i>by industry:</i>								
Agriculture and forestry	2 530	2 912	3 299	3 818	4 722	5 687	8 282	11 078
Industry	11 171	12 662	13 599	16 372	21 217	24 443	26 310	39 529
Building	728	881	1 365	1 642	2 049	2 563	2 722	4 881
Transportation	4 123	5 240	7 237	8 393	9 103	9 995	12 803	14 620
Trade, catering, tourism	2 537	3 175	4 274	5 791	7 291	6 464	5 818	7 457
Housing, communal activities	7 182	8 276	9 474	12 438	15 332	18 512	23 092	31 060
Other social sector	2 349	2 552	3 018	4 649	5 909	7 415	7 705	10 629
<i>by type of asset:</i>								
Machinery and equipment	12 419	13 804	16 765	20 162	24 992	28 297	33 867	47 802
Domestic	7 009	7 862	9 620	11 742	13 840	16 525	18 894	27 091
Imported	5 410	5 942	7 145	8 420	11 152	11 772	14 973	20 711
Building	16 478	19 582	22 901	30 392	38 219	43 456	47 577	64 962
Other	1 723	2 312	2 600	2 549	2 412	3 326	5 288	6 490

NOTE Figures include expenditures for already-existing assets and indicate realised investments independent of the dates of payment.

Source: Direct communication to the OECD.

Table E National Income and the Household Account (Yugoslav definitions and concepts)
Millions of dinars

	1968	1969	1970	1971	1972	1973	1974
National income:							
Netwages and salaries of employees in productive enterprises and production of individual producers for own consumption	50 126	59 173	70 798	89 229	107 113	128 305	166 050
Taxes on income and Social Security payments	17 404	20 981	24 625	29 688	35 437	42 958	62 334
Interest and enterprise taxes	21 073	25 493	29 813	36 284	45 879	59 359	71 610
Accumulation of productive enterprises and individual producers	12 969	14 043	17 599	30 937	32 530	44 927	63 356
National income	101 573	119 690	142 835	186 138	220 959	275 549	363 350
plus: Depreciation	10 399	12 270	14 372	18 338	24 436	30 777	43 939
Social product	111 972	131 960	157 207	204 476	245 395	306 326	407 289
Household account:							
Netwages and salaries of employees in productive enterprises and production of individual producers for own consumption	50 126	59 173	70 798	89 229	107 113	128 305	166 050
Net wages and salaries of employees in non-productive enterprises	11 623	13 497	16 012	20 054	24 149	28 675	37 321
Receipts from Social Security and other welfare funds	10 461	12 448	14 556	18 146	23 688	30 338	38 329
Other domestic transfer receipts	304	894	781	964	1 067	800	1 268
Net transfers from abroad	2 209	3 388	6 599	11 452	17 403	25 395	29 839
Total income received	74 723	89 400	108 746	139 845	173 420	213 513	272 807
Consumers' expenditure on goods and services of productive sector	53 328	62 110	75 783	98 107	122 162	150 477	197 967
Consumption of self-produced commodities	8 593	9 596	10 522	12 407	14 863	18 400	22 220
Consumer payments to non-productive sector	5 793	7 044	8 384	10 127	12 018	14 829	19 836
Savings	7 009	10 650	14 057	19 204	24 377	29 807	32 784
Savings ratio (in %)	9.4	11.9	12.9	13.7	14.1	14.0	12.0

Source: SZZS, Statisticki Godisnjak.

Table F Agriculture

	Unit or base	1966	1967	1968	1969	1970	1971	1972	1973	1974
<i>Indices of agricultural output</i>		1951-55 = 100								
Total		176	174	167	183	175	187	184	197	209
Crop production		186	177	166	190	167	180	179	195	199
Livestock production		163	173	171	173	190	194	197	209	235
<i>Production of selected commodities</i>										
Wheat	Mill. metric tons	4.6	4.8	4.4	4.9	3.8	5.6	4.8	4.8	6.3
Maize	—	8.0	7.2	6.8	7.8	6.9	7.4	7.9	8.3	8.0
Sugar beet	—	4.0	3.7	2.9	3.6	2.9	3.0	3.3	3.3	4.3
Meat	Thousand metric tons	686	751	818	770	811	880	817	839	1 000
Forestry cuttings	Mill. cubic metres	17.1	16.4	17.6	17.1	17.5	17.9	17.3	17.4	18.2
Number of tractors in use ¹	Thousand	51.0	55.9	61.7	68.2 ²	80.0	96.7	120.5	150.0	195.1
Consumption of fertilizers	Thousand metric tons	2 190	2 141	1 918	1 820	1 678	1 747	1 821	1 919	1 942

1 At end of year.

2 Based on census returns for private holdings and not strictly comparable with estimates for earlier years.

Source: Direct communication to the OECD.

Table G Industrial Production

	Unit or base	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
<i>Indices of industrial production</i>		1970 = 100									
Total	Original base	78	77	82	92	100	110	119	126	139	147
Mining	1953 = 100	86	84	88	93	100	108	110	117	124	130
Manufacturing		78	77	82	92	100	110	119	126	140	149
Basic metals		76	76	82	91	100	108	121	132	150	157
Metal products		79	76	83	89	100	109	107	123	140	154
Chemicals		60	61	71	86	100	117	132	146	169	178
Textiles		91	88	91	96	100	107	118	125	135	142
Food, drinks, tobacco		84	85	85	91	100	111	119	126	136	137
<i>Output of selected commodities</i>											
Electricity	Billion kWh	17.2	18.7	20.6	23.4	26.0	29.5	33.2	35.1	39.5	40.0
Lignite	Million metric tons	28.2	25.6	25.9	25.8	27.4	29.8	30.3	31.9	33.0	35.0
Petroleum products	—	4.1	4.5	4.5	5.7	7.1	7.8	8.4	9.1	10.4	10.9
Copper ore	—	5.6	5.9	7.0	8.1	9.4	10.3	11.9	14.2	14.9	14.6
Lead ore	Thousand metric tons	103	108	112	118	127	124	120	119	120	127
Zinc ore	—	85	90	95	97	101	99	97	97	95	103
Crude steel	Million metric tons	1.9	1.8	2.0	2.2	2.2	2.4	2.6	2.7	2.8	2.9
Cement	—	3.2	3.3	3.8	4.0	4.4	4.9	5.8	6.3	6.6	7.1
Metal and wood-working machines	Thousand metric tons	10.3	9.8	8.0	9.9	10.9	12.6	15.9	12.5	15.5	17.1
Building machines	—	16.9	13.1	15.4	23.4	26.8	28.4	28.0	34.4	34.6	34.6
Rotating machines	—	13.9	13.1	14.5	15.3	21.5	26.0	26.8	30.7	34.3	39.8
Pulp and cellulose	—	407	455	468	475	450	489	517	527	560	527
Cotton fabrics	Mill. sq. metres	416	478	401	415	390	391	374	361	365	376

Source: Direct communication to the OECD.

Table H Labour Force and Employment

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
	<i>Thousand</i>									
Active population (mid-year-estimate)	8 625	8 678	8 730	8 782	8 830	8 890	9 028	9 054	9 121	..
Paid employment	3 582	3 561	3 587	3 706	3 850	4 034	4 210	4 306	4 514	4 758
Registered unemployment	265	291	327	316	290	290	315	382	448	540
Other labour force ¹	5 089	5 216	5 286	5 307	5 249	4 465	4 431	..	..	..
Worker emigration (net)	26	27	57	124	240	674	..	..	..	..
Yugoslav workers employed in Germany ²	..	96	119	265	423	478	475	535	470	..
Paid domestic employment by sector:										
Social sector	3 491	3 466	3 487	3 622	3 765	3 944	4 115	4 213	4 423	4 667
Productive activities	2 899	2 877	2 884	2 995	3 113	3 261	3 401	3 471	3 643	3 845
Non-productive activities	592	589	603	627	652	683	714	742	780	822
Private sector	91	95	100	84	85	90	95	93	91	91
Paid domestic employment by industry:										
Agriculture	295	276	255	246	242	241	244	247	256	268
Industry	1 358	1 352	1 349	1 399	1 454	1 531	1 614	1 665	1 757	1 852
Construction	313	312	323	333	347	356	361	353	374	407
Transportation and communication	246	249	253	260	269	280	292	298	306	321
Trade	351	366	379	402	433	473	507	532	562	592

1 Including Yugoslav workers temporarily employed abroad.

2 September figures.

Sources: Direct communication to the OECD and Arbeitsstatistik 1974, Bundesanstalt für Arbeit.

Table I Prices and Wages
Indices, 1969 = 100

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Agricultural producer prices	98	95	91	100	115	145	180	225	260	291
Industrial producer prices	95	97	97	100	109	126	140	158	205	250
Materials	84	94	96	100	112	132	146	165	228	280
Capital goods	97	99	99	100	105	118	126	138	155	187
Consumer goods	95	96	96	100	107	121	136	154	188	227
Export unit values, in dollars	97	98	96	100	109	114	120	144	191	208
Import unit values, in dollars	95	95	95	100	108	112	119	142	207	218
Cost of living										
Total	82	88	93	100	111	128	149	178	216	268
of which:										
Food	87	90	93	100	112	131	156	190	220	273
Services	68	79	89	100	108	122	134	156	186	231
Wage per person employed in social sector	70	79	87	100	118	145	169	196	250	309

Source: Direct communication to the OECD.

Table J Balance Sheet of the Banking System
Millions of dinars, end of period

	1969	1970	1971	1972	1973	1974		1975	
						June	Dec.	June	Dec.
ASSETS									
Short-term, total	56 484	65 704	71 565	95 491	120 340	127 011	149 512	159 519	195 168
Gold and foreign exchange	4 535	3 332	6 032	15 600	26 944	21 846	27 047	22 529	21 318
Other foreign exchange assets	4 010	3 474	4 568	6 435	6 761	6 356	7 457	7 322	14 834
Short-term credit to enterprises	41 649	50 138	43 811	56 533	63 764	74 518	85 187	95 594	112 986
Short-term credit to governments and other public institutions	202	749	2 743	2 717	2 029	1 122	1 384	2 627	5 544
Consumer credit and other short-term credits to the public	4 901	6 937	6 970	6 309	8 032	9 855	12 384	15 121	18 674
Other short-term assets	1 187	1 074	7 441	7 897	12 810	13 314	16 053	16 326	21 812
Long-term, total	103 710	128 972	168 972	201 302	240 903	258 562	290 002	310 873	340 239
Foreign exchange claims	2 439	3 384	6 374	6 707	7 390	8 773	11 526	13 685	17 748
Credits to enterprises	64 831	78 990	104 920	121 093	142 030	149 882	165 186	181 299	203 910
Credits to governments and public institutions ¹	12 683	15 575	17 396	28 162	37 382	43 182	46 482	48 335	54 131
Loans for housing construction	17 163	21 617	25 869	30 480	35 215	38 145	43 345	43 402	48 706
Other	6 594	9 406	14 413	14 860	18 886	18 580	23 463	24 152	15 744
Total	160 194	194 676	240 537	296 793	361 243	385 573	439 514	470 392	535 407
LIABILITIES AND CAPITAL FUNDS									
Short-term, total	70 448	85 548	108 980	140 405	183 282	200 300	229 041	245 490	302 013
Foreign exchange liabilities	8 919	11 674	21 610	23 078	26 959	30 613	38 784	38 574	47 562
Money supply ²	30 828	37 029	42 546	60 541	82 774	92 173	104 378	110 290	137 761
Other short-term deposits	28 573	33 750	41 181	48 613	61 155	62 002	72 376	79 555	89 893
Other short-term liabilities	2 128	3 095	3 643	8 173	12 394	15 512	13 503	17 071	26 797
Long-term, total	70 145	87 816	108 859	129 804	177 961	185 273	210 473	224 902	233 394
Foreign exchange liabilities	3 743	5 949	12 977	20 778	29 473	30 179	39 226	45 249	53 287
Time deposits and securities ³	20 450	26 509	29 559	30 464	32 750	34 714	38 551	42 476	47 683
Special investment deposits	45 952	55 358	66 323	78 562	85 610	90 482	98 869	102 214	106 286
Capital and reserve funds	19 601	21 312	22 698	26 584	30 128	29 898	33 827	34 963	26 138
Total	160 194	194 676	240 537	296 793	361 243	385 573	439 514	470 392	535 407

1 Also contains small amount of loans to public.

2 Contains demand deposits, currency in circulation, and float.

3 Maturities greater than one year.

Source: Sluzba Društvenog Knjigovodstva, Statistički Bilten.

Table K Imports and Exports by Commodity Groups
Millions of US dollars

		1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
SITC SECTIONS											
IMPORTS											
0 and 1	Food, drink and tobacco	237	182	128	147	207	296	308	508	666	420
	<i>of which:</i> Cereals and cereal preparations	109	36	18	26	18	100	73	57	213	17
2	Raw materials	212	199	198	264	314	312	336	486	1 004	739
	<i>of which:</i> Textile fibres and waste	107	105	97	135	110	118	137	193	419	255
3	Mineral fuels	82	85	98	104	138	193	176	358	951	943
5	Chemicals	150	167	188	221	267	297	349	450	811	834
6	Semi-manufactures	370	402	427	544	826	917	844	1 081	1 806	1 747
	<i>of which:</i> Base metals	192	195	184	254	427	469	427	642	1 064	1 163
7 and 8	Finished manufactures	514	642	738	846	1 102	1 187	1 170	1 598	2 239	2 899
	<i>of which:</i> Machinery	349	396	464	516	629	768	785	981	1 382	1 987
	Transport equipment	110	175	181	208	326	250	233	434	576	628
4 and 9	Other	10	31	19	8	20	51	49	30	65	115
	Total	1 575	1 707	1 796	2 134	2 874	3 253	3 232	4 511	7 542	7 697
EXPORTS											
0 and 1	Food, drink and tobacco	296	336	261	289	314	319	392	459	412	478
	<i>of which:</i> Live animals and meat	164	175	142	159	159	176	247	251	148	222
	Cereals and cereal preparations	29	54	26	20	21	11	8	62	73	36
2	Raw materials	108	106	127	142	157	149	184	275	360	282
	<i>of which:</i> Wood	54	50	54	63	64	66	84	157	183	140
5	Chemicals	70	74	77	91	97	129	143	176	384	380
6	Semi-manufactures	282	281	324	431	492	494	603	814	1 245	1 180
	<i>of which:</i> Base metals	128	122	155	208	256	246	308	526	881	754
7 and 8	Finished manufactures	443	429	460	503	595	698	886	1 088	1 342	1 712
	<i>of which:</i> Machinery	149	149	148	165	192	242	301	365	491	622
	Ships	89	59	82	101	142	136	162	178	248	304
3,4 and 9	Other	21	27	15	18	24	26	29	41	62	40
	Total	1 220	1 252	1 264	1 474	1 679	1 814	2 237	2 853	3 805	4 072

Source: Direct communication to the OECD.

Table L. Imports and Exports by Area
Millions of US dollars

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
<i>Imports, cif</i>										
OECD countries	886	1 075	1 147	1 379	1 981	2 140	2 113	2 820	4 562	4 677
EEC	500	754	796	963	1 334	1 435	1 423	1 905	3 016	3 162
Italy	168	228	269	317	378	396	400	531	889	869
Germany	155	286	320	389	567	617	604	856	1 356	1 437
United States	200	124	90	93	160	198	198	185	357	417
Other	186	197	261	323	487	507	492	730	1 189	1 098
Centrally planned economies ¹	498	459	489	511	593	778	802	1 117	1 755	1 907
of which: USSR	147	164	188	168	193	281	283	408	752	807
Developing countries	191	173	160	245	300	336	316	574	1 225	1 112
in Africa	52	49	48	72	78	85	100	146	292	159
in America	58	54	44	51	81	78	93	189	275	185
in Far-East	43	40	38	65	71	83	65	63	114	180
in Middle-East	38	31	30	57	70	90	57	176	544	588
Total	1 575	1 707	1 796	2 134	2 874	3 253	3 232	4 511	7 542	7 697
<i>Exports, fob</i>										
OECD countries	593	646	656	822	942	960	1 272	1 588	1 773	1 452
EEC	390	422	418	563	655	645	809	1 018	1 044	930
Italy	174	225	177	226	255	226	308	465	432	372
Germany	114	96	122	162	198	210	264	319	364	316
United States	75	80	89	93	90	109	150	233	316	265
Other	128	144	148	166	197	206	313	337	413	258
Centrally planned economies ¹	448	454	434	455	545	666	807	970	1 581	1 924
of which: USSR	194	219	207	206	242	267	329	407	668	1 012
Developing countries	180	153	173	198	192	188	158	295	451	696
in Europe	1	1	1	1	10	1	1	1	1	3
in Africa	57	45	52	57	60	68	55	113	170	289
in America	16	18	20	39	22	42	43	66	62	68
in Far-East	75	52	65	63	65	41	20	55	90	161
in Middle-East	31	37	35	37	35	36	39	60	128	175
Total	1 220	1 252	1 264	1 474	1 679	1 814	2 237	2 853	3 805	4 072

¹ Countries of Mutual Economic Assistance (CMEA), P.R. of China, and Albania.

Source: Direct communication to the OECD.

Table M Balance of Payments
Millions of US dollars

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Trade balance	-195	-351	-454	-532	-659	-1 195	-1 435	-992	-1 658	-3 737
Exports, fob	1 094	1 225	1 253	1 265	1 475	1 678	1 817	2 241	2 853	3 805
Imports, cif	-1 289	-1 576	-1 707	-1 797	-2 134	-2 874	-3 252	-3 233	-4 511	-7 542
Services and private transfers	235	301	367	426	594	847	1 079	1 412	2 144	2 520
Transportation ¹	118	140	145	146	171	211	224	240	323 ³	368
Foreign travel	63	82	95	136	168	144	141	219	589 ³	700
Investment income	-60	-70	-74	-80	-90	-119	-139	-155	-181	-192
Private transfers and workers' remittances ²	55	63	160	191	284	544	789	1 049	1 413	1 644
Other services ^{1 2}	59	86	41	33	61	66	64	59		
Official transfers	30	11	12	11	2	1	-1	-1	-1	-1
Current balance	70	-39	-75	-95	-63	-348	-357	419	485	-1 218
Non-monetary capital										
(including errors and omissions)	-85	84	141	49	138	279	132	-14	301	554
Long-term net				178	216	190	579	557	596	528
Other (including errors and omissions)				-129	-78	89	-447	-571	-295	26
Allocation of SDR's	—	—	—	—	—	25	22	24	—	—
Monetary movements	15	-45	-66	46	-75	44	203	-429	-786	664
Bilateral balances	-80	-28	-94	48	63	71	—	-113	—	—
Net gold and foreign exchange position	-2	-2	6	-33	-117	118	-73	-538	-508	337
National Bank and commercial banks' credit, net IMF account, SDR's	97	-15	22	31	-21	-145	276	222	-278	327

1 For 1965 and 1966 insurance for transported goods is included in "other services". For later years such insurance is included in "transportation".

2 For 1965 and 1966 workers' remittances are included in "other services". For years beginning in 1967 remittances are included with private transfers.

3 Due to changes in coverage, figure for 1973 is not fully comparable with those for earlier years.

Sources: IMF, *Balance of Payments Yearbook*, and direct communication to the OECD.

INTERNATIONAL COMPARISONS

BASIC STATISTICS : INTERNATIONAL COMPARISONS

				Australia	Austria	Belgium	Canada	Denmark	Finland	France	Germany	Greece	Iceland	Ireland	Italy	Japan	Luxem- bourg	Nether- lands	New Zealand	Norway	Portugal	Spain	Sweden	Switzer- land	Turkey	United Kingdom	United States	Yugo- slavia ¹	
POPULATION		Mid-1973	Thousands	13 132	7 521	9 742	22 125	5 027	4 643 ²	52 177	61 967	8 972	212	3 051	54 888 ³	108 350 ⁴	350	13 438	2 932	3 961	8 564	34 730	8 138	6 431	37 930	56 026	210 404	20 960	
Net average annual increase		1963 to 1973	%	1.87	0.48	0.48	1.55	0.71	0.26	0.88	0.77	0.57	1.37	0.68	0.70	1.22	0.77	1.17	1.46	0.77	-0.46	1.06	0.68	1.09	2.49	0.43	1.07	0.95	
EMPLOYMENT	Total civilian	1973	Thousands	5 640	3 039	3 818	8 759	2 385	2 153	20 953	26 202	(3 320)	(88)	1 042	18 310	52 330	154	4 564	1 137	1 654	(3 109)	12 844	3 879	3 097	13 810	24 553	84 409	8 009 ^{5 10}	
	Agriculture			7.2	16.1	3.9	6.5	9.5	17.1	12.2	7.5	(34.1)	(15.9)	25.1	17.4	13.4	9.0	6.8	12.1	11.4	(28.8)	26.5	7.1	(7.3)	63.4	3.0	4.1	49.5	
	Industry ⁶ - Other		% of total	35.5 57.3	40.1 43.8	43.3 52.8	31.3 62.2	33.8 56.7	35.7 47.1	39.3 48.5	49.5 43.0	(25.7) (40.2)	(37.5) (46.6)	30.7 44.2	44.0 38.6	37.2 49.4	48.6 42.4	36.2 57.1	34.7 53.2	33.9 54.7	(33.8) (37.4)	38.0 35.5	36.8 56.1	(46.2) (46.5)	15.1 21.5	42.3 54.7	31.7 64.2	50.5	
PRODUCTION	GDP ⁷ per head	1973	\$ ⁸	4 900	3 550	4 650	5 410	5 460	3 720	4 900	5 610	1 790	4 870	2 130 ¹³	2 510	3 760	5 200	4 410 ¹³	4 080 ¹⁷	4 780	1 250	1 750	6 140	6 190	540	3 100	6 170	792 ¹³	
	GDP by sector:	1973		7.1 ^{9 10 11}	5.8	3.9	5.2 ¹¹	8.2 ¹¹	12.0	6.3	2.9	20.4 ¹¹	..	18.0 ^{11 13}	8.8	5.9	4.4 ^{11 12}	5.3 ^{11 13}	18.8 ¹²	5.6	16.3 ¹¹	12.7 ¹¹	3.8	..	26.1	3.0 ¹¹	4.4	16.6 ^{11 13}	
	Industry Other		% of total	41.4 ^{9 10 11} 51.5 ^{9 10 11}	50.1 44.1	40.1 56.1	36.2 ¹¹ 58.6 ¹¹	39.9 ¹¹ 51.9 ¹¹	44.2 43.8	52.1 45.0	32.4 ¹¹ 47.2 ¹¹	.. 48.2 ^{11 13}	.. 48.2 ^{11 13}	.. 48.2 ^{11 13}	41.2 50.0	48.3 45.9	57.5 ^{11 12} 38.1 ^{11 12}	44.9 ^{11 13} 49.8 ^{11 13}	28.0 ¹² 53.2 ¹²	33.4 61.0	43.2 ¹¹ 40.6 ¹¹	35.5 ¹¹ 51.8 ¹¹	36.6 59.6		28.8 45.1	42.4 ¹¹ 54.6 ¹¹	33.9 61.7	46.6 ^{11 13} 36.8 ^{11 13}	
GDP ^{7 14} annual volume growth				1973 1968 to 1973	%	5.6 5.1	5.5 6.4	5.4 5.5	6.8 5.2	3.9 4.7	6.0 6.8	5.3 6.0	8.9 6.3	6.2 4.6	7.2 4.3	11.0 9.5	7.5 5.2	4.2 5.3	4.8 ¹⁷ 3.1 ¹⁷	3.7 4.5	7.6 6.4	7.4 7.0	3.3 3.2	3.5 4.6	4.6 6.2	5.3 2.8	5.9 3.6	..	
INDICATORS OF LIVING STANDARDS																													
	Private consumption per head	1973	\$	2 850	1 870	2 810	3 080	3 050	1 910	2 913	3 000	1 200	2 990	1 370	1 620	1 910	2 780	2 430	2 410 ¹⁷	2 530	900	1 170	3 240	3 640	320	1 960	3 840	425 ¹³	
	Public expenditure on education	1970	% of GNP	4.3	4.7	5.4 ¹⁵	8.6	7.0	6.3	4.7	4.0	2.2	4.3	4.8 ¹⁵	4.3	4.1	4.4	7.3 ¹⁵	4.4 ¹⁵	5.9	2.0	2.4	7.8	4.2	2.9	5.5 ¹⁵	5.4 ¹⁵	4.3 ¹⁶	
	Passenger cars, per 1 000 inhabitants	1971	Number	314	177	212	321	231	163	260	239	30	222	140	209	100	296	211	324	206	72	81	290	233	4 ¹²	219	443	42	
	Television sets, per 1 000 inhabitants	1972		227	226	236	349 ¹⁰	282	256	237	293	31 ¹⁰	220	202	225	220 ¹⁰	243 ¹⁰	250	241	63	145	333	239	4	305	474	113		
	Telephones, per 1 000 inhabitants	1972		340	226	240	499	377	295	199	268	160	370	114	206	315	361	299	458	320	99	164	576	535	19	314	628	44	
	Doctors, per 1 000 inhabitants	1971		1.25	1.87	1.60	1.50	1.41 ¹²	1.11	1.38	1.71 ¹²	1.67	1.44	1.09 ¹⁵	1.83	1.15	1.07	1.31	1.16	1.45	0.98	1.39	1.36 ¹²	1.67	0.45	1.29	1.57 ¹²	1.06	
GROSS FIXED INVESTMENT ¹⁴	Total	1968-72 average	% of GDP ⁷	25.8 ⁹	29.0	20.8	21.4 ¹⁸	23.6	24.1	26.3	25.9	25.7 ¹⁹	28.7	24.2	19.8	38.7	23.6	25.3	..	..	19.0	24.2	23.1	27.8 ²⁰	16.9 ²¹	19.6	17.0 ²²	..	
	Machinery and equipment			10.9	12.5	8.8	7.9	12.1	8.9	12.0	12.4	8.2	8.6	12.2	8.4	8.4	32.1 ²³	..	10.5	..	8.8	12.8	8.6	9.5	5.8	9.5	7.0 ²²	..	
	Residential construction			5.2	16.5 ²⁴	4.7	4.4	4.6	5.8	6.5	5.2	8.0	4.3	5.3	4.3	5.9	6.6	..	5.7	..	2.7	3.7	5.0	7.1	3.3	3.5	3.5	..	
	Other construction			9.7	— ²⁴	7.3	9.1	6.9	9.4	7.8	8.3 ²⁵	9.5	14.8	7.7	5.5	5.5	— ²³	..	9.1	..	7.5	7.7	9.5	11.2	7.8	6.6	6.5	..	
WAGES/PRICES	Hourly earnings ²⁶	Annual increase 1967 to 1972	%	7.6 ^{27 28}	9.3 ²⁹	10.2	8.2 ²⁷	12.4 ³⁰	11.8	11.3 ³¹	9.3 ²⁷	8.3 ²⁷	18.3 ³²	13.5 ³⁷	11.2 ³³	15.6 ³⁴	..	10.4 ³⁵	10.3 ²⁷	10.0 ³⁰	10.2 ³⁶	12.6 ³⁷	9.9 ³⁸	6.5 ³⁹	12.8 ³⁷	9.6 ⁴⁰	6.0 ⁴¹	16.1 ^{36 37}	
	Consumer prices			4.2	4.3	4.0	3.9	6.2	5.5	5.6	3.8	2.6	13.3	7.6	6.2	3.9	5.8	3.9	6.2	6.5	6.1	8.6	5.8	5.0	4.3	10.5	6.6	4.6	11.3
	GDP ⁷ deflator			5.8	4.4	4.6	4.0	6.4	6.5	5.5	5.2	2.9	17.2	9.3	..	5.0	4.8	5.9	6.6	6.9 ¹⁷	..	4.3	6.0	5.2	6.0	10.5	6.6	4.4	..
FOREIGN TRADE	Imports ⁴²	1972	\$ million ⁸	6 180	6 290	14 570	23 130	6 080	3 680	32 070	51 150	2 530	300	2 240	23 600	24 910	1 050	20 100	1 980	5 810	2 630	7 250	9 590	9 710	1 400 ¹⁰	33 620	74 830	3 820	
			% of GDP ⁷	13.2	30.9	40.9	21.8	28.6	27.4	16.4	19.9	20.7	39.5	40.6	20.1	8.5	77.8	43.4	23.1	38.3	32.2	16.2	23.2	32.6	10.9	21.8	6.3	23.2	
	Exports ⁴²		\$ million ⁸	7 500	6 220	15 430	23 750	6 240	3 700	33 760	55 730	1 470	290	1 930	24 040	31 800	1 100	21 320	2 320	6 060	2 220	7 190	10 110	9 720	900 ¹⁰	33 350	62 690	3 480	
			% of GDP ⁷	16.0	30.5	43.4	22.4	29.4	27.5	17.2	21.6	12.0	38.2	35.0	20.4	10.8	81.5	46.1	27.1	39.9	27.1	16.1	24.4	32.7	7.0	21.6	5.3	21.2	
BALANCE OF PAYMENTS																													
Current balance				1968-72 average	% of GNP	-2.1 ⁹	-0.4	2.5 ⁴⁴	0.0	-2.1	-1.2	-0.2	0.8	-3.6	2.1	1.7	—	0.3	1.4	-1.0	3.3	0.5	-0.1	1.3	-0.5	0.8	-0.2	..	
Official reserves ⁴³ , end-1973: per cent of imports of goods in 1973					%	88.3	42.4	23.3 ⁴⁴	24.7	17.2	14.8	22.8	60.8	30.1	23.1	32.0	—	26.9	119.8	25.3	99.1	70.3	23.9	69.5	102.8	16.7	20.8	32.9	
Change				Nov. 1974 - Nov. 1975	Mill. SDR's	-182	906	445 ⁴⁴	-179	61	-155	2 986	-487	46	-847	-317	—	96	202	169	-661 ⁴⁵	4 ⁴⁵	1 128	806	-619	-1 752	751	-220	

- 1 National source.
2 Does not include total net migration between Finland and the other Nordic countries.
3 Total resident population.
4 From 1972, including Okinawa prefecture.
5 Private and socialised sector.
6 According to the definition used in OECD Labour Force Statistics: mining, manufacturing, construction and utilities (electricity, gas and water).
7 GDP at current prices.
8 At current prices and exchange rates.
9 Fiscal year-Beginning July 1st.
10 1971.
11 GDP at factor cost.
12 1970.
13 1972.
14 At constant (1970) prices.
15 1969.
16 1968.
17 Fiscal year-Beginning April 1st.
18 Excluding transfer costs of land and existing assets.
19 Excluding ships operating overseas.
20 1965-1969.
21 1967-1971.
22 Government and government enterprise expenditure on machinery and equipment is included in government current expenditure.
23 "Other construction" included under "machinery and equipment". Work in progress on heavy equipment and ships for the domestic market are included in fixed asset formation.
24 "Other construction" included in "residential construction".
25 Including transfer costs of land.
26 Industry.
27 Manufacturing.
28 Males.
29 Monthly, wage earners.
30 Mining and manufacturing, males.
31 Hourly rates in manufacturing.
32 Hourly wages rates, unskilled workers.
33 Hourly rates in manufacturing, excluding family allowances.
34 Monthly earnings in manufacturing. Cash payments including bonuses, regular workers.
35 Hourly rates in industry, males.
36 Monthly.
37 Manufacturing, including salaried employees.
38 Mining and manufacturing.
39 Hourly rates.
40 Hourly rates in manufacturing, males.
41 Manufacturing, gross earnings per production worker.
42 Goods and services, excluding factor income.
43 Including reserve position in the IMF and special drawing rights.
44 Including Luxembourg.
45 October 1974 - October 1975.

NOTE: Figures within brackets are estimates by the OECD Secretariat.

Sources: Common to all subjects and countries, except Yugoslavia (for special national sources see above): OECD: Labour Force Statistics, Main Economic Indicators, National Accounts, Balance of Payments, Observer, Statistics of Foreign Trade (Series A); Office Statistique des Communautés Européennes, Statistiques de base de la Communauté; IMF, International Financial Statistics; UN, Statistical Yearbook.

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