

NATIONAL  
BANK  
OF  
BELGIUM

REPORT 1979



# NATIONAL BANK OF BELGIUM

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## REPORT

*on the activities of the year 1979  
presented to the General Meeting  
on 25th February 1980*



# REPORT

*presented by the Governor in the name of the*

## COUNCIL OF REGENCY

A Glossary of Names as used  
in this and previous Reports of the National  
Bank is printed at the end of the text.

*It was in continental Europe and Japan that economic growth was greatest in 1979 : the recovery which began to become apparent in 1978 strengthened; it even revived the investment propensity of enterprises, which had remained weak since the 1974-1975 setback. In the United States, Canada and the United Kingdom, on the other hand, economic activity in 1979 was distinctly less good than in the previous year.*

*Economic  
and  
financial  
situation  
abroad.*

*This cyclical desynchronisation among industrialised countries has been observable since 1977. It has had the effect of smoothing out the overall growth of the countries belonging to the Organisation for Economic Cooperation and Development; hence the rate of this growth has not shown any pronounced fluctuations from year to year, having amounted, in volume, to 3.7 p.c. in 1977, 3.9 p.c. in 1978 and 3.2 p.c. in 1979. This « smoothing » prevented the average level of prices for all raw materials other than oil from being pushed up as fast as during the synchronous cyclical movements of 1972-1974.*

*But the chronological evening-out of the economic expansion of the industrialised countries as a whole no longer acted as such an effective brake on the rise in domestic prices in these countries; this speeded up even before the effects of the new increase in the prices of mineral oils made themselves felt. In the United States the upsurge of prices which started in 1978 subsequently quickened despite the slackening of economic activity. In Europe the slowing-down of the rate of inflation achieved in 1978 gave way, in many countries, to a renewed quickening. Altogether, the rates of inflation again differed more widely from country to country.*

*The non-industrialised non-oil-producing countries had to contend with a rise in the prices of their imports of manufactured products greater than that in their average export prices and, on top of this, the increase in oil prices. Their terms of trade deteriorated; this new handicap contributed to a widening of the current external deficit of these countries, forcing them to add still further to a burden of indebtedness which, for some of them, was already making excessively heavy demands on their ability to pay.*

*It was, however, the current account of the balance of payments of the group of industrialised countries, with their big oil imports, that worsened most. Whereas, for the first time since the previous rise in oil prices, it had shown a surplus — of the order of \$ 10 billion — in 1978, it swung back to a deficit of about \$ 30 billion in 1979. This deterioration, which altogether represents about two thirds of the increase in the current account surplus of the oil-exporting countries, affects nearly all the industrialised countries; the United States is an exception : the slackening of economic activity there, in comparison with Japan and Europe, has had the effect of reducing the imbalance in the United States' current foreign payments position.*

*The resurgence of domestic inflationary pressures and the reappearance, or worsening, of the external disequilibria were of course bound to affect the foreign exchange markets. The disturbances on these markets were accentuated by movements of funds; while often brought about by the anticipations of economic agents concerning the domestic value of or the exchange rate for the various currencies, these shifts in cash holdings were also prompted by the interest-rate differentials, since the reaction of the authorities of the various countries in their endeavour to combat inflation and the external deficit more often than not took form of a tightening of monetary policies. The series of rises in short-term interest rates bears witness to this. These had already begun in 1978 in the United States, in response to the quickening upward movement of prices and, towards the end of the year, as a result of the new policy of supporting the rates for the dollar. Increases in interest rates were decided upon in the early months of 1979 in some European countries where domestic demand and demand for credit were felt to be expanding too fast, while the U.S. rates remained high and then rose further, with the heightening of domestic inflationary tensions and the persistent weakness of the dollar, finally reaching new peaks in the autumn. During the year the rise in the cost of short-term funds also spread to those European countries where the authorities had initially refrained from following this movement because these countries' economies were not subject to cyclical strains and the rise in prices was still moderate.*

*In 1980 the countries which are net importers of energy products will simultaneously experience, as in 1974, a substantial increase in their expenditure on imports, a relative impoverishment due to the worsening of the terms of trade, a rise in their costs and the effects of a decline in world demand. If, in the industrialised countries, the various categories*

*of economic agents were to try to push off onto others the cut in real income required by the oil bill, inflation would be fuelled and speeded up to an extent whose seriousness would depend on the permeability of each country, thus aggravating the distortions between them. If, furthermore, each country were to tend to pass on the oil deficit to others, the world-wide slackening of demand would be accentuated, since the effects of these restrictive actions would be added to those of the non-responding of part of the new earnings of the oil-producing countries and to the consequences of the difficulties experienced by the underdeveloped countries. The disruptions of the world economy would intensify the recession.*

*In any case, a further cyclical slowdown seems inevitable, despite the demands from all quarters in all countries that this danger must be averted. The fact is that the new oil crisis is hitting countries, both industrialised and non-industrialised, whose position is in many cases worse than in 1974 owing to their foreign indebtedness and their troubled public finances. Consequently the authorities have much less elbow-room than in 1974 for reviving activity and accepting a current deficit. At the same time, in the financial field, the extra international liquidity resulting from the oil-producers' surpluses will add further to the mass of floating capital which is sensitive to interest-rate differentials or to anticipations of alterations in exchange rates. This increased danger of capital movements will undoubtedly further restrict the independence of national monetary policy decisions.*

*The events of recent years already forced the authorities, even in the big countries, to admit that their freedom to choose their policy aims and hence to employ their instruments was curtailed by the constraints imposed on them by the international environment and their own external position as shown, more specifically, by the movement of the exchange rates for the national currency. More and more the « depreciation-inflation » spiral is seen to be a vicious circle, detrimental to the safeguarding of the nation's prosperity. The opposite circle « appreciation - relative price stability » has proved to be virtuous; during a period of cost inflation, the strengthening of one currency in relation to the others appeared to constitute an effective instrument for moderating imported price rises and thus reducing the danger of their being multiplied by domestic reactions; facts seemed to lend support to the thesis that these foreign exchange policies thus contributed to the competitiveness of domestic industries and were consequently beneficial, in the medium term, to activity in the*

*countries which pursued them. But, just like the competitive devaluations of the thirties, competitive appreciations of currencies, or policies aimed at achieving them, would be completely pointless if they became general.*

*At this moment in the history of the industrialised countries, when monetary action is being increasingly advocated for its effectiveness among the instruments of economic strategy and when consequently all countries are tempted to employ the interest-rate weapon, it would be dangerous for the prosperity of the world if they were all to try simultaneously to strengthen the exchange rate for their currency, some in order to make it still stronger and others because they need to make it less weak. Interest rates will doubtless remain above the levels at which they stood during the period of mild inflation. But if competitive increases were to continue, becoming more drastic and undermining each other owing to the authorities' eagerness to restore their individual effectiveness in relation to the others, the ensuing useless scramble would only produce harmful results. The ultimate fruits of such action would be an increase in the burden of foreign indebtedness, an adverse shift in the domestic relationship between preference for financial saving and investment decisions and perhaps, in the end, an extremely harsh restoration of economic and financial equilibrium by reversion to a former level of demand in a world forced, without transition, to do penance.*

*A world economic recession much deeper and longer than that of 1975 would endanger much more than material values.*

*It is therefore essential that the nations should coordinate their economic policies as quickly as possible. If, among the means of these policies, foreign exchange policy and monetary policy are the most effective, it is precisely these that must be made coherent as soon as possible.*

*The European Economic Community is one of the areas — geographically limited, it is true, but significant — where this coherence can be promoted without delay. When they created the European Monetary System on 13th March 1979 the member countries formally reaffirmed the principle of this coordination. This system extended to all the members of the European Economic Community, with the exception, for the time being, of the United Kingdom, the area of stable exchange rates commonly referred to as the « snake ». It is known that the new system, in addition to creating a new reserve instrument, the*

*Ecu, introduced a new mechanism, called the divergence indicator, enabling the strength or weakness of a currency to be assessed in relation to all the other Community currencies; its level, when it goes beyond a certain threshold, is a signal for the authorities of the country concerned, who are then expected to take appropriate measures to relieve the pressures on their currency. Ample reciprocal credit facilities provide for the financing of the interventions required in order to maintain stable exchange rates. But these sophisticated institutional mechanisms, while they greatly facilitate the transitions and give a respite to the countries which have to make an effort to achieve recovery, by guaranteeing them the help of the others, are not sufficient to support the system. The fundamental basis which ensures the smooth and continuous operation of this area of stable exchange rates is the solidarity of the members, united by the common interest which they have in their economic integration. This solidarity would be lost if national policies were shaped with a view to aims peculiar to each country, if some endeavoured constantly to strengthen the rates for their currencies and if others still adopted lax attitudes, so that the whole complex became inconsistent and brought about a breakdown. For the necessary convergence of monetary policies and, beyond that, of socio-economic policies to be achieved, much progress still needs to be made in the dialogue which must precede the decision to act. Still too often, apparently, the growing interdependence of the European economies is underestimated and preference is given to autonomous action. The small countries can only follow.*

*The driving force behind the recovery in Belgium was the strengthening of foreign demand connected with the favourable economic conditions in the other countries of the Community, especially the Federal Republic of Germany. The multiplier effect of foreign demand was combined with domestic stimuli. The rate of increase of the gross national product at constant prices quickened, rising from 0.9 p.c. in 1977 to 2.5 p.c. in 1978 and around 3.5 p.c. in 1979 - a remarkable percentage in the new context of world economic growth.*

*Economic  
and  
financial  
situation  
in Belgium.*

*In the manufacturing industries signs of the recovery had become apparent at the turn of the years 1977-1978; it had gained ground only slowly in 1978; it became more marked in 1979. During the last months of 1979 the assured duration of activity was at levels which it had not reached since the economic setback of 1974-1975. The same was true of*

*the degree of employment of production capacities; in most sectors, however, this remained below the high level of 1974, which had in fact prompted considerable capital expenditure on expansion during that year. Overall industrial production in October 1979 was 5 to 6 p.c. above the cyclical maximum of 1974. Nevertheless, the situation still differed greatly from sector to sector. Thus, despite the recent progress, production in the iron and steel industry and that in the textile industry were still far below the 1974 peaks. Some sectors fared even worse, their level of activity coming nowhere near the previous maximum : this was the case in particular with the clothing and footwear industry and preliminary processing of metals. On the other hand, in industries which had already increased their output from 1974 to 1978 — foodstuffs, chemicals and rubber, electricity, non-ferrous metals, means of transport — there was an appreciable further expansion in activity in 1979.*

*The building industry as a whole did not experience any such growth : after rising slightly in 1978, activity in this industry would appear to have fallen off by about 3 p.c. in 1979, this decline being confined to buildings.*

*The increase in productivity in the manufacturing industries was even greater than the rise, substantial though it was, in production, and there was consequently a further contraction in the total number of hours worked. The effect of this reduction on employment no longer appears to have been cushioned by any reduction in the hours worked per person. The decline in the number of persons employed in industry was, however, slightly less rapid than in the previous year. Moreover, in the economy as a whole, overall employment would even appear to have risen, for the first time since 1974, chiefly owing to the measures taken by the public authorities. But this overall improvement — by about 10,000 between June 1978 and June 1979 — was not sufficient to absorb the increase in the working population; the latter rose by about 27,000, early retirements not having made up for the rise, faster than during the previous year, in the number of persons of working age. The unemployment rate therefore increased further, though more slowly than during the past few years.*

*On the other hand, these productivity gains in manufacturing industries had a favourable effect on the movement of labour costs per unit of output, slowing down the rise in the prices of finished industrial products. Nevertheless, in 1979 as a whole, this price rise was less moderate than in 1978; prices of services, on the other hand, went up more slowly; prices of foodstuffs on average showed little change. Consequently the overall*

rise in consumer prices, measured by the annual averages, remained the same from 1978 to 1979 as from 1977 to 1978, namely 4.5 p.c. The repercussions — mainly indirect for these prices — of the appreciable increase in the prices of imported products only made themselves felt gradually and the speeding-up of the rise in consumer prices during the year was smaller than in the other countries of the Community, except the Netherlands.

Total gross wages would appear to have gone up in real terms, as in 1978, by nearly 3 p.c., i.e. less than the gross national product at constant prices. Incomes of one-man businesses would appear to have increased more than in 1978.

Net transfers by households to the public authorities — taxes paid by the former less all the transfers which they receive from the latter — appear to have declined slightly. All in all, for households as a whole, comprising all individuals, whether or not in receipt of wages or salaries, together with one-man businesses, after-tax incomes appear to have risen to about the same extent as the national product. Households seem to have saved about the same proportion of their disposable income as in 1978. These household savings, having been invested relatively less in house-building than in the previous year, appear to assume to a greater extent the form of financial assets. Thus this net surplus which can be made available by households for financing the deficit of other sectors appears to have represented a slightly larger proportion of the national product than in 1978, whereas it had been declining since 1976.

The net financing requirement of enterprises in company form, likewise expressed as a percentage of the national product, remained practically stable from 1978 to 1979, whereas it had been decreasing since 1975. The volume of their expenditure on investment in fixed capital in fact grew by about 4 p.c. in real terms, against 3 p.c. the previous year, and stock-building was also greater; but companies' own resources available for financing this expenditure and meeting the depreciation of their former capital investments were less slender than in 1978, owing to the increase in profits. Industry as a whole benefited by a larger growth in the volume of its sales than in 1978 and a faster rise in prices than in unit costs : the effect on the latter of the rise in the prices of imported materials and of the products and services purchased from other sectors was partly offset by the reduction in labour costs per unit of output. In the other sectors, too, the rise in the last-mentioned costs appears to

have remained, as in 1978, somewhat below that in selling prices. Altogether the gross income of companies appears to have reached about 10 p.c. of the gross national product in 1979, against 9.2 p.c. in 1978 and 11.3 p.c. during the period 1971-1974. The trend of undistributed profits appears to have been similar to that in gross incomes.

The reason why the disposable income of households and that of companies were able to increase, the former in proportion to and the latter more than the national product, is because, for the first time since 1970, the revenue of the State, understood as meaning all the public authorities combined, grew less than the national product and because that sector's current deficit became even worse. Admittedly, owing to the progressiveness of taxation, fiscal revenue benefited more than proportionally from the — even nominal — increases in incomes, but its growth was slowed down by the ceilings on the amounts of income on which certain social security contributions are calculated; it was no longer swollen, as in 1978, by the double levying of the additional income tax for the benefit of the local authorities; moreover, reliefs were granted in 1979 for investment by enterprises. With regard to current expenditure, its proportion in relation to the national product went on rising at the rate recorded since the beginning of the 1970s, despite the restraining measures provided for in the 1979 budget; for these did not in fact apply either to the irreducible expenditure items, such as the service of the national debt, or to the expenditure connected with the crisis, such as the subsidies for provision of work and unemployment insurance. On top of the current deficit there was the net capital expenditure of the public authorities as a whole, much increased compared with 1978, during which year it had, on the contrary, decreased in volume. Thus, altogether, the public authorities' net financing requirements rose from 7.2 p.c. of the national product in 1978 to nearly 9 p.c. in 1979 — the highest proportion among the main countries of the European Economic Community, with the exception of Italy.

The expansion in public expenditure, coupled with that in private investment and consumption, and that in exports, led to a growth in imports approaching, in volume, that of exports. As the balance of trade of the Belgian-Luxembourg Economic Union had already been negative in 1978, the nominal amount of the deficit increased. Furthermore, the net balance of incomes from direct and portfolio investments, burdened by the service of foreign debt, became smaller; as this reduction was not

*offset by the movements of the balances of the other invisible transactions, the overall surplus in respect of services which had increased from 1970 until 1977, underwent a further appreciable contraction. The overall current payments deficit of the Economic Union thus amounted to about Fr. 85 billion. Net outflows of private capital, which are acquiring a structural character, were substantial in 1979 : whereas at the beginning of the year they were stimulated by interest rate differentials due to the lagging-behind of the cyclical movement in Belgium compared with some industrialised countries, towards the middle of the year they became more speculative in nature.*

*The trend of the current account balance of payments deficit, which has been continuously worsening for four years, is extremely disquieting. The size of this deficit is a problem, and a serious one, to which we shall return further on.*

*In the course of 1979 the imbalance of the country's external payments forced the Bank to sell foreign currencies on the foreign exchange market in order to cover the final deficit; these support interventions amounted to Fr. 113 billion for the whole year.*

*The Bank consequently had to revise its interest rate policy and considerably raise its scales. The weighted average rate for the funds supplied by the Bank to the money market thus rose from a minimum of 6.1 p.c. around mid-March to a maximum of 11.7 p.c. in mid-January 1980. The increase was greater than during the previous foreign exchange crises, but it coincided with an upward international trend of interest rates; the nominal differential between the rates abroad and those in Belgium therefore remained smaller than during the other periods of tension on the foreign exchange markets. True, the real rates, that is, after deduction of the rise in prices, went up considerably more in Belgium and the Netherlands than in the other main countries. But the differences in nominal interest rates were probably the decisive factor influencing decisions to invest or borrow funds at very short term abroad, particularly in view of the reduction in the exchange risk owing to the greater stability of exchange rates, especially between the currencies of the member countries of the European Monetary System.*

*This hypothesis is not, of course, valid for long-term investments, for which the real interest rates continue to be of greater significance. Furthermore, on each national market for long-term funds, the interest rates*

*move in response to a complex set of factors, including the disequilibria between the domestic supply of and demand for capital. In Belgium this demand, resulting from the financial deficit of the Government and of enterprises, was greater than the amount which the « household » sector, characterised as a whole by a surplus of savings, was prepared to lend at long term, in view of the trend of short-term rates and the expectations of rises in the long-term rates. Consequently, despite a considerable expansion of monetary financing of the Government, partly in the form of the sale to the Bank of borrowed foreign currencies, and despite the recourse to foreign countries by certain public-sector institutions, the imbalance on the market for long-term funds led to a rise in interest rates. This was much more moderate than that for the short term and the level of long-term rates does not appear to be particularly high in Belgium at present compared with the rates abroad; moreover, this rise took place during a period when, thanks to the improvement in their profitability, enterprises were able to finance a larger proportion of their investment with their own funds.*

*As the resources available on the money market became scarcer owing to the deficit with foreign countries, the financial intermediaries partly replenished their cash holdings by resorting to the Bank. The latter had to take care, however, to avoid encouraging possible speculation by the creation of excessively large amounts of too cheap funds. The higher interest rates made this creation more expensive, and the Bank raised the rediscount ceilings by only Fr. 10 billion, which was considerably less than the losses of foreign exchange reserves. But the greater part of the recourse to the lender of last resort was attributable not to the financial intermediaries themselves but to the Treasury, via the Securities Regulation Fund or by the sale of borrowed foreign currency to the Bank. At the end of 1978, financing of the Treasury by the Bank, in these various forms, had reached Fr. 68 billion; at the end of 1979 it amounted to Fr. 147 billion; even then, this increase of nearly Fr. 80 billion does not include some Fr. 10 billion of monetisation of the national debt, that is, the new advances granted by the Bank to the Securities Regulation Fund in view of the latter's lack of other resources for financing its purchases for the purpose of regulating the stock exchange quotations for public bonds. By all this extensive creation of liquidity the financial intermediaries were resupplied with resources from the Bank. The latter was therefore prevented from showing the necessary degree of stringency in the measures of financial restriction called for by the external situation.*

*It was in the course of 1976 that the current account of the balance of payments of the Belgian-Luxembourg Economic Union began to show a deficit. The adverse balance increased from year to year.*

*The worsening of Belgium's external situation.*

*This development, which has already been referred to as representing a serious problem, is not attributable to Luxembourg; even if the estimates of the latter's current account balance of payments position are subject to a certain degree of inaccuracy, it is quite obvious that this account shows a surplus, indeed a very large one in relation to the size of the country, resulting from the substantial income from the rendering of services.*

*The fact and its consequences.*

*It is the Belgian economy which is showing a steadily growing shortfall in its international transactions. In 1979, for all transactions in goods and services together with income transfers, the deficit is in the region of Fr. 95 billion.*

*For the whole of the period 1976-1978, the current account external payments deficit represented 1 p.c. of Belgium's gross national product; for 1979 the proportion reached about 2.9 p.c.*

*Admittedly, this imbalance is not unique. Thus we can compare with the figure of 1 p.c. for Belgium the corresponding figures for the same period, likewise negative, for other countries : 0.4 p.c. for the United States, 0.5 p.c. for France, 2.4 p.c. for Sweden, 3.6 p.c. for Denmark, 4.1 p.c. for Austria and 10.2 p.c. for Norway. But mention must also be made of the positive percentages : 0.5 p.c. for the Netherlands, 1 p.c. for Italy and the Federal Republic of Germany, 1.4 p.c. for Japan, 5.6 p.c. for Switzerland; or, again, the equilibrium position of the United Kingdom. All these industrialised countries have been affected by the oil crisis, although most of them have doubtless been less hard-hit than the Belgian economy; but on the other hand several of them have had to contend in recent years with a higher degree of inflation than Belgium. A comparison of the 1979 percentage with that for the period 1976-1978 reveals a deterioration in the United Kingdom, the Federal Republic of Germany, the Netherlands, Sweden and Denmark, but in none of these cases is it as pronounced as in Belgium; even in Japan, where the reversal is relatively marked, the deficit for 1979 still represents only 0.7 p.c. of the national product. Moreover, several of the deficit countries succeeded in reducing their adverse balance in 1979 : the proportion was down to 0.1 p.c. for the United States, 2.3 p.c. for Norway, 3 p.c. for Austria; in France, the proportion became positive again, at 0.3 p.c.; it remained positive in Switzerland, at 3.2 p.c.; and in Italy it actually increased, to 2.2 p.c.*

*The worsening of the external deficit of the Belgian economy is disquieting not only owing to its consequences but above all because of its fundamental significance.*

*In this connection, its duration shows that it is not a fortuitous phenomenon. Nor is it a purely cyclical movement, since it continued both during the 1977 recession and during the recoveries in 1976 and 1979. It is not a financial phenomenon : the transactions shown by the current account balance represent not financial movements but income movements. Consequently, when it is expressed as a percentage of national production of goods and services, the current external deficit shows the extent to which domestic expenditure of all kinds has exceeded this national product. The gap can only be filled by real resources obtained by the Belgian economy from abroad, without any counterpart other than a net increase in indebtedness.*

*This mechanism must be explained more clearly.*

*On the one hand, all the Belgian economic agents — households, enterprises both in the form of companies and otherwise, public authorities — are obliged to or wish to obtain from foreign countries a very wide variety of products and services. Either they use these goods and services immediately as they are, for the purpose of investment — for instance, finished capital goods or equipment — or for consumption — for instance, finished or almost finished products, and services, especially tourist services. Or the goods and services provided by foreign countries are incorporated in products manufactured within the country and subsequently intended for domestic consumption or investment — this is the case with, among other things, energy products, raw materials, semi-manufactures and many services, for instance transport. In this second, indirect process the final user is more often than not unaware of the amount of the expenditure on imports to which he gives rise by buying a product or service which is supplied to him by Belgian enterprises : the activity of these has concealed the foreign origin of the import content. Actually, at present, domestic expenditure includes, on average, one third of products and services directly or indirectly purchased abroad.*

*For the national economy's external current account to be balanced, it is obviously necessary that all these purchases made from foreign countries, consciously or unconsciously, during a certain period by private or public consumers or investors shall be paid for by products and services exported during the same period. The value of these sales, which must be*

*equal to that of the imports used for domestic expenditure, is that which the Belgian producers have added, by transforming them, to the imported goods and services contained in their exports of goods and services. What we must consider, therefore, is not the total amount of exports of goods and services; for these, too, have a high import content : at present this is on average around 40 p.c. of the total value of sales abroad; to this extent they are merely re-exports. The value added in exports constitutes the income earned on transactions with foreign customers, the result of a national production activity adequately and effectively oriented towards foreign markets. For Belgium it can be estimated that, during the years 1970-1973, this added value included in exports was about Fr. 40 billion more than the import component of domestic expenditure; this surplus has disappeared, being replaced by a deficit amounting to the already-mentioned impressive figure of Fr. 95 billion.*

*For the past four years Belgium has been drifting into a situation of growing imbalance, in which the total of its direct and, above all, indirect expenditure abroad increasingly exceeds the income earned by working for foreign markets.*

*Being in deficit, and consequently owing the net balance of the real resources obtained from foreign countries, the Belgian economy has had to incur debts to these. This indebtedness, the amounts of which, mentioned below, include the liabilities to the Grand Duchy of Luxembourg, since we are concerned here with Belgium alone and not with the Economic Union, has been contracted through various channels. From the end of 1975 to the end of September 1979 the Government increased its net foreign debt by Fr. 80 billion; the public financial institutions and public operating organisations, Fr. 20 billion; Belgian commercial banks, Fr. 80 billion. Furthermore, the Bank had to agree to a reduction of Fr. 60 billion in its net foreign assets : this reduction is due both to borrowing by the Bank and to the sale of liquid claims; in both cases, the diminution of the country's foreign assets is the same. The total amount of financial resources — about Fr. 240 billion — thus employed to settle the accounts with foreign countries was very much greater than the current deficit for the same period, roughly estimated at Fr. 140 billion. This deficit is a measure of the net indebtedness. The surplus of the borrowed resources was used to offset the net outflows of private capital during the period : resident households and enterprises established in Belgium — other than banks — increased their assets in foreign countries — including, as already mentioned, the Grand Duchy of Luxembourg — by an amount which, on*

*balance, can be estimated at Fr. 100 billion. To the extent of this last-mentioned amount, total foreign debts and claims offset each other at the level of the economy as a whole, but private economic agents built up assets abroad, causing the banks and the public sector to contract liabilities.*

*In any case, the fact remains that the first result of the current deficit is net borrowing by the national economy from the rest of the world. The effects of this debt on Belgium's balance of payments for the coming years will be unfavourable. For the interest service to be paid — or, what amounts to the same thing, the loss of the interest formerly received from abroad as remuneration for the investment of the official reserves — will impose on the external current account an increased burden which will be all the heavier in view of the high rates on the international markets. For the net borrowing over the past four years this burden is probably of the order of Fr. 15 billion. Even this estimate is a balance : the interest payable to foreign countries by the official agencies and the banks, which greatly exceeds this amount, has been reduced by deduction of the income which will be received by the rest of the private sector on the investments which it has made during the period; now it is not certain that this income will be repatriated; if it were not, the whole of the burden of the financial service of the public sector's and the banks' net liabilities will have to be borne by Belgium's external current account.*

*The second immediate consequence of the worsening of this account became evident on the foreign exchange market. The persistent weakness of the Belgian franc during the greater part of last year is attributable to hardly any other causes; although speculative movements accentuated the pressure on the currency at certain times, the decline in the official foreign exchange reserves was primarily due to the deficit in respect of current transactions. For in fact, under the system of the dual foreign exchange market, it is commercial transactions in the wide sense of the term that are paid for on the market whose rates are regulated by the Bank in accordance with the principles of the so-called « snake » agreement and subsequently of the European Monetary System. It is thus primarily the interventions of the Bank itself which have had to finance the current deficit.*

*So long as it persists, the current deficit, whatever its size, makes it quite impossible for the country to reduce its debts to foreign countries : on the contrary, it has to borrow — or realise official reserves — in order to cover the new deficit and at the same time borrow to repay the old loans which have fallen due for redemption.*

*The reserves of international means of payment are very large and the international credit facilities at the Bank's disposal have scarcely been drawn upon; but neither of these are inexhaustible. Moreover, the obtaining of official credits ultimately becomes subject to compliance with specific conditions. Recourse to foreign financial markets is still possible for the other sectors of the economy, as Belgium's credit-standing is unimpaired; but any additional borrowing entails new burdens.*

*Examination of the changes which took place during the 1970s in the external account of the Belgian-Luxembourg Economic Union — which in fact has to be used as the instrument of analysis, as no detailed data are available for Belgium alone — clearly shows that the deterioration of the current account is due to goods transactions.*

The reversal  
of the  
balance of  
trade.

*Admittedly travel abroad has given rise to net spending which has become heavier from year to year; in 1979 it amounted to over Fr. 35 billion. The same applies to public transfers, including the two States' contributions to the European institutions, which amounted to nearly Fr. 40 billion in 1979. But other categories of current transactions produced growing surpluses; for instance, transport earnings, which brought in a net amount of about Fr. 10 billion in 1979; or, again, the surplus resulting from the operating expenses of the international institutions which have their seat on the territory of the Economic Union, which amounted to about Fr. 25 billion in 1979; other categories, too, have regularly produced a surplus — for example, net investment income, although declining since 1977. Altogether, during the last decade, the balance of so-called « invisible » transactions tended to improve, even though the last two years were less good.*

*Among goods transactions, « third-country trade » — that is, purchases from a foreign supplier of products which are resold elsewhere as they are — has always produced a surplus, which has generally increased.*

*It was therefore the values of exports and imports that were responsible for the major change which led to the reversal of the current account with foreign countries. The annual trade surplus averaged about Fr. 40 billion during the first four years of the 1970s; the annual deficit averaged around Fr. 65 billion during the last four years; it amounted to about Fr. 90 billion for 1979 alone.*

*Expressed in terms of value, the trade balance of the major categories of products underwent substantial changes. For raw materials the considerable deficit which is normal in a processing country and which averaged around Fr. 65 billion per year during the first period, from 1970 to 1973, was doubled in the second, from 1976 to 1979, owing to the rise in prices and the expansion in activity. For energy products the — unavoidable — deficit was of the order of Fr. 40 billion per year during the first period; it was slightly over three times as large in the second, and in 1979 it began to increase once more. The surplus for manufactured products, necessary in a processing country, has unfortunately increased very little since the first period, when it amounted to over Fr. 100 billion. The comparable international figures — which do not go beyond 1978 — show clearly that the trend of the balance of manufactured products was more unfavourable for the Belgian-Luxembourg Economic Union than for its main trading partners.*

*These movements, by product groups, reveal the extent of the consequences of the rise in the prices of raw materials and of the much greater increase in those of mineral oils and other energy products. This rise was reflected in a worsening of the terms of trade for the Belgian economy : the average prices of exported products could not be raised to the same extent as average import prices; the upward movement of the latter was sustained by the decisions adopted by the oil producers as a reaction to the higher cost of industrial products throughout the world.*

*This deterioration of the terms of trade forced the Belgian economy to supply a larger volume of its own products in order to obtain the same volume of foreign products as before. Consequently the overall value of the trade balance could only remain unchanged if the growth in the volume of sales exceeded that in the volume of purchases to an extent proportional to the difference that had developed between the prices : for an unchanged volume of domestic expenditure it was necessary to produce more, solely to the advantage of foreign countries.*

*Actually, however, an opposite movement took place between the first four years of the decade and the years 1977-1978 : in terms of volume the expansion in Belgian-Luxembourg imports was distinctly larger than that in exports. This development of the volumes of trade is responsible for about half of the reversal of the trade balance, the other half being explained by the worsening of the terms of trade.*

*As has just been explained the growth in the volume of exports of the Belgian-Luxembourg Economic Union, which needed to be particularly substantial, was only rather mediocre.*

The development  
of exports.

*This shortfall cannot be explained by an overall inadequacy of foreign demand : in volume the growth of the Economic Union's exports is smaller than the general growth in the imports of other countries, whether these be regarded as meaning the whole world, or only the group of member countries of the Organisation for Economic Cooperation and Development, or merely the Economic Union's main trading partners.*

*Nor was the expansion in exports hampered by their geographical distribution — on the contrary : the increase would have been smaller if the pattern of sales abroad had been more similar, from the first years of the decade, to that of the main trading partners as a whole. But there is an exception to this statement : the Economic Union derived relatively little benefit from the considerable growth in demand from the oil-producing countries; before they became rich these countries were in fact only a secondary market for the Economic Union in comparison with their importance for the industrialised countries as a whole.*

*But it must be admitted that the national economy has lost a great deal of its competitiveness. An important element of this at the national level, the structure of exports according to products, displays certain defects; it is the result of the specialisations of industry. If these exports had consisted, from the early years of the decade, of a range of goods similar to that of the average of the main trading partners, they would have increased much more. Despite an effort of adaptation which is revealed by statistical comparisons, only possible up to 1977, this structure remained too anachronistic during the decade. Only one fifth of Belgian-Luxembourg exports of manufactured products during the years 1974 to 1977 consisted of products which can be regarded as « progressive », in the sense that they have a growing share in the total value of the imports of manufactured products of the industrialised countries as a whole. The products which can be classified as « regressive », for their part, still accounted for nearly half of the value of exports of manufactured products. The surplus of the Economic Union's trade balance for these « regressive » products gradually dwindled, except in 1974, which was an exceptional year for the iron and steel industry, whereas it improved for the other group.*

*The Economic Union's market share also shrank under the pressures from new competitors, namely Asiatic and Latin American countries undergoing rapid industrialisation and countries with planned economies. But, important though they are, the effects of this new world division of labour on Belgian-Luxembourg exports must not be overestimated. In 1977, compared with the average for the years 1970-1973, the Economic Union's share, for manufactured products, in the total market of the industrialised countries declined to 5.6 from 6.1 p.c.; the part of this reduction which is attributable to the penetration of new producers can be estimated at 0.2 p.c.*

*Lastly, mention should be made of a factor which has a marked hampering effect on the expansion of the exporting industries, namely the lack of profitability of the sector as a whole. The effects of this factor on the volume of exports are not quantifiable. But they are undeniable. When profitability remains inadequate for any length of time, enterprises disappear, divisions close down, expansion projects are abandoned, research budgets are curtailed or exporting firms change their activity and become suppliers of domestic services, or even importers, and reconversions towards more « progressive » products become more difficult.*

*It is not possible to pass any formal and indisputable judgement on the lack of profitability of export industries. But international comparisons do clearly show the worsening of operating conditions compared with the seven main trading partners and competitors. All the indications agree : the disparity increased after 1973-1974; 1978 brought a certain improvement; for 1979 the comparison is not yet possible. Dominated as it is by international prices, even on the domestic market, where most manufactured products are still subject to competition, industry has had to fall into line with its trading partners' terms. The disparity indices of industrial wholesale prices and export prices, expressed in a common currency, are stable, or have moved slightly in favour of Belgian industry, for the period 1975 to 1978, the last year for which data are available. But at the same time costs increased faster than they did on average for its main competitors; 1978, however, brought a respite in this deterioration, and this appears to have continued in 1979.*

*The development of the costs of Belgian industrial enterprises compared with those of foreign enterprises can be analysed with the aid of three sets of data.*

*Firstly, the average prices of imported materials, products and equipment. Even expressed in a common currency, that is, even if the comparison eliminates the advantage of the relative appreciation of the franc, the disparity indices do not show that Belgian industry was adversely affected in this respect during the period 1970-1978; expressed in the national currency, the disparity actually changes in favour of Belgium.*

*Secondly, labour costs per unit of output in manufacturing industries. Compared with the average for the main competing countries, Belgian industries were operating under a growing handicap, except in 1978, when it lessened. This disadvantage, which can be measured by the disparity index expressed in a common currency, is due to the fact that, until 1977, hourly wages in Belgian industry increased much faster than the average for the other countries; the same movements, though smaller, can be seen when the relative rises are expressed in the national currencies; the shortening of working hours per job, which was faster than abroad, also made Belgian costs somewhat more disadvantageous. The handicap was nevertheless reduced by a faster improvement in the productivity of Belgian industries, without, however, being compensated for entirely. Thus, in the 1970s, the increase in the share of remuneration of the workforce in the total value added by manufacturing industries is particularly marked in Belgium, even though this drift is also observable abroad. The term productivity is in fact used here in a very broad sense; it reflects not only the improvement in individual performance or the greater efficiency of the firm but is also partly attributable to other factors, such as the cutting-out of dead wood, the abandonment of less profitable activities, the loss of jobs and partial unemployment.*

*Thirdly, it was in Belgium that the biggest price increases were imposed on the manufacturing industries by all the other sectors of the economy. Their share of the responsibility for the movement of industrial production costs is often underestimated. Two processes are involved. The first is direct : the prices which industry pays to the other sectors for supplies and services necessary for its own activities — building work, transport, financial services, services of self-employed persons — push up its own costs. The second is indirect : it takes place via the link between consumer prices and the wages paid by industry itself; the rise in industrial wages, faster than elsewhere, does not entirely represent a real gain. During the decade — except just during the last years — the rise in consumer prices, carrying industrial wages along with it, was much*

greater than that in the selling prices of manufactured products; it was thus attributable to factors other than the increase in the prices of these products. It should be emphasised that in the main competing countries the movement of consumer prices and that of ex-factory prices diverged less, to the advantage of the former and at the expense of the latter.

The development of the prices charged by these non-manufacturing sectors is itself the resultant of a complex set of factors : prices of imported products, remuneration of personnel, profits of heads of enterprises or incomes of self-employed persons, financial burdens, indirect taxes and even the pressure of direct taxation insofar as its incidence can be passed on to the purchaser. This big non-manufacturing sector, which imports more than it exports and charges in the national currency for the greater part of its services, profited greatly from the fact that import prices rose relatively less than abroad. But the hourly wages and salaries which it pays to its personnel changed in response to the movement of industrial wages, consequently going up faster than in other countries. The profits of heads of enterprises and the incomes of self-employed persons do not appear to have lagged markedly behind the remuneration of employees; the very widespread practice of fixing profit margins as a percentage of cost prices is to some extent tantamount to index-linking; hence it is found that, in the index of consumer prices, the figure for services — which likewise includes entrepreneurial income — has risen less than hourly wages, but more than labour costs per unit of output; the sociological demonstration effect also induces the numerous self-employed persons in these sectors to adjust their incomes taking into account the increase in wages. As these sectors are sheltered from foreign competition by the nature of their activities and largely organised in corporate groups whose operation results in agreements on the domestic market, it is usually much easier for them than for the manufacturing industries to pass on to their customers not only the increases in their costs but even the whole or part of their tax burdens by incorporating them in their prices. But, while their costs rose faster than in the main competing countries, the overall productivity of these sectors, which incidentally include the public services, did not grow more rapidly than abroad, unlike what was observable in the manufacturing industries. This productivity, measured statistically for the whole of an extensive sector, reflects the effects of a great variety of factors; its improvement can be hampered by duplications, hypertrophy, even by concealed underemployment of equipment and of the persons involved.

*The tertiary sector, whose overall productivity increases less than that of industry, is growing faster than in several of the competing countries. During the decade the proportion of the working population employed by the primary and secondary sectors declined most sharply in Belgium, where employment fell off particularly in the manufacturing industries, as in the Netherlands. In these two countries the tertiary sector provides proportionally more employment than in the Federal Republic of Germany, France, Italy, the United Kingdom and Japan; the percentage is close to that reached in the United States. Among the countries of the European Economic Community Belgium is the one where, from 1970 to 1977, employment increased most in the group of sectors which do not export or in any case export much less than the manufacturing industries : the building industry, the market services and the public services. While the activities of this whole group altogether earn much less from other countries than those of the manufacturing industries, the incomes which they produce generate expenditure of which also, on average, one third is on foreign products and services.*

*As has been stated, the imports of the Belgian-Luxembourg Economic Union increased faster, in volume, than its exports.*

Rapid rise  
in imports.

*The rate of growth of imports also exceeded that of final expenditure — domestic expenditure and exports. On average, during the period between 1970-1973 and 1977, each increase of 1 p.c. in final expenditure was accompanied by a growth of 1.6 p.c. in the volume of imports. The level of this elasticity coefficient partly reflects the effects of the internationalisation of markets; the coefficient is also high for the European Economic Community as a whole and for the group of the member countries of the Organisation for Economic Cooperation and Development. For each of these two groups of countries, however, the coefficient declined from the first part of the decade to the second; for the Economic Union, on the other hand, it remained unchanged. This different development shows that the tendency to import more when there is an expansion in final demand remains stronger in Belgium. Actually this fact merely confirms what has been said above about the loss of competitiveness of the national manufacturing industries, which are also affected on the domestic market either because they have not adapted themselves sufficiently to the changes in demand or because their costs are rising faster than those of their competitors.*

*But this weakness of the national manufacturing industries does not fully explain the extent to which the expansion of the volume of imports has outstripped that of exports. One must also mention the pressure of domestic demand. Over the first seven years of the seventies, expenditure rose faster in Belgium than abroad; this was not the case either in 1977 or in 1978, the last year for which data are available. From 1974 to 1976, the increase in domestic expenditure appears to have exceeded that in the economy's real capabilities, determined, as we have seen, by the increase not in the gross national product but in that product corrected to allow for the deterioration in the terms of trade. Thus, during this three-year period, the growth in the resources really available for domestic consumption and investment was only 5.7 p.c., against an increase of 8.2 p.c. in the gross national product, whose growth is generally claimed to be the yardstick for the possible improvement of individual real incomes of all kinds. This wrong way of looking at the matter to some extent explains the worsening of the trade balance.*

Domestic demand,  
incomes and the  
deficit in the  
public finances.

*In a small economy, obliged by its structure to rely on its processing talent for the preservation of its material well-being, dependent on foreign countries for both its supplies and its sales, one may ask how it was possible for domestic expenditure to increase faster than was warranted by the slackening of world economic growth and the specific difficulties of the country's export activities.*

*A significant factor is the movement of household incomes, owing to their share in the national income and the proportion of the national product absorbed by the expenditure which they generate, and also owing to the importance of the financial savings formed from these incomes for meeting the needs of the deficit sectors.*

*Minus the direct taxes and social security contributions paid out of them, but plus the transfers received from the public authorities, the disposable incomes of households, including one-man businesses, represented on average about 76 p.c. of the gross national product for the years 1970 to 1973; the proportion rose to about 78 p.c. for the years 1975 to 1978 on average, the increase having been accounted for mainly by the incomes of wage-earners. This growth in the share of the disposable income of households took place at the expense half of that of companies and half of that of the public authorities. The share of the gross disposable*

*income of companies declined, from one period to the other, from 8 to 7 p.c. of the national product. The gross disposable income of the public authorities, for its part, corresponds to the difference between the total of direct and indirect taxes and social security contributions and the total of transfers to households, subsidies to enterprises and interest on the national debt; this income of the State decreased from 16 to 15 p.c. of the national product between the periods stated. In 1979 this percentage declined further, while the share of enterprises improved and that of households remained unchanged.*

*It is indeed the citizens themselves who are responsible for the fact that the State, their legal expression as a collective body, is in financial difficulties.*

*For the taxes paid by companies, whose gross trading surplus declined in relation to the national product, remained around 2.7 p.c. of that product.*

*But households reduced their net income transfers to the public authorities as a whole from 14.5 p.c. of the national product — on average for the years 1970-1973 — to 13.7 p.c. — on average for the years 1975-1978; these net transfers represent the difference between the total amount of the contributions — direct taxes, social security contributions and all indirect taxes — that individuals pay to the State, on the one hand, and the total amount of all the transfers and allocations which these same individuals receive from the State — excluding the remuneration and pensions of State employees — and the interest on the national debt, on the other; the percentage declined further still from 1978 to 1979.*

*At the same time, households required the public authorities to provide them, free of charge or almost, with increasingly varied and expensive services. This public consumption rose, from the first period to the second, from 14.4 to 17.1 p.c. of the national product. In 1979 the percentage appears to have increased further.*

*This divergent movement of the net incomes of which individuals deprive themselves in order to pay for the State's services, on the one hand, and the value of what they require these services to supply for their consumption, on the other, has led to this situation where the citizens, together, take out more than they have put in. Altogether, the process has gone further than the organisation of a redistribution of incomes : it is a distribution of incomes, just as obscure as the former system, which is*

*dependent on monetary financing and, ultimately, on borrowing from abroad. For the economy as a whole this anomaly is the result of individual lines of behaviour which become homogeneous despite the diversity of the situations which give rise to them. Pressure from all those — and there are but few exceptions — who regard the items of public consumption which are to meet their in themselves legitimate requirements as being always too meagrely distributed, without worrying about the size of the total bill and how the cost is to be met; pressure from all those — and they are many — who demand further expansion of collective facilities without bothering about the necessary resources; pressure from those who require the State to subsidise the operation of private-sector service-rendering institutions without allowing it to take steps to prevent the swelling of the expenditure imposed on the community; the behaviour of those who take advantage of loopholes in the regulations in order wrongfully to obtain allowances of various kinds; lastly, the behaviour, so expensive for the State's finances, of all those who evade their tax obligations, usually with an ingenuousness or a sophistication which allows them still to imagine that they are good citizens. But this is not the doing of those whose genuine poverty contrasts sharply with the opulence of a country whose per capita income is among the highest in the world.*

*The public authorities' financial deficit has been made still heavier by investment expenditure — even though this is low, representing only 4 p.c. of the national product — and by the capital subsidies which they have to pay to loss making enterprises, mainly in the public sector. This overall financial deficit has gradually increased, rising from 4 p.c. of the national product for the first period to 7 p.c. for the second; in 1979, as already mentioned, the percentage rose to a new high of about 9 p.c.*

*Government has therefore been obliged to contract more and more debts on behalf of the community. The individuals composing the latter do not realise that Belgium, as a whole, is living above its means, because they themselves do not have any personal burden to bear when they benefit by public consumption or use communal facilities free of charge, thus adding two painless expenditure items to those which they pay for with their own resources.*

*Furthermore, the public authorities' enormous deficit has no longer been adequately financed by the financial savings of households. As the latter's expenditure on consumption and house-building has increased even faster than disposable incomes, the financial savings which individuals*

*are able to contribute to the other two sectors have become relatively less plentiful : whereas they represented, on average, 9.5 p.c. of the national product during the years 1970-1973, the percentage fell to 8.5 p.c. in 1975-1978. True, the financing requirements of enterprises decreased, between the two periods, from 3 p.c. to about 1.5 p.c. of the national product, owing to the relative decline in capital investment. But the reduction of the financial deficit of enterprises was not sufficient to restore balance between the demand for funds and the supply of savings. It may have seemed that the deficiency could be met by creation of money. But ultimately the overall gap between domestic financial surpluses and deficits can only be filled by foreign countries. During the years 1975-1978 net borrowing abroad — 0.5 p.c. of the national product — replaced the net lending to the rest of the world — 2.7 p.c. of the national product — during the years 1970-1973. This turnaround expresses, in financial terms, the appearance of a current account deficit with foreign countries during the second period.*

*The available data for 1979 referred to earlier reveal only too clearly a considerable worsening of the imbalance in the public finances and a further jump in net indebtedness to the rest of the world.*

*Looking at all the developments that have been described, it is possible to discern the processes which have led to the appearance and subsequent widening of the current account deficit. This is the resultant of three fundamental factors. The first is an enormous increase in energy prices, due to decisions taken abroad : by worsening the terms of trade, this increase imposed on Belgium, as on other countries, a reduction of its real income which has undoubtedly been too little heeded by the citizens and the Government in their planning with regard to income and expenditure. The second is the inadequate performance of manufacturing industry on the domestic and foreign markets; vulnerable as it is to world competition, it has suffered owing to its slowness in adapting its specialisations and owing to its inadequate profitability, too greatly reduced by the burdens imposed on it by other sectors, including, indirectly, the State, and also by the excessively rapid rise in the incomes which it pays. The third factor is the growth in domestic demand, exceeding the economy's real capabilities; this demand has been sustained by a shifting of national income to households, largely at the expense of the State; but*

Summary of  
the analysis.

*the latter has gone on catering more and more generously for public consumption; lacking the necessary resources, it has had to meet its needs by creation of money and ultimate recourse to borrowing abroad.*

The ways to  
recovery.

*In the long run such imbalances are not tolerable. They bear within them the seeds of fundamental difficulties. If things are left to take their course, the position can only get worse. Action must be taken to put things right. This calls for a combined effort, which must not, however, be in such a form as to accentuate, or even perpetuate, social inequalities.*

*An abrupt elimination of the imbalance without any transition would of course be unthinkable. Excessively drastic remedies are harmful to the patient. But it is also wrong to conceal from him the seriousness of his condition and to allow him, without any warning, to become more severely stricken by a curable disease.*

*An event took place outside Belgium in 1979 : the enormous further rise in the price of oil; this does not augur well for the development, in the immediate future, of the foreign payments position of the Belgian economy, which is more dependent than most on imports to meet its energy requirements. This further disruption of the operating conditions of industrialised economies, the result of decisions taken elsewhere, will soon inevitably have repercussions which will impose a constraint on Belgium.*

*But the current account of the balance of payments is not affected only by events or changes of world-wide importance. It also changes, for better or worse, in response to domestic developments; as has been shown, many underlying factors indirectly influence the volume of both exports and imports. Unfortunately the links between domestic factors and the balance of payments are obscure. Consequently, even though it is not beyond the range of possibility to exert an influence on domestic affairs and change their course sufficiently to bring about a gradual alleviation of the external problem without impairing the internal situation, the lines to be followed are not clearly marked out. It sometimes even happens that, in order to deal with a given domestic problem, economic policy measures are decided upon without sufficient regard to the interrelationships involved, and that subsequently, in a manner which is not immediately apparent, the repercussions of this decision lead to a*

*further worsening of the external imbalance, which then, by a reverse action, ultimately aggravates the original domestic problem.*

*Furthermore, the signal represented by the overall deficit on the current account of the balance of payments is much too far beyond the horizon of the individual economic preoccupations, whether of enterprises or of households, to be recognised by either as a warning applying to them; public opinion takes too little interest in it; it is not sufficiently aware of its consequences for the future. Even if it has an inkling of certain weaknesses of the national economy, public opinion has little idea of how much clear mindedness and solidarity are required for recovery; it is very disinclined to accept the suggestion, based on epicurian principles, that certain common efforts and sacrifices could be made today in order to avert the need for much greater efforts and much harder sacrifices in the near future.*

*In any case, there is no painless miracle cure. A depreciation of the franc in relation to the currencies of the European Monetary System would not put things right. Depreciation would lead, in this country as elsewhere, to a rise, in terms of the national currency, in all the prices of foreign products essential to the country's supplies : raw materials, energy products and those capital or consumer goods which are not produced here. The effect of this worsening of the terms of trade — that is, a real impoverishment — would not be generally accepted, since a similar cut in income, though undoubtedly more severe, was refused when it was called for by the increase in the price of oil. The rigid mechanisms which, either by agreement or spontaneously, link nearly all incomes to prices, would not be suddenly abandoned. It has already been shown that the rise in prices, costs and nominal incomes would very quickly deprive the unsheltered industries as a whole of the advantage which they could have derived from the operation, under other circumstances and at another time, for the volume of their sales or their profit margins; it has even been shown that the operation could perhaps ultimately lead to a net loss from the point of view of these two elements. Furthermore, one should not underestimate the repercussions for the subsequent financing of the national economy of this confirmation, by an official decision, of the advantages of investing funds abroad; made cautious by the example of other repeatedly devalued currencies, investors would doubtless become even more inclined to give preference to assets in other currencies, at the very time when a plentiful supply of savings will be needed to meet the domestic deficits.*

*Nor is there any short-term solution : disequilibria which have developed gradually cannot be quickly remedied. These disequilibria have been brought about by developments which they have subsequently helped to sustain, and which have changed the structure of economic activity, the distribution of the working population, the sectoral distribution of incomes, the directions taken by education, the level of prosperity and the life-style.*

*And yet the influence of the public authorities' budget deficit, to which attention has already been drawn, cannot be ignored. If the public finances were allowed to run away out of control, entailing excessive recourse to the convenient expedient of « printing bank notes » — in other words, a blind distribution of burdens — and the search for funds from foreign lenders, the national economy would ultimately be thrown into confusion. It is therefore necessary to make an effort to re-establish order in the State's finances.*

*Theoretically, the public authorities' deficit could be reduced by a further increase in the fiscal or parafiscal burden. But all circles are already unanimous in denouncing the extent of taxation and in demanding some alleviations; in this chorus of protest, the only points of dissent concern the choice of the categories whose taxes should be reduced. It would undoubtedly be justifiable, without increasing total taxation, to endeavour to arrive at a fairer distribution of the burdens in accordance with the existing laws and regulations through the more effective detection and severer punishment of tax evasion.*

*For there is no doubt that any further addition to this burden would have economic consequences. It is of course difficult to judge what effects an increase in taxation has on certain decisions concerning capital expenditure, building or financial investment, on the creative drive of persons or firms or on the growth of economic activity. But these effects do occur and undoubtedly do little to promote the efficiency of the national economy. It is in any case clear that everyone tries to pass on the tax burden to others and that this passing-on is incorporated, by the various processes mentioned earlier, in costs, prices and, through these, wages; shifted on and on, the burden finally comes to weigh particularly on the profitability of enterprises whose prices are fixed by competition on the international market.*

What is also beyond dispute is that from 1970 to 1978 the fiscal and parafiscal pressure, calculated in relation to the national product, increased more in Belgium and the Grand Duchy of Luxembourg than in any other member country of the European Economic Community. The same calculation shows that in 1978 only the Netherlands imposed upon itself a heavier burden than that of Belgium. It is not indirect taxes that have increased in relation to the national product : the percentage remains about the same as in the other countries. The expansion comes from the direct taxes; the increase in these is mainly due to the effect — convenient for the governments — of the progressiveness of the scales, the sections of which have only been partly index-linked; it is also attributable in part to the application of the system of combining the incomes of husbands and wives during a period when more and more women have been going to work.

To try to eliminate the State's deficits by imposing an even heavier tax burden on the national economy thus entails serious risks for the latter.

Consequently, the remedial action ought to be undertaken on the expenditure side. The deficit shown by the accounts of the entire « State » sector in the broad sense of the term is estimated to have been about Fr. 300 billion in 1979; if for the immediate future the sole aim were to keep this deficit at its present amount, impressive though this is in comparison with the financial resources, the growth in this expenditure would have to be limited, in absolute value, to that in current revenue. This is an inescapable requirement, since to tolerate a growth in expenditure still representing a percentage equal to that of the increase in revenue would obviously mean that the deficit to be financed would become even larger.

But the aim should indeed rather be to lighten the burden of total public expenditure, even though the authorities' efforts to remedy the situation could probably not achieve more than a reduction in the ratio between this total and the national product. Attainment of this overall aim already requires a difficult curbing of the growth of various categories of expenditure; the difficulties mentioned are due to — probably inevitable — legal obstacles and to the protests which are bound to be aroused in many quarters by any questioning of the generosity to which people have become accustomed. But it would be taking an economic risk to try to go further and to adopt a bold policy of making drastic cuts in the absolute total of public expenditure with a view to reducing both the State deficit

*and imports, on the grounds that the latter are influenced by the consumption of households, which depends on their disposable income, which is in turn influenced by the net payments made by the State. To take such action would be to disregard the omnipresence of the State as the collector of direct and indirect taxes, dues and parafiscal levies at all stages of activity and income formation. Government revenue would in fact be adversely affected by the initial reduction in expenditure, so that this reduction, in order to be effective, would have to be a multiple of the desired final narrowing of the deficit. The extent of the cut to be made to start with would be such that the curtailment of domestic expenditure would inevitably lead to a further worsening of unemployment, which would correspondingly increase State expenditure, and to a contraction in business profits, which would further reduce State revenue.*

*Under present conditions, simply to make an overall cut in domestic expenditure without doing anything to compensate for the reduction means creating a vacuum. In the absence of more positive measures, this vacuum will not create substitute activities and jobs; it will not by itself generate a flow of incomes earned elsewhere, that is, incomes from abroad. For the fact that Belgian producers of goods and services have been unable to achieve a sufficient expansion of their foreign sales is not due to their having been too hard-pressed by an overheated domestic market or to their production plant having been already overemployed. Without other changes, a radical reduction in total public expenditure would not make export activities more dynamic and efficient; it would not increase their competitiveness and profitability.*

*It is therefore necessary to work out a new deal and to get it accepted by all the parties involved — financial groups, administrations, trade associations and many other responsible bodies — in order to provide scope once more for all the entrepreneurs and workers at all levels who, by their activity and efficiency, earn for the population of this country the foreign income that Belgians need in order to live as they wish to. The growth in this foreign income would generate more soundly-financed expenditure than that based on creation of money for the benefit of the Treasury. It would genuinely broaden the tax base. It would also help to bring the current account of the balance of payments back into equilibrium and to reduce borrowing abroad. It would do more to provide employment than malthusian practices can do to reduce unemployment. It would then be possible to cut down public expenditure — in relation to the national*

*product, not in absolute figures — slowly and gradually; the need for such expenditure would no longer be as keenly felt as it is today, when even very moderate government proposals create such storms.*

*The country has certainly adopted the wrong approach in recent years to the problems created by the changes which have taken place in the world. This is because it was not able to make a well-considered choice, since the information available to it was too fragmentary. The nation must be given an insight into the complex reality of the overall situations and a clear explanation of the interrelationships involved. Only after that should the choices be made.*

*And reasonable choices do not demand enormous sacrifices. Because the disequilibria, although disquieting, are still far from being destructive.*

*One of the most serious difficulties which will have to be tackled in the coming months is the substantial rise in the oil bill. The trade deficit for all energy products combined, which was nearly Fr. 110 billion in 1978 and must have been about Fr. 150 billion in 1979, will be well over Fr. 200 billion in 1980 if things remain as they are. The effect of this deficit on the current account of the balance of payments will be too serious for the authorities to be able to refrain from action. This does not mean that recourse to domestic deflation must be considered : a restrictive policy would add its effects to the slowing-down of world growth which is already definitely taking place. Rather than attempting to pass on the repercussions of the oil crisis to others, what should be done is to moderate them by making a personal effort to bring about an immediate reduction in petroleum consumption. The Belgian Government is encouraging the gradual substitution of other energy sources, but this action, essential though it is, will only produce results in the long term. The present threat calls for vigorous and quick-acting measures to curb oil consumption.*

*This dark cloud must not, however, cause us to forget that the national economy is fortunately robust. It has other weak points, but it still holds some very good cards, and these must be used to the best advantage.*

*On the whole, Belgian industrial enterprises were remarkably successful in taking advantage of the world cyclical recovery in 1978 and 1979. True, activity in some sectors is still severely affected; but in many cases reconversions are in progress. These efforts could be facilitated by the pursuit of a clearly defined and dynamic overall industrial policy by the*

*authorities in cooperation with economic and social circles. This policy would seek to achieve two joint aims : creation of work and improvement of the current account balance of payments. It should comprise a wide variety of measures promoting the development of private and public initiatives either in existing enterprises or in newly-established ones. Obviously obsolete regulations could be revised. Administrative obstacles to the implementation of investment decisions could be removed. There are cases where the fact that authorisations have to be obtained from departments scattered in different places has an unnecessarily hampering effect. With a few exceptions, Belgian industry is efficient; it could be even more so if more of those concerned displayed innovatory dynamism and if the atmosphere could become less tainted by conflict. Moreover, the number of « lame ducks » would not increase so fast if they could no longer rely on being provided with crutches by the Government.*

*Industry has succeeded in appreciably improving its productivity. It should be able to count on the support of the other sectors, which should aim at achieving the same good results. A decline of the exporting sectors, which are the ones most exposed to international competition, would affect the whole sheltered sector, both public and private, in its activities, its incomes and, in the medium term, its jobs.*

*The excesses of the earlier period were followed, in 1978 and 1979 by a distinct moderation of the rise in industrial wages in real terms. This was not without effect, as can be seen from the results achieved during the last two years with regard to the disparity of costs and prices in relation to other countries. This attitude, which shows an understanding of the problems, ought to be maintained. It ought also to be extended, if it has not been already, to the categories of incomes which are generated in activities pursued under perhaps easier conditions than those of industry. It ought in any case to be extended to those categories of incomes which seem if anything to have risen faster recently, without — unlike the profits of the manufacturing industries — having previously suffered from the crisis.*

*Those who derive benefit from public funds have, as a group, allocated themselves an increasingly generous portion of manna. They will henceforth have to accept that priority must be given to those most in need. It is absolutely impossible for the State, which has to serve everybody, to go on financing itself by creation of money, forcing the national economy*

*to borrow from foreign countries. There is ultimately no way out of this situation. Households can no longer demand that their incomes and their consumption shall always rise faster than the national product. The facts are there, and must be taken into account; and during a less easy period the facts cause exaggerated demands and extravagant luxuries to become damaging.*

*The Government has given expression to its will to bring about a recovery. This will had become essential. The public outcry that was aroused, if not by the Government's announcement of its intentions, at least by the means which it envisaged, was perhaps based on understandable reasons. And yet, ultimately, it is not by each group stubbornly defending its own points of view that the nation's prosperity can be maintained and increased. For during a less fortunate period a people can only defend its general well-being by clear-sightedly assessing the difficulties, by being prepared to join together in working hard and by fairly distributing the burden, which is in fact bearable, of this disciplined moderation which will preserve it from the worst.*

23rd January 1980.



*Economic  
and financial developments*

**Reference periods :**

Unless otherwise indicated, when data for different years are compared in this Report, they all relate to the same period of each of the years in question.

**Conventional signs :**

—	The datum does not exist
...	zero or negligible quantity
n.a.	not available
<i>p</i>	provisional
<i>e</i>	estimate
p.c.	per cent

1 billion = 1,000,000,000.

## 1. INTERNATIONAL ECONOMIC AND MONETARY DEVELOPMENTS.

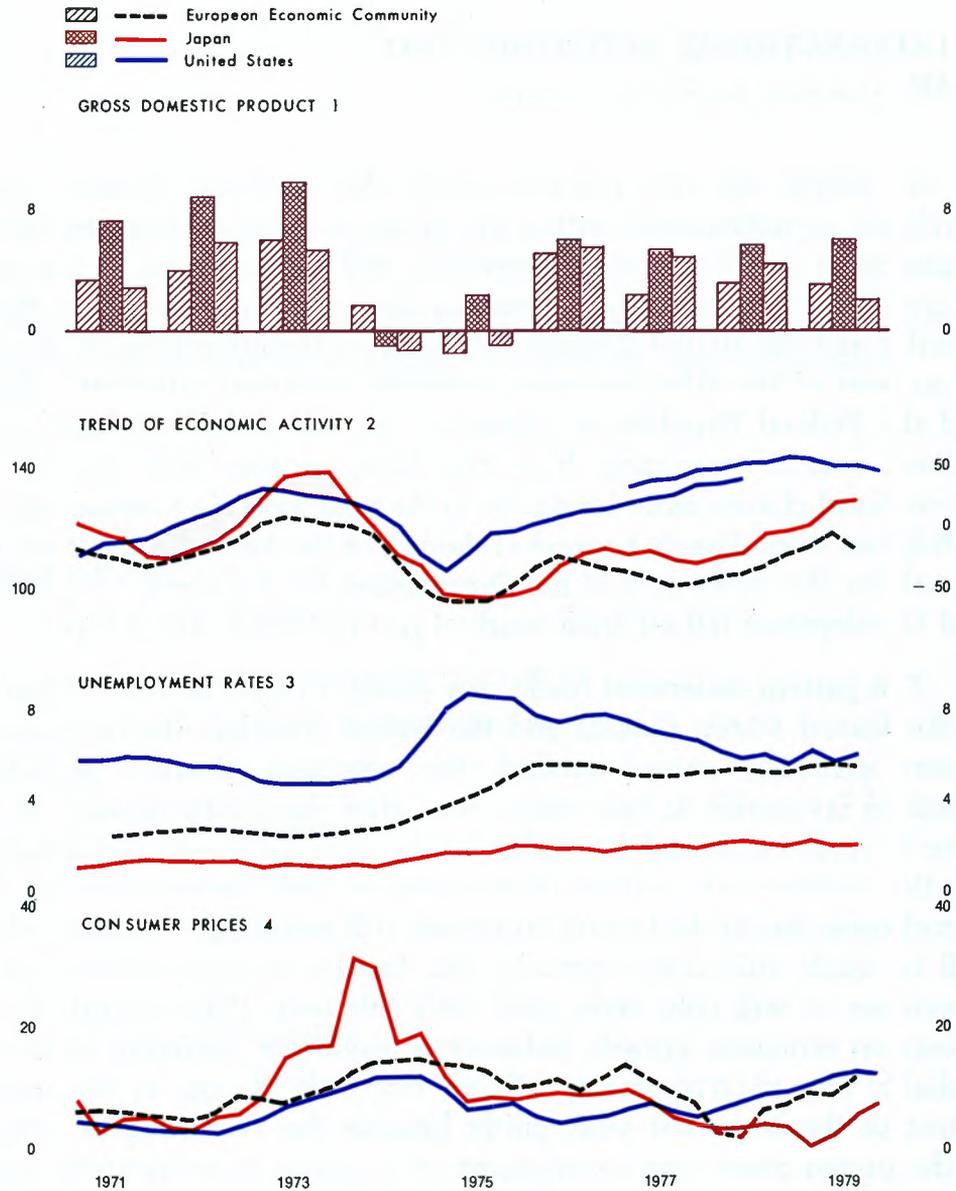
As during the two previous years, the economic situation again developed asynchronously within the group of member countries of the Organisation for Economic Cooperation and Development. The rate of growth of the gross national product slowed down distinctly in North America and the United Kingdom, whereas on the other hand it speeded up in most of the other important member countries, particularly Japan and the Federal Republic of Germany. It was mainly the direct and indirect stimuli emanating from the latter country that created an international climate more conducive to the expansion of economic activity in Belgium, even though, because of the size of the American economy, the growth for the whole area of the Organisation for Economic Cooperation and Development fell off from nearly 4 p.c. in 1978 to about 3 p.c.

This pattern underwent hardly any change during the year. Whereas in the United States, Canada and the United Kingdom the recessionary factors gradually gained ground, the economic situation elsewhere remained favourable in most cases, even after the drastic increase in the price of crude oil around the middle of the year. The new shock caused by this increase at a time when some of the repercussions of the disturbances due to the first oil crisis were still persisting — a shock which will be made still more severe by the further increases announced in December — will only make itself fully felt from 1980 onwards by its effects on economic growth, balances of payments, exchange rates and probably also unemployment. There was little change in the overall extent of the latter last year, partly because the slackening of activity in the United States was accompanied by a decline in productivity rather than a reduction in employment.

On the other hand, the effect on prices, accentuating the acceleration of the rise which was already in progress, very soon became clearly evident. As far as consumer prices are concerned, this acceleration had already become observable from the end of 1977 in the United States, towards the middle of 1978 for the member countries of the European

Chart 1.

GROSS DOMESTIC PRODUCT, TREND OF ECONOMIC ACTIVITY,  
UNEMPLOYMENT RATES AND CONSUMER PRICES



Sources : Gross domestic product : Organisation for Economic Cooperation and Development. Trend of economic activity : European Economic Community; The Bank of Japan; U.S. Department of Commerce. Unemployment rates : European Economic Community; Organisation for Economic Cooperation and Development. Consumer prices : Organisation for Economic Cooperation and Development; Prime Minister's Office; U.S. Department of Commerce.

1 At constant prices. Percentage changes compared with previous year.

2 European Economic Community : Appraisal of total order book (net percentages of replies indicating, respectively, « Above » and « Below » normal); excluding Denmark; including the Netherlands from November 1972, Ireland from May 1976, the United Kingdom from October 1977; right-hand scale. Japan : Appraisal of all industries concerning the « state of business » (net percentage of replies indicating, respectively, « Favourable » and « Unfavourable »); right-hand scale. United States : Synthetic curve of twelve cyclical indicators; (index 1967 = 100); new series from 1977; left-hand scale. Monthly averages per quarter. Last period : United States : October 1979.

3 As a percentage of total labour. The data for the different geographical units are not fully comparable with each other; with certain reservations, however, they can be used to study the trend of unemployment in each area separately. Monthly averages per quarter, seasonally adjusted.

4 Percentage change compared with the level reached six months earlier, on an annual basis, seasonally adjusted; monthly averages per quarter. Last period : Japan and United States : average for October-November 1979.

Economic Community as a whole and in the spring of 1979 in Japan. During the first half of last year it was primarily due to the expansion of world demand, which, in 1978, pushed up the prices of industrial raw materials and added to domestic inflationary pressures; another factor was the hard winter of 1978-1979, which among other things made foodstuffs and fuels more expensive. The increases in oil prices already referred to caused the rate of inflation, measured by consumer prices, to rise above 10 p.c. during the second half of the year for the member countries of the Organisation for Economic Cooperation and Development as a whole. But the acceleration was not uniform, so that the international disparities again increased appreciably, mainly between, on the one hand, countries such as Japan, the Federal Republic of Germany and the Benelux countries, where the rises remained limited to about 5 p.c., and, on the other hand, countries such as Italy, the United Kingdom and the United States, where they were more than twice as large, or even three times in some cases. Similarly to what happened after the oil crisis at the end of 1973, it is to be expected that the upward movement of prices will continue in 1980. For there are a number of derived effects, particularly via the prices of non-imported petroleum and most other energy products, via certain policy reactions and, not least, via the whole process whereby the loss of income due to the worsening of the terms of trade is shifted back to suppliers or passed on to buyers. The final repercussions of the rises in oil prices will therefore depend on a number of factors. In any case there is no doubt that Belgium is among the more vulnerable countries from this point of view.

The asynchronism of cyclical movements and the new oil shock led to major shifts in the various countries' current account balance of payments situation.

#### CURRENT ACCOUNT BALANCE OF PAYMENTS SITUATION

(in billions of U.S. dollars)

	1978	1979	Change
Member countries of the Organisation for Economic Cooperation and Development .....	+ 9	- 30	- 39
Member countries of the Organisation of Petroleum Exporting Countries .....	+ 7	+ 65	+ 58
Non-oil-exporting developing countries .....	- 36	- 47	- 11
Other countries .....	- 9 1/2	- 11	- 1 1/2

Source : Organisation for Economic Cooperation and Development.  
A more detailed breakdown of these data is given in Table 1 of Annex 6.

For the area of the Organisation for Economic Cooperation and Development as a whole, the swing from surplus to deficit of the net balance of current transactions is almost entirely accounted for by the balance of trade, two thirds of it being in fact due to a deterioration of the terms of trade and the remainder to an adverse movement of the volumes of imports and exports; various oil-exporting countries with a high import propensity had in fact incurred an overall deficit of over \$ 10 billion in 1978 in respect of their current transactions with foreign countries and consequently kept down their imports of manufactured products.

Among the big countries, only the United States succeeded in improving its balance of current transactions with foreign countries last year. Among the decisive factors, mention should be made of the relatively lower growth rate of its economy, a strengthening of its competitive position in terms of costs and prices adjusted to allow for movements of exchange rates, and the continued steady demand for agricultural products; furthermore, the surplus in respect of invisibles increased appreciably, mainly owing to a pronounced rise in investment income.

The balance of current transactions of most of the other major countries showed a deficit; this was also true of Japan and the Federal Republic of Germany, both of which had still achieved substantial surpluses in 1978. The last-mentioned development, together with the reduction of the deficit of the United States and the contraction of the surplus of countries whose balance was still definitely positive in 1979 — especially Italy, Switzerland and France — reduced the previous spread in respect of the balance of current transactions.

As far as the non-oil-exporting developing countries are concerned, the improvement in the volume of their foreign trade was not sufficient to offset the deterioration in the terms of trade. The deficit in respect of their current transactions with foreign countries therefore increased by about \$ 11 billion, to nearly \$ 47 billion. They succeeded, however, in maintaining a real growth rate of about 5 p.c. and in again somewhat increasing their official foreign exchange reserves as a result of capital imports.

There was obviously a further jump in the current account surplus of the oil-exporting countries : while the value of their imports remained

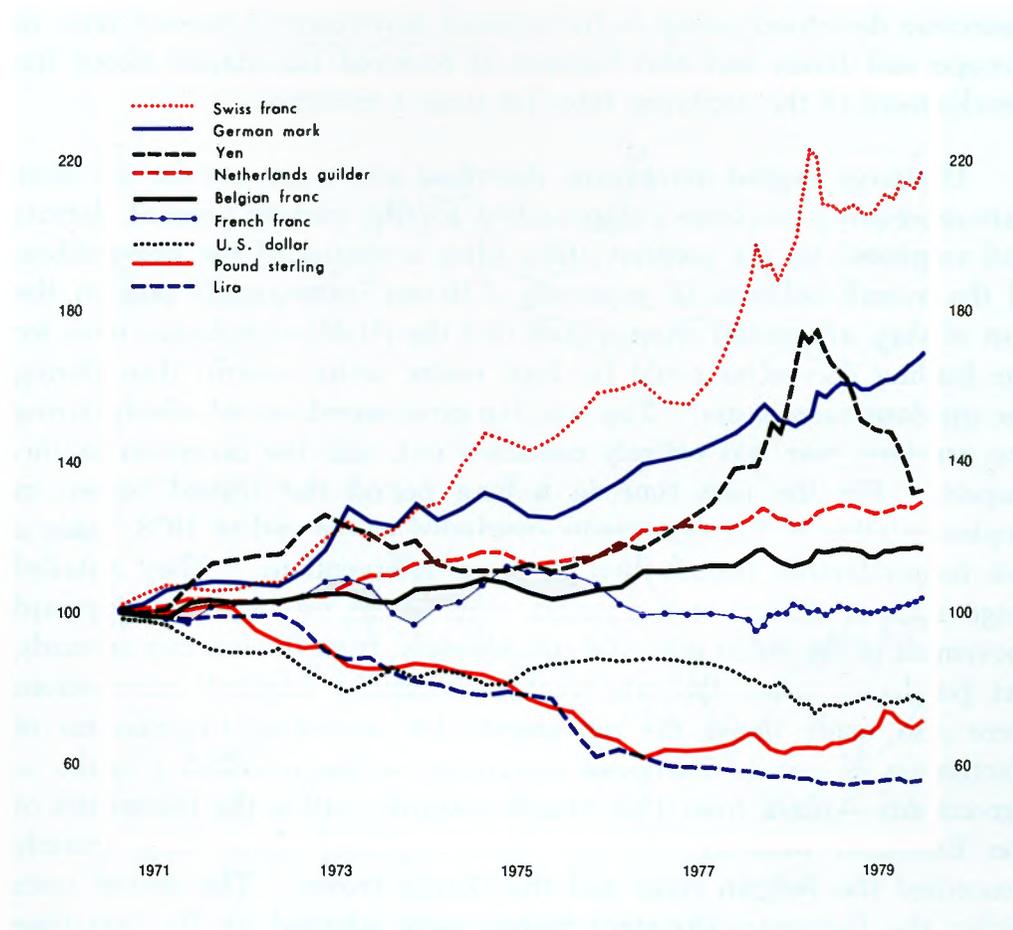
stable, the increase in prices having been offset by a reduction in volume, that of their exports rose sharply. For 1979 the surplus is estimated at \$ 65 billion, against \$ 59 billion in 1974; if, however, the former amount is expressed in terms of purchasing power for the manufactured products which these countries import, it represents less than two thirds of the 1974 surplus.

The other component of the balance of payments, namely capital transactions, also showed wide, though not always fully identifiable, movements. Broadly speaking there was, during the first half of the

Chart 2.

WEIGHTED AVERAGE EXCHANGE RATES FOR VARIOUS CURRENCIES

(Indices May 1970 = 100)



Source : International Monetary Fund.

year, a considerable flow of capital imports into the United States, encouraged by attractive interest rate differentials, the clearly observable recovery of the balance of current transactions and the obvious abandonment by the American authorities, towards the end of 1978, of their policy of benign neglect with regard to the rate for the dollar. This capital came mainly from Switzerland, the Federal Republic of Germany and Japan; initially the authorities of these countries did not oppose these capital outflows because they fitted in well with the monetary policy which was being pursued and because in some cases their corrective effects on what was felt to be the excessive rise in the exchange rates for their currencies were considered desirable. After the big increases in oil prices at the middle of the year, a reversal took place : capital outflows occurred from the United States and there were again net inflows of capital into the Federal Republic of Germany and Japan, because the interest-rate advantage enjoyed by investments in dollars had in the meantime decreased owing to the upward movement of interest rates in Europe and Japan and also because of renewed uncertainty about the development of the exchange rates for some currencies.

The large capital movements described above did not for the most part represent a welcome compensation for the current account deficits and surpluses; on the contrary, they often accentuated the disequilibria of the overall balances of payments. It was consequently only at the cost of very substantial interventions that the effective exchange rates for the leading currencies could be kept under better control than during the previous three years. The yen, the pronounced rise of which during the previous year was entirely cancelled out, was the exception in this respect. For the first time in a long period the United States, in implementation of the agreements concluded at the end of 1978, made a not inconsiderable contribution to these interventions. They entailed large sales of dollars in the spring, when there was a distinct upward movement of the dollar rate, and subsequently, from the summer onwards, net purchases, when the rate weakened again. Limited interventions were also made under the agreements for narrowing the margins of fluctuation of certain European currencies — the so-called « snake » -agreements — and, from 13th March onwards, within the framework of the European Monetary System which replaced them; these mainly concerned the Belgian franc and the Danish crown. The central rates within the European Monetary System were adapted for the first time when the bilateral central rates for the German mark were raised on

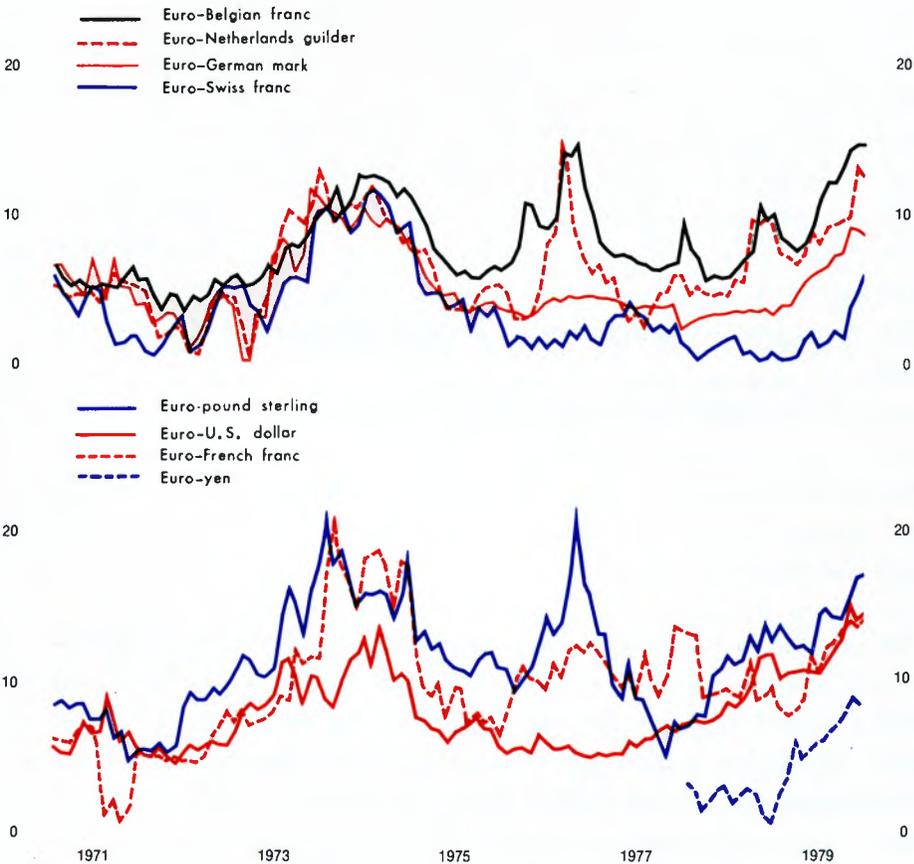
24th September by 5 p.c. in relation to the Danish crown and by 2 p.c. in relation to the other currencies of the system and for the second time when the bilateral central rates for the Danish crown were lowered on 30th November by 4.76 p.c. in relation to the other currencies.

The interventions on the foreign exchange markets were partly prompted by the desire to keep in check the inflationary impulses which

Chart 3.

INTEREST RATES FOR THREE-MONTH DEPOSITS IN EURO-CURRENCIES

(Per cent)



Sources : Bank for International Settlements and National Bank of Belgium.

were liable to enter the economy via the external accounts. This was also the basic aim of the agreements concluded among the industrialised countries with a view to limiting crude oil imports and of the plans for cutting down consumption of petroleum products and of energy in general. At the same time, parallel with this, the need that was felt to curb domestic inflationary forces led most countries to take a more restrictive line, which found expression chiefly in monetary policy, especially in the form of pronounced increases in interest rates.

At the beginning of the year the interest rate on short-term investments in Euro-dollars was distinctly higher than that on comparable investments in most European currencies and in yens. This disparity in interest rates reflected divergent cyclical situations : a boom in the United States, a still moderate growth rate in Japan and a relatively low rate in Europe; it was moreover promoted by the American authorities' decision in October 1978 to give the dollar rate effective support from then on. Both the speeding-up of the cyclical expansion and the already evident or threatening revival of inflation and, for certain countries such as Japan and the Federal Republic of Germany, the trend of current transactions with foreign countries, helped to start an upward movement of interest rates in Europe and Japan which quickened in the spring. When, after the raising of the prices of oil, the dollar came under pressure again, while the inflationary movement of prices in general remained just as disquieting as before, the American authorities reacted with further increases in interest rates. In Europe and Japan, too, the upward trend, connected with the aforementioned developments as regards prices and the current account balance of payments position, continued undiminished. The other countries, including Belgium, inevitably followed the example of the leading markets. These movements presented an increasingly clear danger of a disorderly competitive raising of rates.

On the plan of international monetary cooperation, mention should be made of the fact that at the beginning of the year the International Monetary Fund created, for the benefit of its members, 4 billion special drawing rights, of which 92.56 million were allocated to Belgium. It was furthermore decided within this institution to work out the concrete details of a so-called substitution account. The principle of this is that it would give the member countries the possibility of depositing reserve currencies — especially dollars — in it and of becoming, in return, creditors for an equivalent amount expressed in special drawing rights. It is hoped

that this, by strengthening the role of the special drawing rights and through the possible resultant stabilising effect on the exchange rate for the dollar, may enable international monetary developments to be better controlled.

Lastly it should be recalled that on 13th March the mechanisms of the European Monetary System, which have already been mentioned, came into operation<sup>1</sup>. This system links up with the former European monetary « snake », that is, the system of stable exchange rates established between the currencies of the countries which had continued to apply the so-called Basle agreements on the narrowing of the margins of fluctuation, namely the Federal Republic of Germany, the Benelux countries and Denmark, with the difference that the system was extended to the other countries of the Community, save for the partial exception of the United Kingdom. This extension was in fact coupled with an adaptation of the methods of operation, an expansion of the financial resources and the introduction of a few important innovations.

The European Monetary System, like the « snake », is based on the principle of the limitation of exchange rate fluctuations around a grid of bilateral central rates; between two currencies of the system the divergence from the central rates cannot exceed 2.25 p.c., except that the Italian lira can diverge from them by up to 6 p.c.; the pound sterling, which is not yet integrated in this mechanism, continues to float freely. The credit facilities provided by the former system for the financing of the interventions necessary for the stabilisation of exchange rates have been expanded.

Furthermore, the European Monetary System contains two important innovations. The first is the divergence indicator, designed as an instrument to enable the strength or weakness of a currency in relation to all the others to be assessed with a view to inducing the authorities to adopt any necessary corrective measures. The second relates to the pooling — hitherto on the basis of temporary and renewable swap agreements — with the European Monetary Cooperation Fund of part of the official gold and dollar reserves of each participating country in exchange for a new reserve instrument intended for the central banks and usable by these for financial settlements among themselves or with

<sup>1</sup> The Bulletin of the National Bank of Belgium, LIV, Part. II, Nos. 1-2, July-August 1979, pp. 3-41, contains a detailed description of this system.

the European Fund. This reserve instrument is expressed in a new unit, the Ecu, the value of which is based on a basket of national currencies of the countries of the European Economic Community.

## **2. DEVELOPMENT OF THE MAJOR SECTORS OF THE BELGIAN ECONOMY.**

The Belgian economy participated in the general expansion of activity in the European Economic Community. Both individuals and companies, but the latter to a greater extent, benefited by the resultant acceleration of the growth of the national income in real terms.

### **a) Individuals <sup>1</sup>**

The increase in the real gross income of individuals, including depreciation allowances, before payment of direct taxes and excluding net current transfers received, can be estimated at about 2.7 p.c., against 2.3 and about 1 p.c. respectively during the two previous years.

During the first period of the 1970s, however, these rates of increase were distinctly higher.

Total gross wages and salaries, the main component of the income of individuals, appears to have increased by about 2.8 p.c. in real terms during the past year, against 2.7 p.c. in 1978. Gross average earnings per hour worked in industry and transport rose by 3 p.c., at least for the first nine months, against 2.3 p.c. Actually, these two rates of increase exceeded the growth in total gross wages paid, since, both in 1979 and in 1978, the number of hours worked decreased. The collectively agreed wages of white-collar workers, mainly employed in the tertiary sector, went up by 1.6 p.c. in real terms during the same period, as in 1978. Furthermore, account should be taken of a rise in the number of employed white-collar workers approximately equal to that in 1978, more particularly in the public services.

<sup>1</sup> The term « individuals » here also embraces all enterprises which are not in the legal form of a joint-stock company or a partnership.

Another component of the gross income of individuals, namely income from property, appears to have increased to about the same extent as in 1978. Income from rents appears to have gone up a little less fast, but income from financial investments reflected the rise in interest rates.

Chart 4.

INDIVIDUALS' GROSS INCOME, DISPOSABLE INCOME  
AND CONSUMPTION AT 1975 PRICES <sup>1</sup>

(Percentage changes compared with previous year)



Sources : National Statistical Institute. Calculations of the National Bank of Belgium.

<sup>1</sup> Data at current prices deflated by the implicit price index of private consumption in the national accounts.

<sup>2</sup> Remuneration of wage and salary earners, incomes of self-employed persons, distributed incomes of private partnerships and income from personal property. Incomes of self-employed persons and income from personal property are inclusive of depreciation allowances. Moreover, in order to keep the gross national product unchanged, the gross income of individuals has been increased to offset the reduction made in companies' gross profits placed to reserve to allow for the replacement cost of the capital invested and materials used.

<sup>3</sup> Gross income of individuals calculated as above plus net current transfers received (mainly from social security) less direct taxes paid.

Lastly, few recent data are available concerning the growth in the incomes of self-employed persons, but it can be assumed that it was greater than in the previous year. Among these incomes, however, those of farmers appear to have declined.

An examination of how much of their gross income actually remained at the disposal of individuals after payment of direct taxes — which had been relatively high in 1978 owing to the double payment of the local authority tax — and social contributions, account being also taken of social transfers received, leads to the conclusion that there was a growth, in real terms, of about 3.5 p.c., against less than 2 p.c.

The main indicators of the volume of private consumption show that its rate of growth rose from 2.4 p.c. to over 3.5 p.c. This improvement was mainly accounted for by foodstuffs, fabrics and clothing, motor cars and certain services (personal care and hygiene, communications, various forms of recreation), while durable consumer goods and furniture had a smaller share in this recovery.

During the second half of the year the expansion appears to have slackened somewhat.

As during the three previous years, the rate of growth of private consumption was higher than that of the real disposable income of individuals; in nominal terms the rate of growth of private consumption amounted to 8.4 p.c. and that of disposable income to 8.2 p.c., so that a smaller proportion of disposable income was used for domestic direct investment, repayment of loans or financial investment.

The rate of saving of individuals, which, expressed as a percentage of disposable income, is around 22 p.c., declined slightly; it had already decreased gradually during the preceding years, from a maximum of 24 p.c. in 1975.

The new fact is the decrease in gross domestic direct investment by individuals, which fell from nearly 12 p.c. of disposable income in 1978 to just under 11 p.c. This development reflects the falling-off in house-building, not only in real terms but also in nominal value, although building prices continued to rise. Demand in this sector has in fact been declining almost uninterruptedly since the second half of 1976, as is shown by the trend of the number of building permits and authorisations issued by the Town Planning Board. This decrease is attributable to the earlier slowdown in the rise in the real incomes of individuals, the high level of building prices and the gradual lessening of inflationary expectations, while the increase in the real interest burden on mortgages has done nothing to encourage demand for building loans.

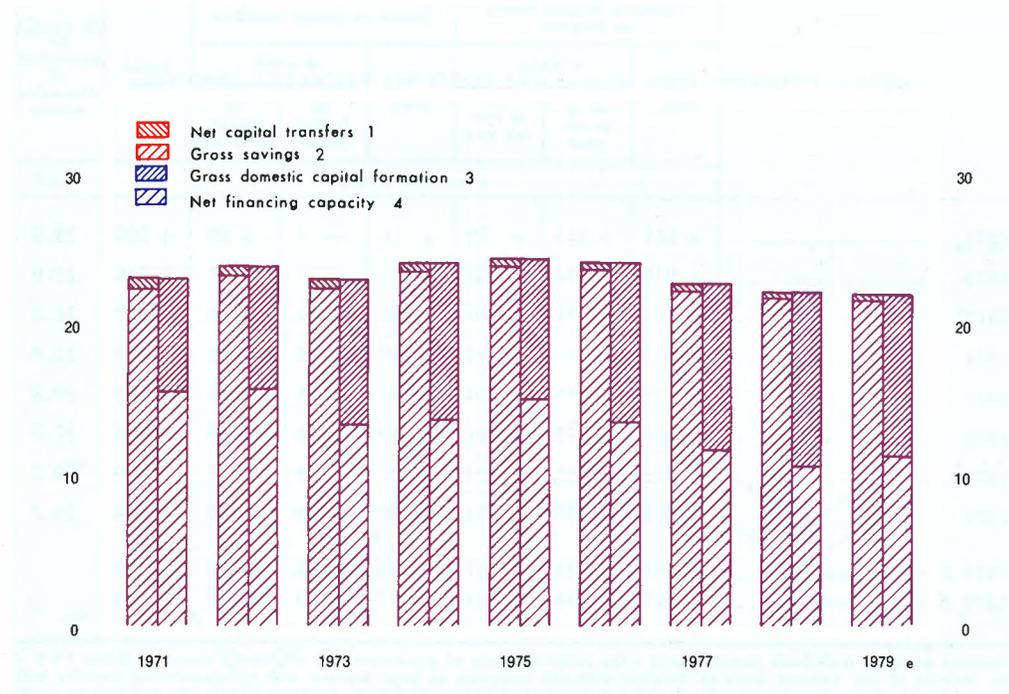
As a result of the above-mentioned slowing-down in investment in housing, the financing capacity of individuals appears to have increased,

despite the decline in the rate of saving, for the first time since 1975, namely from 10.6 p.c. of gross disposable income in 1978 to 11.3 p.c., or, in absolute terms, from Fr. 255 to 294 billion.

Chart 5.

### CAPITAL ACCOUNT OF INDIVIDUALS

(Percentage of their disposable income, at current prices)



Sources : Net capital transfers : Government budgets. Gross savings and gross capital formation : National Statistical Institute. Calculations and estimates of the National Bank of Belgium.

1 Capital transfers are unrequited movements of funds for the purpose of financing direct and portfolio investment.

2 Difference between gross disposable income and private consumption.

3 Gross fixed capital formation and changes in livestock.

4 Calculated as the difference between gross savings and net capital transfers on the one hand and gross capital formation on the other.

This movement is not yet apparent, however, from the financial data for the first ten months : for this period the financial surplus of individuals declined from Fr. 208 billion in 1978 to Fr. 192 billion. According to the above-mentioned estimates, this situation must have changed during the last months. Account should also be taken of the fact that it is only possible to work out very approximate figures for the financial assets and liabilities of individuals from the available statistical material : it therefore

had to be assumed that cash holdings — the growth in which slowed down considerably, as will be seen further on — were constituted entirely by individuals; furthermore, it was not possible to record the commercial claims or debts of individuals on or to companies or the public authorities.

Table 1.

FORMATION OF FINANCIAL ASSETS BY INDIVIDUALS <sup>1</sup>

	Claims in Belgian francs on Belgium			Claims on foreign countries			Grand total	As proportion of disposable income
	Total	of which :		Total	of which :			
		at up to one year	at over one year		in Belgian francs	in foreign currencies		
<i>(billions of francs)</i>								<i>(p.c.)</i>
1971 .....	+ 187	+ 115	+ 72	+ 15	- 7	+ 20	+ 202	18.5
1972 .....	+ 213	+ 148	+ 65	+ 33	...	+ 31	+ 246	19.9
1973 .....	+ 201	+ 121	+ 80	+ 26	+ 1	+ 28	+ 227	16.2
1974 .....	+ 212	+ 120	+ 92	+ 47	+ 26	+ 21	+ 259	16.8
1975 .....	+ 355	+ 245	+ 110	+ 24	- 2	+ 34	+ 379	20.3
1976 .....	+ 328	+ 177	+ 151	+ 40	+ 26	+ 16	+ 368	17.3
1977 .....	+ 428	+ 206	+ 222	+ 21	- 3	+ 31	+ 449	19.7
1978 .....	+ 364	+ 196	+ 168	+ 40	+ 19	+ 26	+ 404	16.7
1978 First 10 months .....	+ 265	+ 118	+ 147	+ 44	+ 22	+ 23	+ 309	
1979 First 10 months .....	+ 227	+ 42	+ 185	+ 77	+ 45	+ 17	+ 304	

<sup>1</sup> Financial assets of individuals means mainly : the financial assets of enterprises and individuals shown in Table XV-2 of the Bulletin of the National Bank of Belgium with the exception of large deposits and foreign-currency deposits with Belgian banks, direct investments abroad and net commercial claims on foreign countries, which are regarded as assets of companies.

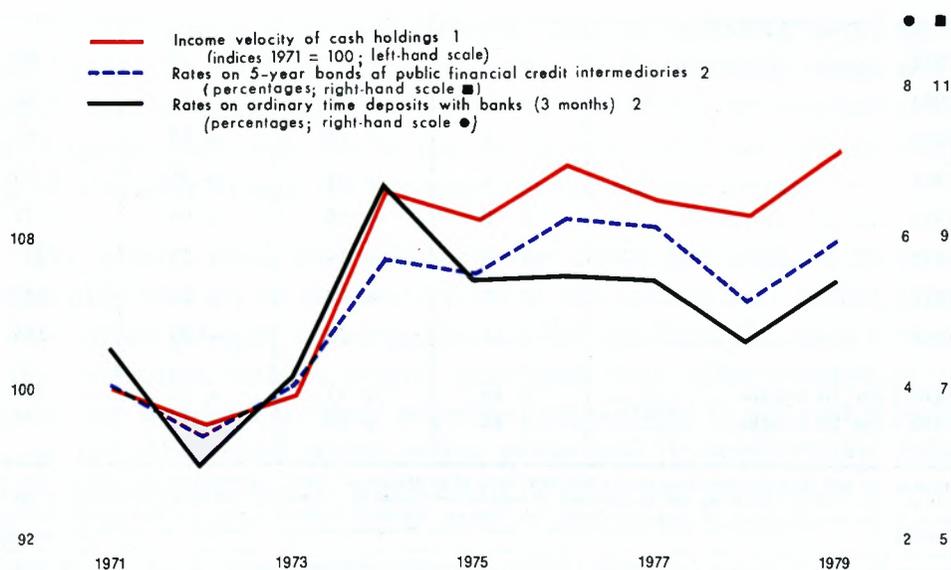
For the first ten months, the only period for which sufficient data are already available, the formation of financial assets by individuals amounted to Fr. 304 billion, against Fr. 309 billion in 1978. As usual, this figure is much larger than the financial surplus of individuals, which is a sectoral balance to which must be added the debts contracted by individuals, to be discussed further on. With regard to the composition of the new financial assets, attention should be drawn to the appearance of three special features.

The first is that the slackening of the growth during the period in question applied only to claims on Belgium. Claims on foreign countries, on the other hand, increased much more than the previous year, namely

by Fr. 77 billion for the first ten months, against Fr. 44 billion. In particular, the formation of deposits in Belgian francs abroad speeded up appreciably under the influence of the high interest rates which foreign financial intermediaries offered for investments of sums which were not big enough to benefit in Belgium by the rates allowed on large deposits and, furthermore, because the income from these investments escapes the Belgian Preliminary Tax on Personal Property.

Chart 6.

INCOME VELOCITY OF CASH HOLDINGS AND INTEREST RATES



1 Ratio of gross national product at current prices to average cash holdings.  
 2 Interest rates before deduction of tax at source. Weighted annual averages.

The second feature concerns the composition of claims in Belgian francs on Belgium : during the first ten months only a very small amount of claims at up to one year was built up; the formation of assets of this type was affected by the shifting of funds abroad and the preference shown for investments at over one year, the yield on which was very attractive, especially from the summer onwards.

The third special feature was the very weak developments of cash holdings. For the first ten months the stock of notes and coin declined by Fr. 1 billion, whereas it had increased by Fr. 8 billion in 1978; deposits fell by Fr. 22 billion, whereas the previous year they had risen by Fr. 3 billion. This shows clearly that the income velocity of cash holdings increased greatly, a fact which was undoubtedly closely connected with

Table 2.

FINANCIAL LIABILITIES OF INDIVIDUALS <sup>1</sup>

(Changes in billions of francs)

	Consumer credit	Housing loans	Liabilities of enterprises not in the legal form of companies	Total
1971 .....	+ 1	+ 19	+ 8	+ 28
1972 .....	+ 9	+ 29	+ 14	+ 52
1973 .....	+ 7	+ 39	+ 19	+ 65
1974 .....	+ 4	+ 41	+ 20	+ 65
1975 .....	+ 9	+ 46	+ 22	+ 77
1976 .....	+ 25	+ 74	+ 19	+118
1977 .....	+ 21	+ 80	+ 42	+143
1978 .....	+ 15	+ 95	+ 25	+135
1978 First 10 months .....	+ 13	+ 77	+ 11	+101
1979 First 10 months .....	+ 13	+ 83	+ 16	+112

<sup>1</sup> The financial liabilities of enterprises not in the legal form of companies are partly estimated on the basis of data of the Central Risks Office concerning the distribution of uses of credits of Fr. 1 million and above according to the legal nature of the beneficiary of the credit for banks, the National Industrial Credit Company and the General Savings and Pensions Fund, on the basis of similar data on the distribution of credits opened for private savings banks and on the basis of data published in the annual reports of the National Fund for Credit to Trade and Industry and the National Institute for Agricultural Credit. It should be noted that liabilities to foreign countries or in the form of shares and bonds have been disregarded, as they are assumed to have been wholly contracted by companies.

the very high level of interest rates : the higher the yield on other assets, the stronger the tendency normally is to keep cash holdings — on which either no interest or a low, invariable interest rate is paid — as small as possible. This relationship between the income velocity of cash holdings and interest rates is not new; it is clearly illustrated by Chart 6 for the period beginning in 1971.

The financial liabilities of individuals increased by Fr. 112 billion during the first ten months, against Fr. 101 billion.

Recourse by individuals to consumer credit did not increase any more than during the previous year, partly because purchases of cars and the associated financing rose only slightly.

The growth in housing loans during the first ten months was not much greater than the previous year; it has already been pointed out that demand for dwellings weakened.

According to the estimates, the increase in the liabilities of enterprises not in company form was larger than in 1978 : Fr. 16 billion, against Fr. 11 billion.

#### b) Companies

The increase in the gross incomes, that is, including depreciation, direct taxes and dividends, of partnerships and joint-stock companies as a whole can be estimated at about 20 p.c., or 15 p.c. at constant prices. This large increase was due to the rise in the profit per unit of output and, to a smaller extent, the expansion in the volume of sales.

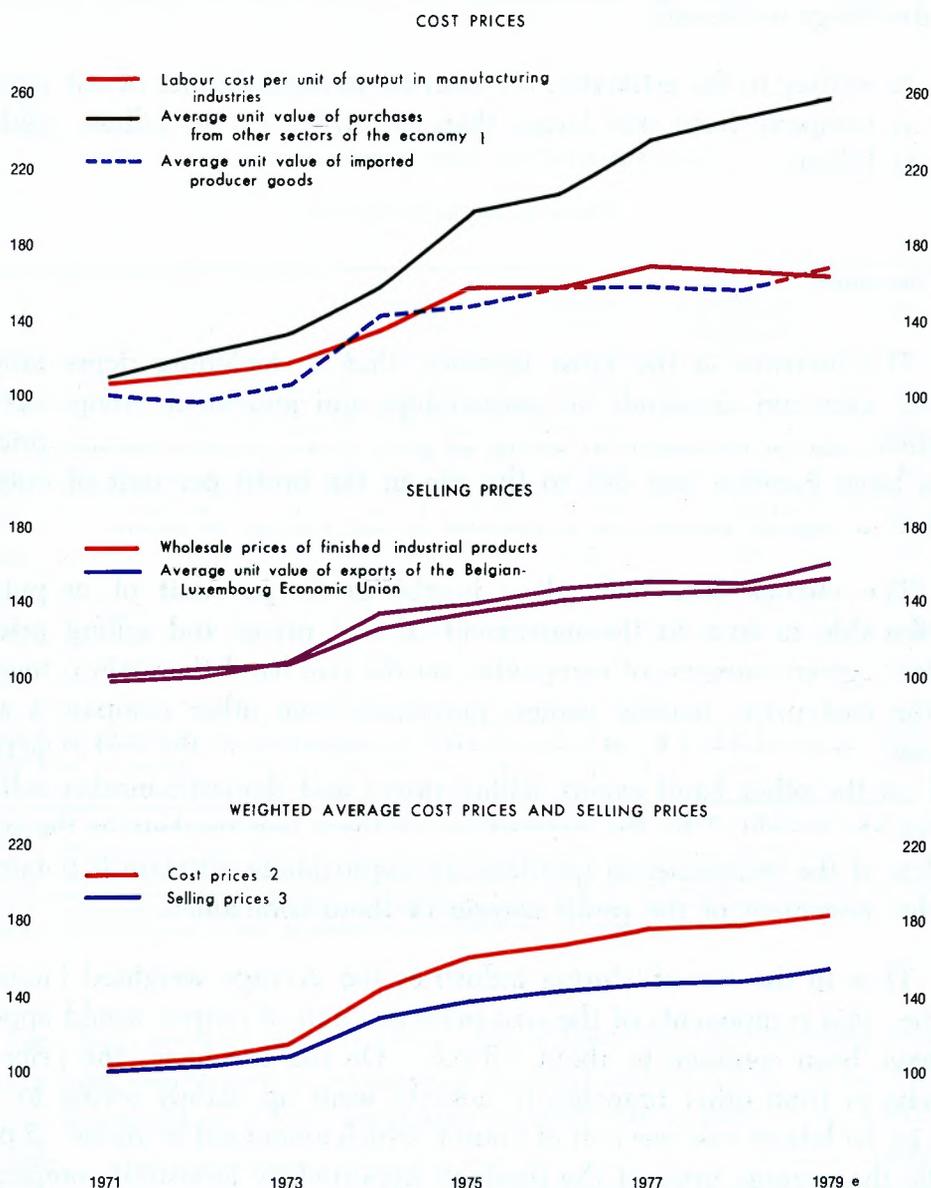
The change that took place in the profit per unit of output is attributable in turn to the movement of cost prices and selling prices. If, for a given category of companies, on the one hand the main elements of the cost price, namely wages, purchases from other companies and imports, are weighted by their respective proportions in the cost structure and on the other hand export selling prices and domestic-market selling prices are weighted by the proportions of these two markets in the total outlets of the companies in question, an approximate estimate is obtained of the movement of the profit margin of these companies.

Thus in the manufacturing industries the average weighted increase in the main components of the cost price per unit of output would appear to have been confined to about 3.8 p.c. On the one hand, the price of purchases from other branches of activity went up mainly owing to the rise in the labour cost per unit of output, which amounted to about 4.5 p.c., while the average price of the products imported by industrial companies increased by about 7 p.c. On the other hand, the labour cost per unit of output in the manufacturing industries themselves fell by about 2 p.c. owing to the fact that output per hour worked rose faster than average hourly earnings. The average weighted selling price on the domestic

Chart 7.

### COST PRICES AND SELLING PRICES IN MANUFACTURING INDUSTRIES

(Indices 1970 = 100)



Sources : Labour cost per unit of output in manufacturing industries : Organisation for Economic Cooperation and Development. Labour cost per unit of output in branches of activity not belonging to manufacturing industries : National Bank of Belgium. Average unit values of imports and exports : National Statistical Institute. Calculations of the National Bank of Belgium. Wholesale prices of finished industrial products : Ministry of Economic Affairs : Weighted average cost prices and selling prices : calculations of the National Bank of Belgium; weighting coefficients of the European Economic Community.

1 Measured by the labour cost per unit of output in branches of activity not belonging to manufacturing industries.

2 Weighted average of the labour cost per unit of output in manufacturing industries, the labour cost per unit of output in branches of activity not belonging to manufacturing industries and the average unit value of imported goods.

3 Weighted average of the wholesale prices of finished industrial products and the average unit value of exports.

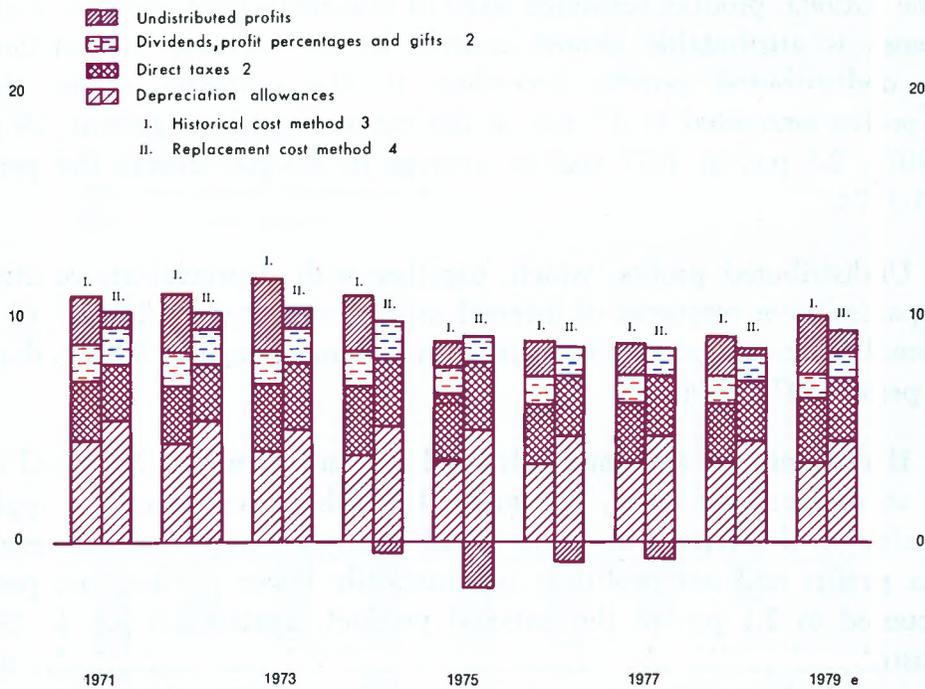
and foreign markets, for its part, would appear to have increased more, namely by 5.5 p.c., as a result of a rise of 4.5 p.c. on the domestic market and 7 p.c. in the case of exports.

In companies in the non-industrial sectors the increase in productivity was smaller than in the manufacturing industries, but their selling prices generally rose faster.

Chart 8.

### INCOME ACCOUNT OF COMPANIES <sup>1</sup>

(As percentages of gross national product at market prices and at current prices)



<sup>1</sup> Joint-stock companies and partnerships (including public enterprises).

<sup>2</sup> The amounts in respect of direct taxes and dividends, percentages on profits and gifts are taken from the national accounts.

<sup>3</sup> This method values depreciation and materials used at historic cost, giving rise to an overvaluation of the net profit the extent of which depends on the rate of inflation. On the other hand, however, during an inflationary period companies, insofar as they resort to borrowing, make an unrecorded profit equal to the product of the outstanding amount of liabilities at the beginning of the period and the rate of inflation during the period. Hence it is only if the outstanding amount of a company's debt is equal to the value of its fixed assets and stocks at the beginning of the period that its net profit is not overestimated by the historical cost method of recording.

<sup>4</sup> Recording of depreciation and materials used by this method usually leads to underestimation of the net profit; only if an enterprise finances the whole of its investments in fixed capital and stocks with its own resources does the method of recording at replacement cost give a correct estimate of the net profit. The method of recording which corresponds most closely to reality probably lies between the replacement cost method and the historical cost method.

The afore-mentioned increase in companies' profit per unit of output was, however, reduced by the increase in the interest burden attributable both to the growth in current indebtedness and to the rise in the average level of interest rates.

These different developments finally caused company incomes to rise faster than the national product : the ratio between the two magnitudes rose from 9.2 p.c. in 1978 to about 10 p.c. During the period 1971-1974, however, the corresponding ratio had averaged 11.3 p.c. These changes relate to companies as a whole and conceal, more than was the case at the beginning of the seventies, divergent developments in the various branches of activity.

As the share of companies' depreciation allowances and direct taxes in the national product remained more or less unchanged, the rise in gross incomes is attributable almost entirely to the increase in distributed and undistributed profits; according to the estimates made, these net profits amounted to 3.7 p.c. of the national product, against 2.9 p.c. in 1978, 2.5 p.c. in 1977 and an average of 4.3 p.c. during the period 1971-1974.

Undistributed profits, which, together with depreciation, constitute companies' own resources of internal origin, amounted to 2.6 p.c. of the national product, against 1.8 p.c. in 1978 and an average of 2.6 p.c. during the period 1971-1974.

If depreciation and materials used are valued not at historical cost but at replacement cost<sup>1</sup>, the method which is systematically applied hereafter in this report, the same trend emerges, except that the level of gross profits and net profits is systematically lower. Thus, net profits amounted to 2.1 p.c. of the national product, against 1.3 p.c. in 1978; undistributed profits also represented 1 and 0.2 p.c. respectively, after this ratio had even been negative from 1974 to 1977, which were years of high inflation.

The gross savings of companies, consisting of their depreciation and their undistributed profits, represented 5.6 p.c. of the gross national product, against 4.8 p.c. in 1978 and a minimum of 3.1 p.c. in 1975.

<sup>1</sup> The characteristics of the historical cost method and replacement cost method of depreciation accounting are described in footnotes <sup>3</sup> and <sup>4</sup> to Chart 8.

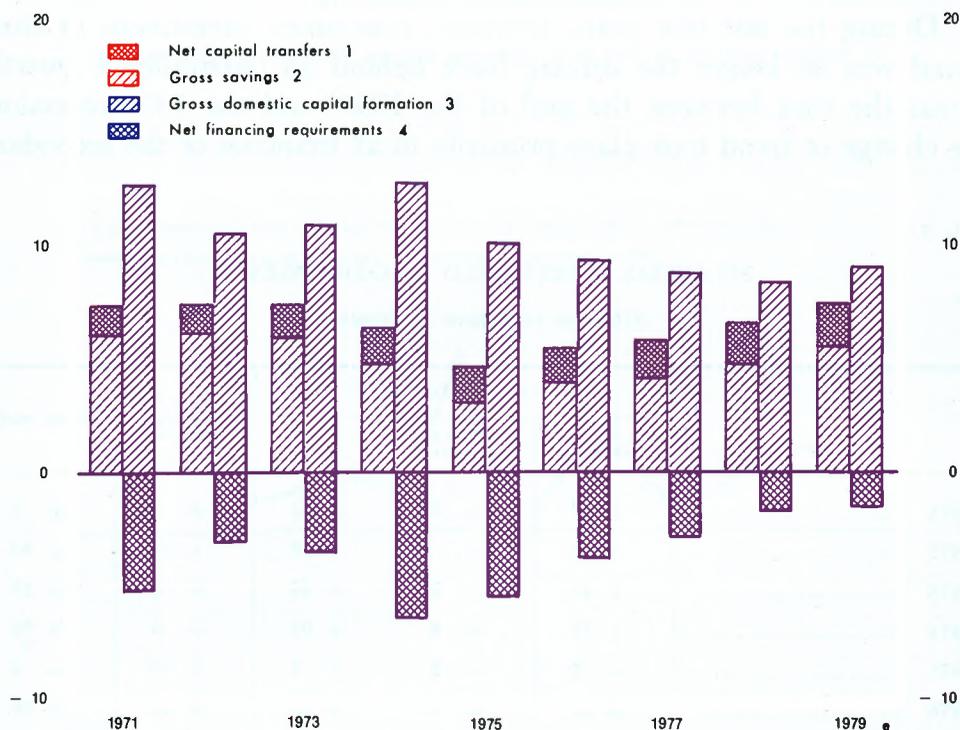
Net capital transfers to companies, which had risen steadily until 1978 owing to the assistance given by the State to public utilities and certain branches of activity which were in difficulty, did not increase further in proportion to the gross national product.

Altogether, companies' own resources available for the financing of their domestic gross capital formation, in other words their gross savings plus capital transfers in their favour, amounted to 7.5 p.c. of the gross national product, against 6.7 p.c. the previous year and a low of 4.7 p.c. in 1975. During the years 1971-1974 this percentage averaged 7.2.

Chart 9.

### CAPITAL ACCOUNT OF COMPANIES

(As percentages of gross national product at market prices and at current prices)



Sources : National Statistical Institute. Calculations and estimates of the National Bank of Belgium.

1 Including credits received from the public authorities and interests acquired by them.

2 Materials used being estimated by the replacement cost method.

3 Gross fixed capital formation and change in stocks, excluding livestock.

4 Difference between gross savings and net capital transfers on the one hand and gross domestic capital formation on the other.

Companies' gross domestic capital formation showed a recovery, particularly stock-building and, to a smaller extent, investment in fixed capital. Measured in terms of volume the growth rate of the latter rose from 3 p.c. in 1978 to about 4 p.c.; it even reached nearly 10 p.c. in manufacturing enterprises : for the first time since 1975 the latter, influenced by the increase in their gross profits, stepped up their investment, this expansion being in fact warranted by the reattainment of a higher degree of employment of their production capacities.

Investment by building enterprises and by the water, gas and electricity sectors, on the other hand, declined, so that the increase in the investment of the secondary sector of the economy as a whole appears to have amounted to about 3 p.c., against 2 p.c. the previous year. In the main branches of the services sector the rate of growth of investment appears to have been a little higher than in 1978 and to have averaged nearly 5 p.c.

During the last few years, however, companies' investment in fixed capital was no longer the driving force behind an unparalleled growth, as was the case between the end of the 1950s and the 1975 recession. The change of trend took place primarily in all branches of the secondary

Table 3.

FINANCIAL ASSETS HELD BY COMPANIES <sup>1</sup>

(Changes in billions of francs)

	Claims on Belgium			Claims on foreign countries	Grand total
	in Belgian francs	in foreign currencies	Total		
1971 .....	+ 3	- 2	+ 1	+ 3	+ 4
1972 .....	+ 16	...	+ 16	+ 14	+ 30
1973 .....	+ 43	+ 2	+ 45	+ 8	+ 53
1974 .....	+ 19	+ 6	+ 25	+ 3	+ 28
1975 .....	- 5	+ 6	+ 1	- 10	- 9
1976 .....	+ 57	+ 8	+ 65	+ 21	+ 86
1977 .....	...	+ 5	+ 5	+ 1	+ 6
1978 .....	+ 33	- 6	+ 27	+ 27	+ 54
1978 First 10 months .....	+ 42	- 5	+ 37	+ 18	+ 55
1979 First 10 months .....	+ 53	+ 7	+ 60	+ 24	+ 84

<sup>1</sup> See note 1 to Table 1.

sector, except for enterprises in the building and chemical industries and power stations. It was particularly marked as regards the establishment of foreign-owned enterprises. In the tertiary sector, on the other hand, investment continued to increase rapidly.

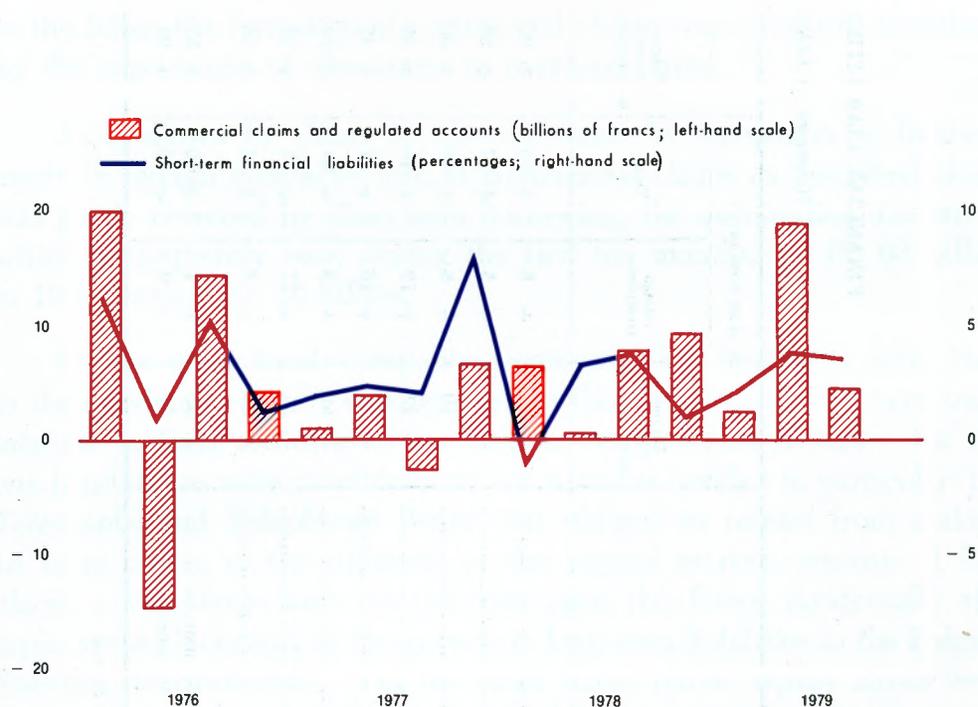
Another basic trend, namely the growing tendency to invest for the purpose of rationalisation rather than in order to expand production capacities, continued.

Altogether, gross domestic capital formation by companies represented about 9.3 p.c. of the gross national product last year, against 8.4 p.c. the previous year and a high of 12.8 p.c. in 1974.

Chart 10.

COMPANIES : SHORT-TERM FINANCIAL LIABILITIES TO BELGIAN FINANCIAL INTERMEDIARIES; OUTSTANDING AMOUNT OF NET COMMERCIAL CLAIMS ON FOREIGN COUNTRIES <sup>1</sup> AND OF REGULATED CREDITOR ACCOUNTS IN FOREIGN CURRENCIES <sup>2</sup>

(Changes compared with amount outstanding at end of previous quarter <sup>3</sup>)



<sup>1</sup> Credits financed by exporting enterprises or granted to importing enterprises.

<sup>2</sup> These are accounts with Belgian and Luxembourg banks.

<sup>3</sup> Seasonally adjusted figures.

Table 4.

FINANCIAL LIABILITIES OF COMPANIES <sup>1</sup>*(Changes in billions of francs)*

	At short term to			At long term to						Grand total
	Belgian financial intermediaries	foreign countries	Total	Belgian financial intermediaries	of which : bonds issued by public operating organisations	Belgian non-financial sectors		foreign countries	Total	
						by bond issues	by share issues			
1971 .....	+ 29	+ 6	+ 35	+ 20	(+ 9)	+ 5	+ 9	+ 11	+ 45	+ 80
1972 .....	+ 32	+ 5	+ 37	+ 28	(+ 9)	+ 9	+ 4	+ 6	+ 47	+ 84
1973 .....	+ 40	+ 8	+ 48	+ 30	(+ 6)	+ 9	+ 4	+ 13	+ 56	+ 104
1974 .....	+ 27	+ 19	+ 46	+ 39	(+ 6)	+ 12	+ 3	+ 20	+ 74	+ 120
1975 .....	+ 45	+ 16	+ 61	+ 42	(+ 15)	+ 12	+ 2	+ 20	+ 76	+ 137
1976 .....	+ 59	+ 8	+ 67	+ 35	(- 4)	+ 22	+ 1	+ 26	+ 84	+ 151
1977 .....	+ 54	+ 17	+ 71	+ 27	(+ 16)	+ 1	+ 9	+ 27	+ 64	+ 135
1978 .....	+ 34	+ 8	+ 42	+ 48	(+ 17)	+ 9	+ 10	+ 32	+ 99	+ 141
1978 First 10 months .....	+ 26	+ 4	+ 30	+ 37	(+ 13)	+ 10	+ 10	+ 24	+ 81	+ 111
1979 First 10 months .....	+ 61	+ 2	+ 63	+ 25	(+ 1)	+ 2	+ 5	+ 21	+ 53	+ 116

<sup>1</sup> See note 1 to Table 2.

As the already-mentioned growth in companies' own financial resources was only slightly smaller than that in their investment, their net financing requirements represented only 1.8 p.c. of the gross national product, against 1.7 p.c. in 1978 and an all-time high of 6.4 p.c. in 1974, when there was an investment boom.

This virtual absence of change in the net financing requirements of companies must also, by definition, be reflected in the financial data, although the latter, like the figures which determine these requirements, are only approximate. The available data, which apply only to the first ten months of the year, actually indicate a reduction in the financial deficit, which declined from Fr. 56 billion in 1978 to Fr. 32 billion. Companies did in fact form distinctly more financial assets (Fr. 84 billion, against Fr. 55 billion), whereas their indebtedness increased only slightly (Fr. 116 billion, against Fr. 111 billion).

Companies' financial claims on Belgium and those on foreign countries both increased more than in 1978. Among the former, those in foreign currencies rose, whereas they had been reduced in 1978. With regard to the latter, the formation of commercial claims was obviously stimulated by the expectation of alterations in exchange rates.

As is shown by Chart 10, the formation by companies of financial assets in foreign currencies and of commercial claims as described above was partly financed by short-term borrowing, the outstanding amount of which consequently rose, during the first ten months, by Fr. 63 billion in 1979, against Fr. 30 billion.

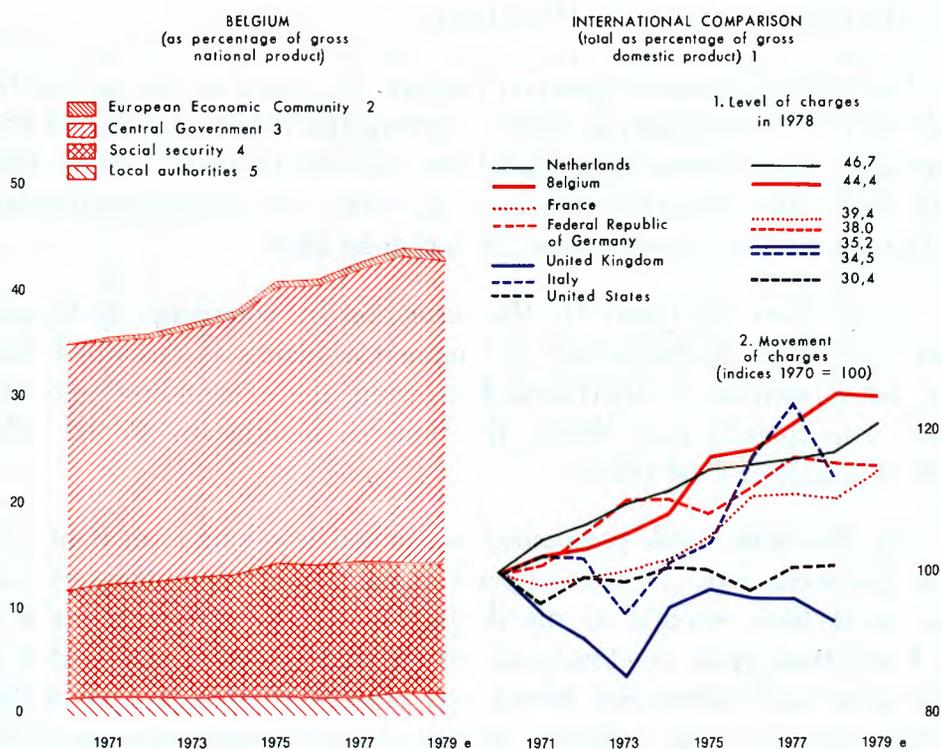
On the other hand, companies contracted less long-term debts than in the previous year. A striking point in this connection is the very small increase in their recourse to the Belgian non-financial sectors. On the one hand, there were practically no net issues of bonds : in particular, the Telegraphs and Telephones Board was obliged to refrain from making an issue owing to the tightness of the capital market, whereas it had placed a very large loan the previous year; this factor incidentally also explains the slackening of the growth in long-term liabilities to the Belgian financial intermediaries. On the other hand, public equity issues were also small; in this connection it must be borne in mind that the electricity undertakings, which traditionally resort fairly often to this method of financing, did not maintain the previous years' very high level of capital investment.

### c) Public authorities

From 1970 to 1978 the taxes and social contributions levied by the public authorities as a whole constantly displayed a rate of growth higher than that of the gross national product. The ratio between the two magnitudes in fact reflected a steady increase in the fiscal and parafiscal burden, which, furthermore, grew faster than in the main European countries or the United States; at the end of the period the only country among those in question with a greater pressure than that in Belgium was the Netherlands.

Chart 11.

#### FISCAL AND PARAFISCAL CHARGES



1 Sources : Organisation for Economic Cooperation and Development, Public revenue statistics of the member countries of the Organisation for Economic Cooperation and Development; figures based on the calendar year, except for the United States (1979 : national sources).

2 Revenue transferred as own resources to the European Communities (mainly customs duties and, since 1979, part of the value-added tax), agricultural levies and levies of the European Coal and Steel Community. Source : European Economic Community.

3 Including officials' contributions for surviving dependants' pensions (widows and orphans), but less repayments of sales tax incorporated in stocks upon the entry into force of the value-added tax (1972 to 1975). Source : Ministry of Finance, Economic regrouping of the Central Government's transactions.

4 Source : National Statistical Institute.

5 Including officials' contributions for surviving dependants' pensions (widows and orphans). Sources : National Statistical Institute and Ministry of Finance, Economic regrouping of the transactions of the public authorities as a whole.

During the past year, however, this movement stopped : the fiscal and parafiscal burden would appear to have increased by about 7.3 p.c., while the estimated rate of growth of the gross national product was slightly higher.

This stabilisation, or even slight decline, is attributable to a number of factors. On the one hand, there were no new tax-increasing measures and the Treasury's tax revenue was affected by the absence of the double levying of the additional income tax for the benefit of the local authorities which had taken place, as an exceptional measure, the previous year. Moreover, the tax exemptions in favour of enterprises, intended in particular to encourage them to invest, were renewed for a further period and even extended. Thus the measures which were already being applied in 1978 — such as the relaxation of the tax regulations concerning depreciation in favour of new capital investment and the exemption from tax of dividends paid on newly-issued shares — were supplemented by other reliefs, especially the exemption from income tax up to an amount equal to 15 p.c. of the value of the additional investments. Furthermore, the index-linking of the tax scales introduced a few years ago in favour of individuals whose incomes do not exceed a certain ceiling was extended.

All in all, the normal effects of the progressiveness of the taxes levied by the Treasury — especially the direct taxes — were almost neutralised, so that the rate of growth of the yield of these taxes was much the same as that of the national product : for the first eleven months of the year it was 8.3 p.c. This additional revenue did not, however, remain wholly at the disposal of the Treasury owing to a change in the financing of the European Communities whereby the latter, in addition to the present income from import duties and agricultural and other levies, will henceforth have at their disposal part of the proceeds of the value added tax; during the past year the Belgian contribution under this arrangement amounted to Fr. 14 billion.

On the other hand, as there were no new measures adding to the parafiscal burdens, the social security contributions — owing to the ceilings on the amounts of income taken into consideration as the basis for calculation of some of them — increased less than the national product, as had in fact already been the case in 1978.

There was, however, an appreciable growth in the public authorities' other non-fiscal receipts, mainly the income from the activity of public-

sector financial intermediaries. Thus the overall revenue of the public authorities<sup>1</sup> — excluding the proceeds of the sale of goods and services and capital revenues other than property taxes — appear to have increased by 7.7 p.c., against 10 p.c. the previous year. If the European Communities' own resources are disregarded, the rise is only 6.6 p.c.

The rate of growth of total public expenditure<sup>2</sup> — after elimination of internal transfers — was distinctly higher and appears to have amounted to 10.7 p.c. Thus the proportion of the gross national product represented by this expenditure increased further, as it had done almost uninterruptedly throughout the 1970s. The slowing-down compared with the 1978 rate, which was 11.1 p.c., was relatively slight, although, as a result of the afore-mentioned change in the method of financing of the European institutions, certain transfers to foreign countries were no longer a burden on the national budget. The efforts made by the Government to get the growth in public expenditure better under control, more specifically by the adoption of a « zero growth » rule, whereby, with some important exceptions, expenditure was not allowed to increase faster than the price rises expected for 1979, have obviously not yet produced the results hoped for.

Even though, in accordance with certain provisions contained in the « Anti-crisis Law » of August 1978 and in the budget proposals for 1979, certain current items of Treasury expenditure were curbed, part at least of this curbing was only achieved through a reduction in transfers to the other public sectors — the local authorities and the social security institutions — without any measures being taken to reduce the expenditure of these sectors. On the contrary, as far as social security is concerned, the uncontrolled growth in health and disability insurance persisted and the expenditure of the pensions sector increased substantially owing to the new advantages granted by the Government at the end of 1978. Thus the overall effect of the limitation of Treasury transfers to the other public authorities was not a curbing of total public expenditure but a shifting of the Treasury deficit to these other sectors.

Furthermore, the Government emphasised from the outset the fact that the « zero growth » rule was not applicable either to certain items of expenditure connected with the crisis, such as the financing of

<sup>1</sup> See Annex 6, Table 2.

<sup>2</sup> See Annex 6, Table 3.

government measures to combat unemployment, or to certain expenditure items which are almost irreducible, such as, chiefly, the interest service of the national debt. Hence the total of direct Treasury subsidies for unemployment and job-creation — actually part of the unemployment benefits and the measures to promote employment which compose the so-called « Spitaels Plan » — rose from Fr. 68 billion in 1978 to Fr. 82 billion, an increase of 21 p.c., connected with the rise in unemployment and in the number of beneficiaries of the « Spitaels Plan ». For their part, the interest charges on the debt of the public authorities as a whole increased by about 20 p.c. For the Treasury they went up by 30 p.c., from Fr. 91 billion in 1978 to Fr. 118 billion, owing to the big rise in the debt in 1978 and the high money market rates in 1979. The ratio of these charges to the Treasury's total current expenditure has gone up considerably since 1975 and is already over 11 p.c. — a development which has an increasingly paralysing effect on budgetary policy.

When the 1979 budget was presented, the Government announced its intention to revive economic activity by means of an extensive programme of public investment. Although it was decided in the course of the year to implement only 80 p.c. of this programme, the actual measures nevertheless appear to have led to an appreciable increase compared with 1978; in the latter year, admittedly, the carrying-out of the investments lagged considerably behind the programmes. For the Central Government as a whole, thus including the debudgetised sector, this expenditure category appears to have increased by 16 p.c. in value. If account is also taken of a moderate rise in investment for private education and that of the local authorities, the rate of growth of total public investment still amounts to 13 p.c., so that, for the first time since 1971, the share of investment in total public expenditure appears to have increased slightly.

Lastly, within the framework of its industrial restructuring policy, the Government made substantial amounts of funds available to the iron and steel industry in the form of public shareholdings and interest rebates. The outlays involved were not, however, included in the budget estimates for 1979.

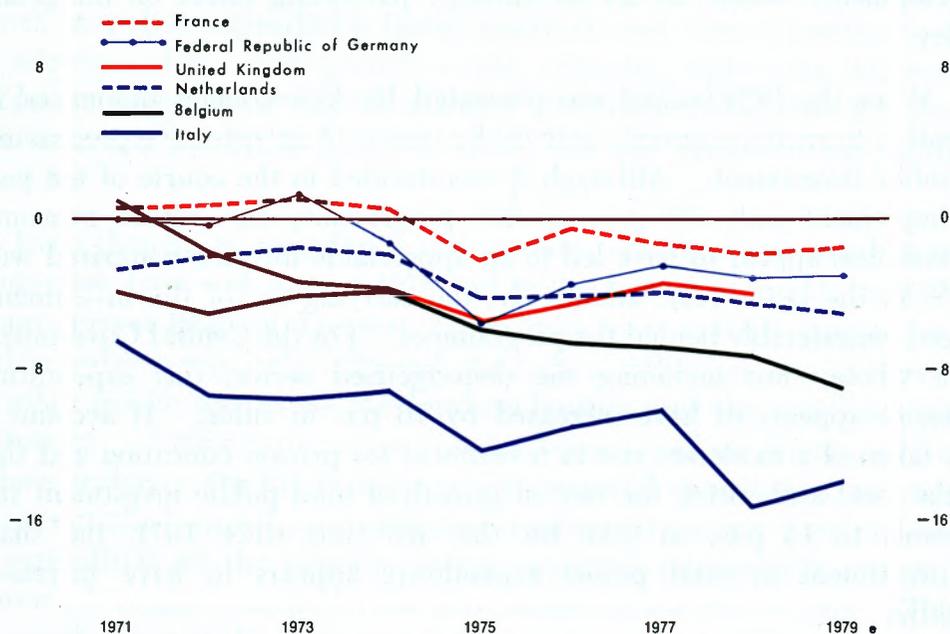
As the public authorities' expenditure rose considerably faster than their revenue, there was a further substantial increase in the deficit to be financed.

According to the financial statistics compiled by the Bank and an estimate of the social security accounts, the net deficit to be financed of the public authorities as a whole appears to have risen from 7.2 p.c. of the gross national product to 8.9 p.c.

Chart 12.

INTERNATIONAL COMPARISON OF THE NET FINANCIAL  
SURPLUSES (+) OR DEFICITS (-) (ON A CASH TRANSACTIONS BASIS)  
OF THE PUBLIC AUTHORITIES AS A WHOLE

(As percentages of gross national product)



Sources : Belgium : National Bank of Belgium.  
Netherlands : Netherlands Bank.  
Other countries : data of the Organisation for Economic Cooperation and Development supplemented by data from national sources.

A comparison of the proportions in question in the main member countries of the European Economic Community appears particularly unfavourable to Belgium; only in Italy is the percentage higher.

Chart 12 also shows that during the crisis year 1975 the ratio between the deficit to be financed and the national product rose sharply in all the countries in question, but that in most cases there was a certain improvement, or at least a relative stabilisation, during the subsequent years. In the case of the Belgian public authorities, on the other hand, the growth in the deficit to be financed continued unabated : the structural nature of this deterioration is beyond doubt. During the past year this deterioration affected all the public-authority sectors.

Table 5.

PUBLIC AUTHORITIES' NET BALANCES TO BE FINANCED <sup>1</sup>

	Treasury <sup>2</sup>	Other Central Government <sup>3</sup>	Local authorities <sup>4</sup>	Social security <sup>5</sup>	All public authorities	Total as percentage of gross national product
	(billions of francs)					
1971 .....	- 34	- 18	- 16	+ 14	- 54	3.8
1972 .....	- 64	- 23	- 7	+ 15	- 79	5.0
1973 .....	- 51	- 21	- 16	+ 17	- 71	4.0
1974 .....	- 57	- 21	- 20	+ 18	- 80	3.8
1975 .....	- 110	- 24	- 23	+ 20	- 137	5.9
1976 .....	- 133	- 21	- 29	+ 12	- 171	6.5
1977 .....	- 168	- 20	- 19	+ 16	- 191	6.7
1978 .....	- 183	- 14	- 27	+ 3 <sup>p</sup>	- 221	7.2
1979 ..... <i>e</i>	- 212	- 28	- 35	- 20	- 295	8.9

<sup>1</sup> The data in Table 5 are the result of the recording of financial transactions by the National Bank of Belgium (except for social security; source : National Statistical Institute) and may therefore differ from the data contained in Annex 6, Tables 2 and 3. The minus sign indicates a financial deficit after transfers from or to the other public authorities, the plus sign indicates a financial surplus after these transfers.

<sup>2</sup> See Table 6.

<sup>3</sup> Changes in the debudgetised debt borne by the Treasury and in the net indebtedness of some central government agencies other than the Treasury. See Annex 6, Table 5, item 4.

<sup>4</sup> Net loan issues by big towns and changes in net liabilities to the Belgian Municipal Credit Institution and the other financial intermediaries.

<sup>5</sup> Current savings of the social security institutions, including the Overseas Social Security Office and the Supplementary Assistance Funds, less their investments. Source : National Statistical Institute.

As far as the local authorities are concerned, the deficit was financed by increased recourse to the Belgian Municipal Credit Institution and, to a smaller extent, by direct borrowing by the big cities on the capital market.

The social security sector, which, after the subsidies granted by the Central Government have been taken into account, still had a slight surplus in 1978, showed a deficit of about Fr. 20 billion. This was met partly by recourse to credit granted by the financial intermediaries and a lengthening of the payment periods for some benefits (especially in the « sickness and disability insurance » sector) and, for the remainder, by drawing on the reserves built up previously, especially in the pensions sector. As the social security system's reserves are for the most part traditionally invested in long-term public securities, their reduction led to the disappearance of resources previously at the disposal of the Treasury, so that the latter's financing problems were further aggravated.

For its part, the increase in the indebtedness of the Central Government other than the Treasury was also distinctly greater, almost entirely owing to the funds made available to the iron and steel industry by the National Industrial Credit Company on behalf of the State. These operations are not included in the official national debt; they were added to the debudgetised debt.

Despite the Government's efforts to curb spending, the growth in the official national debt was appreciably larger than in 1978.

Even more than in the preceding years, the Treasury was faced by serious financing difficulties. Even though gross issues of long-term loans in Belgian francs provided Fr. 22 billion more than in 1978, the big increase in the amounts required for redemption of the national debt caused the net resources obtained by the issue of these loans, i.e. Fr. 126 billion, to fall considerably short of their previous year's level. The net increase in the floating debt in Belgian francs, excluding direct and indirect recourse to the Bank, amounted to Fr. 7 billion and was thus likewise below the 1978 figure. On the one hand this development is attributable to the fact that there was a smaller increase in 1979 in the amount of Treasury certificates held by Belgian and Luxembourg banks and private savings banks. On the other hand, there was a decline in the short-term resources which the Treasury was able to obtain from the public financial institutions or operating organisations, even though some of these borrowed abroad. During the year, however, the latter temporarily invested part of the proceeds of their foreign-currency loans in Treasury certificates, thus for a time providing the Treasury with additional financial resources.

Under the circumstances outlined above, the Treasury again had to resort to the Bank. But the direct credit facility amounting to Fr. 37 billion had already been exhausted long ago. Throughout the year, therefore, the Treasury was obliged to have recourse — to a varying extent, it is true — to indirect assistance from the Bank via the Securities Regulation Fund. At the end of the year this recourse amounted to over Fr. 52 billion, or nearly Fr. 37 billion more than at the end of 1978.

Table 6.

MEETING OF THE TREASURY'S NET FINANCING REQUIREMENTS  
(Changes in official debt in billions of francs)

	Direct and indirect recourse to the National Bank of Belgium				Other debt in Belgian francs		Grand total 2
	Treasury certificates held by the Bank (margin)	Treasury certificates held by the Securities Regulation Fund and financed by advances from the Bank	Debt in foreign currencies 1	Total	Floating	Consolidated	
1971 .....	- 8	...	- 28	- 36	+ 8	+ 62	+ 34
1972 .....	- 4	+ 2	- 14	- 16	+ 2	+ 78	+ 64
1973 .....	- 1	- 2	- 4	- 7	- 4	+ 62	+ 51
1974 .....	+ 5	...	- 2	+ 3	+ 3	+ 51	+ 57
1975 .....	- 1	+ 3	- 1	+ 1	+ 14	+ 95	+ 110
1976 .....	+ 16	+ 1	- 1	+ 16	+ 35	+ 82	+ 133
1977 .....	+ 16	...	- 1	+ 15	+ 18	+ 135	+ 168
1978 .....	...	+ 13	+ 12	+ 25	+ 14	+ 144	+ 183
1979 .....	...	+ 37	+ 42	+ 79	+ 7	+ 126	+ 212

1 As their proceeds are surrendered by the Treasury to the National Bank of Belgium against Belgian francs, these foreign-currency loans can also be regarded as indirect recourse to the Bank.

2 See Annex 6, Table 5, item 3.

Moreover, owing to the extent and duration of its financing requirements, the Treasury also considerably further increased its recourse, which had begun at the end of 1978, to foreign-currency loans : about Fr. 42 billion of additional funds was borrowed in this way. The afore-mentioned long-term foreign-currency loans obtained by certain public organisations, for their part, amounted to about Fr. 29 billion.

### 3. TRANSACTIONS OF THE BELGIAN-LUXEMBOURG ECONOMIC UNION WITH FOREIGN COUNTRIES.

The exceptionally large surpluses left by current transactions with foreign countries during the first part of the 1970s were followed, from 1976 onwards, by deficits, which became very large from 1977 onwards, chiefly owing to the deterioration in foreign trade. By definition, these deficits have as their counterpart a positive balance of capital transactions as a whole, including the movement of the Bank's foreign exchange reserves.

The trend of the balance of current transactions depends mainly on the disparities between the rate of growth of demand in the national economy and the rest of the world, the movement of the terms of trade and the changes in competitiveness in the broadest sense of the term.

Table 7.

#### BALANCES OF CURRENT TRANSACTIONS OF VARIOUS INDUSTRIALISED COUNTRIES WITH FOREIGN COUNTRIES

*(As percentages of gross national product)*

	1970-1973	1977-1978	1979 c
Belgian-Luxembourg Economic Union .....	+ 2.9	- 0.9	- 2.6
Netherlands .....	+ 1.7	- 0.4	- 0.5
Federal Republic of Germany .....	+ 0.7	+ 1.1	- 0.2
France .....	...	+ 0.1	+ 0.3
Italy .....	+ 0.5	+ 2.0	+ 2.2
Denmark .....	- 1.8	- 3.1	- 4.5
United Kingdom .....	+ 0.4	+ 0.5	- 1.5
United States .....	...	- 0.7	- 0.1
Japan .....	+ 1.3	+ 1.6	- 0.7

Source : Organisation for Economic Cooperation and Development.

An important point in this connection is that the worsening of the Belgian-Luxembourg Economic Union's current balance since the period 1970-1973 has been appreciably greater than in the case of the other industrialised countries with which the comparison is made. Consequently, specific factors must have contributed to the deterioration.

Table 8.

CURRENT TRANSACTIONS WITH FOREIGN COUNTRIES <sup>1</sup>*(Billions of francs)*

	Transactions in goods					Services <sup>4</sup>	Private transfers <sup>5</sup>	Public transfers <sup>6</sup>	Grand total (i) = (e) + (f) + (g) + (h)
	Exports <sup>2</sup> (a)	Imports <sup>2</sup> (b)	Balance (c) = (a) - (b)	Third-country trade <sup>3</sup> (d)	Total (e) = (c) + (d)				
Average 1970-1973 .....	582	542	+ 40	+ 5	+ 45	+ 9	+ 2	- 11	+ 45
1974 .....	976	966	+ 10	+ 14	+ 24	+ 15	+ 1	- 15	+ 25
1975 .....	902	916	- 14	+ 17	+ 3	+ 28	- 3	- 19	+ 9
1976 .....	1,049	1,096	- 47	+ 21	- 26	+ 43	- 6	- 13	- 2
1977 .....	1,206	1,281	- 75	+ 26	- 49	+ 46	- 7	- 16	- 26
1978 .....	1,286	1,333	- 47	+ 9	- 38	+ 30	- 6	- 14	- 28
1978 First 9 months .....	942	987	- 45	+ 9	- 36	+ 22	- 4	- 12	- 30
1979 First 9 months ..... <i>p</i>	1,088	1,155	- 67	+ 15	- 52	+ 4	- 8	- 9	- 65

<sup>1</sup> Balance of transactions, except for the items « Exports » and « Imports ». Including, since 1977, transactions paid for by offsetting.

<sup>2</sup> Estimated actual transactions. Including commission processing and non-monetary gold.

<sup>3</sup> Goods bought and resold abroad by residents. From 1976, estimated actual transactions.

<sup>4</sup> See Annex 6, Table 6.

<sup>5</sup> This item mainly consists, on the expenditure side, of funds transferred to their countries of origin by foreign workers living in the Belgian-Luxembourg Economic Union and, on the receipts side, of remuneration available in Belgium to Belgians working abroad for the purpose of technical assistance.

<sup>6</sup> This item mainly consists, on the expenditure side, of technical assistance and of government contributions to European institutions and, on the receipts side, of the payments made by the European Agricultural Guidance and Guarantee Fund to farmers resident in Belgium and the Grand Duchy of Luxembourg.

Table 9.

DEVELOPMENT BETWEEN 1970-1973 AND 1977-1978 OF THE FOREIGN TRADE,  
BY PRODUCTS <sup>1</sup>, OF VARIOUS INDUSTRIALISED COUNTRIES <sup>2</sup>

	Non- energy raw materials [(0)+(1) +(2)+(4)]	Energy products (3)	Manufac- tured products [(5) to (8)]	Non- classi- fied products (9)	Total [(0) to (9)]
Belgian-Luxembourg Economic Union .....	+ 0.6	- 1.4	- 3.4	+ 0.3	- 3.9
Netherlands .....	- 0.5	...	- 0.3	...	- 0.8
Federal Republic of Germany .....	+ 0.5	- 1.4	+ 1.3	+ 0.1	+ 0.5
France .....	- 0.4	- 1.7	+ 1.1	+ 0.2	- 0.8
Italy .....	- 0.2	- 2.8	+ 4.8	+ 0.2	+ 2.0
Denmark .....	- 0.7	- 1.4	+ 1.3	- 0.1	- 0.9
United Kingdom .....	+ 0.9	- 0.2	- 0.5	+ 0.1	+ 0.3
United States .....	+ 0.3	- 1.7	- 0.1	+ 0.1	- 1.4
Japan .....	+ 1.0	- 1.7	+ 1.7	- 0.1	+ 0.9

Source : Organisation for Economic Cooperation and Development.

<sup>1</sup> According to the revised Standard International Trade Classification. The figures in brackets below the products are the numbers of the subdivisions of the above-mentioned classification.

<sup>2</sup> The figures in the table represent, for each country, the difference between, on the one hand, the balance of trade in respect of the products in question expressed as a percentage of the gross domestic product in 1977-1978 and, on the other hand, the corresponding balance in 1970-1973.

Not only has trade in energy products shown a growing deficit, as in nearly all industrialised countries, but, furthermore, trade in manufactured products, unlike in other countries, produced a distinctly less favourable balance.

As far as energy products are concerned, the rise in the price of imports has been by far the most important factor. For manufactured products the terms of trade have also deteriorated somewhat but, in addition, the volume of imports has expanded faster than that of exports.

The relatively rapid increase in imports of manufactured products since 1970-1973 does not appear to be primarily attributable to a greater growth in overall domestic demand than in other countries. It is more a reflection of the fact that the domestic market has been more receptive to foreign products than in other countries. To a certain extent, this substitution of imported products for domestic products reveals a loss of competitiveness.

As for exports of manufactured products, these have grown less rapidly than world imports. This has led, for the Belgian-Luxembourg Economic Union, to losses of market shares. The comparisons made in this connection with other countries or groups of countries are unfavourable

Table 10.

MARKET SHARES FOR MANUFACTURED PRODUCTS <sup>1</sup>

(Percentages)

	Average 1970-1978	1977	Percentage changes
	(a)	(b)	(c) = $\frac{(b) - (a)}{(a)} \times 100$
<i>1. Share of imports from the countries or areas in question in the total imports of the countries of the Organisation for Economic Cooperation and Development :</i>			
Belgian-Luxembourg Economic Union .....	6.1	5.6	- 8.2
Rapidly industrialising countries <sup>2</sup> .....	3.5	5.8	+ 65.7
Other developing countries .....	2.4	2.8	+ 16.7
Planned-economy countries .....	1.9	2.2	+ 15.8
Japan .....	7.2	8.7	+ 20.8
Other countries <sup>3</sup> .....	78.9	74.9	- 5.1
<i>2. Share of exports of the countries in question in the total exports of the countries of the Organisation for Economic Cooperation and Development :</i>			
Belgian-Luxembourg Economic Union .....	5.6	5.2	- 7.1
Netherlands .....	4.4	4.3	- 2.3
Federal Republic of Germany .....	19.4	16.8	- 13.4
France .....	8.6	9.1	+ 5.8
Italy .....	6.9	7.1	+ 2.9
Denmark .....	1.1	1.0	- 9.1
United Kingdom .....	9.4	8.5	- 9.6
United States .....	16.3	14.9	- 8.6
Japan .....	12.1	14.4	+ 19.0

Source : Organisation for Economic Cooperation and Development.

<sup>1</sup> Headings 5 to 8 of the revised Standard International Trade Classification, except for non-ferrous metals (division 68), which are more in the nature of raw materials than manufactured products.

<sup>2</sup> Singapore, South Korea, Taiwan, Hong Kong, Mexico, Brazil.

<sup>3</sup> Mainly the other countries of the Organisation for Economic Cooperation and Development.

to the Economic Union when we consider the movement of the shares of imports from these countries in the total imports of the countries of the Organisation for Economic Cooperation and Development : like the

group consisting mainly of old industrialised countries, the Economic Union has suffered a loss of market shares, which, however, has been greater than for the group as a whole. But the comparisons are much less unfavourable when we look at the movement of the shares of the exports of the countries considered in the second part of Table 10 in the total exports of the OECD countries : four countries have suffered losses of market shares larger than those of the Economic Union.

There are various reasons for the Belgian-Luxembourg Economic Union's unsatisfactory export results as regards manufactured products. First of all, the product structure of exports seems to be insufficiently adapted to foreign demand. Despite the progress made in this field in recent years, the pattern of exports still reflects too great a concentration on products for which demand has not been growing much, such as steel, and, conversely, too little specialisation in progressive products. Secondly, exports are not directed sufficiently towards the developing countries, whereas these, or at least some of them, are rapidly expanding markets; in 1977 the proportion of the Belgian-Luxembourg Economic Union's exports of manufactured products going to these countries represented only 11 p.c. of the total of these exports, against 27 p.c. for the other countries of the Organisation for Economic Cooperation and Development as a whole. Furthermore, the Belgian-Luxembourg Economic Union was affected by the increased competition from the rapidly industrialising countries, as is shown by the figures in Table 10 concerning the trend of import shares by areas of origin. Lastly, it is found that cost prices expressed in a common currency rose faster in the Belgian-Luxembourg Economic Union than they did on average in the other leading industrialised countries.

Altogether the worsening of the trade balance between the period 1970-1973 and the period 1977-1978 amounted to about Fr. 101 billion, about half of this being attributable to the movement of prices and the other half to that in volumes, both having increased faster in the case of imports than in that of exports.

During the first nine months of 1979 the trade deficit, estimated on a transactions basis, amounted to Fr. 67 billion, against Fr. 45 billion the previous year. This deterioration was partly cyclical in nature : owing to the replenishment of stocks, imports increased more than exports.

Measured by the customs statistics, on the other hand, the trade deficit appears to have fallen from Fr. 91 to 80 billion. Despite the

worsening which began during the third quarter, the terms of trade<sup>1</sup> appear to have developed favourably over the nine-month period in question owing to the appreciable rises in world prices for some products, such as steel, of which the Belgian-Luxembourg Economic Union remains an important supplier; these rises also seem to have offset, at least during the period in question, the rise in the prices of petroleum products. Furthermore, the export volumes appear to have increased slightly faster than import volumes.

The divergence of these two statistical series is undoubtedly due in part to inaccurate estimates which have to be subsequently revised. As far as the balance of payments, in particular, is concerned, the inaccuracies are attributable to the still provisional nature of the corrections which are made in order to convert the payments statistics into transactions statistics.

For another subsection of transactions in goods, namely third-country trade, the traditional surplus rose from Fr. 9 billion in 1978 to Fr. 15 billion.

Services, too, regularly produce a surplus, which generally increased during the 1970s despite the growth in expenditure on foreign travel, thus partly offsetting the worsening of foreign trade. This surplus declined, however, in 1978, when there was a fall in the net receipts of Belgian and Luxembourg firms in respect of contracting work carried out abroad, and also last year, when there was also a deterioration in two other items, namely « income from direct and portfolio investments » and « brokers' fees, commissions and sundry commercial charges ». The decrease in net incomes from direct and portfolio investments is partly due to the fact that the banks' net liabilities to foreign countries, both in francs and in foreign currencies, increased and that the interest rates paid on these liabilities rose. As for the further worsening of the balance in respect of « contracting », this is attributable to the fact that this item no longer benefited by any large payments in respect of major works carried out in the oil-producing countries.

The deficit in respect of transfers — which, like the surplus on services account, is traditional — was Fr. 17 billion, or about the same as in 1978. Transfers include, on the receipts side, the payments made by the European Agricultural Guidance and Guarantee Fund to farmers in the Belgian-Luxembourg Economic Union and, on the expenditure side, income

<sup>1</sup> See Annex 6, Table 7.

transfers by immigrant workers and government contributions to the European institutions.

Capital transactions are shown in Tables 11 to 13. Those of the private sector, which appear in Table 11, include, in addition to spot transactions with foreign countries (which are the only ones recorded in the usual presentation of the balance of payments), residents' transactions in foreign currencies with domestic monetary institutions and forward transactions.

As a whole, the above-mentioned private-sector capital transactions resulted, for the first nine months, in a deficit of Fr. 22 billion. This was more than offset, however, as will be seen, by the surpluses due to the public sector's capital transactions.

The outflows of private capital are structural in nature; they averaged Fr. 8 billion per year during the period 1970-1978 (total of items 1 to 5 of Table 11). With regard more particularly to the net capital exports of enterprises and individuals to foreign countries (item 1), these were encouraged at the beginning of last year by the interest rate differentials between the domestic market and foreign markets; the satisfactory trend of the foreign exchange market then induced the Bank to pursue a policy of lowering interest rates in order to facilitate the revival of economic activity. However, this net capital export (Fr. 11 billion) was more than counterbalanced by the return flow of other capital of a speculative nature which had been exported previously, so that altogether the first quarter showed a positive balance of Fr. 22 billion in respect of private capital movements. During the subsequent months, too, outflows of funds were partly speculative in nature owing to anticipations about the movement of exchange rates; they were curbed, however, by the action taken by the Bank, which, in view of the new situation on the foreign exchange market, raised short-term interest rates.

In order to give an overall picture of the movements of private capital which were particularly influenced by speculative factors, the relevant figures are shown separately in Table 12 for comparable periods of instability of exchange rates, with a breakdown different from that of the general presentation in Table 11. It emerges that in the second quarter of 1979 the changes in net commercial credits to foreign countries gave rise to a net outflow of Fr. 16 billion, mainly owing to « leads and lags ». The movement of residents' net assets in foreign currencies in the form of deposits abroad and with Belgian and Luxembourg banks resulted

Table 11.

## SPOT AND FORWARD CAPITAL TRANSACTIONS OF THE PRIVATE SECTOR

(Billions of francs)

	Average 1970-1973	1974	1975	1976	1977	1978	1978 First 9 months	1979 p			
								1st quarter	2nd quarter	3rd quarter	First 9 months
1. Transactions of enterprises and individuals with foreign countries :											
1.1 Foreign direct and portfolio investments in B.L.E.U. ....	+ 27	+42	+41	+43	+53	+45	+31	+ 7	+ 9	+ 7	+23
of which :											
1.11 Direct investments <sup>1</sup> .....	(+13)	(+20)	(+15)	(+23)	(+22)	(+27)	(+21)	(+ 6)	(+ 4)	(+ 5)	(+15)
1.12 Loans .....	(+ 8)	(+22)	(+19)	(+ 8)	(+18)	(+14)	(+ 6)	(+ 1)	(+ 1)	(...)	(+ 2)
1.2 Direct and portfolio investments in foreign countries .....	-39	-46	-48	-44	-52	-54	-37	-18	-14	-21	-53
of which :											
1.21 Securities .....	(-27)	(-15)	(-36)	(-13)	(-18)	(-25)	(-16)	(- 6)	(- 4)	(- 4)	(-14)
1.22 Making (-) or withdrawal (+) of deposits :											
1.221 in Belgian and Luxembourg francs .	{ (- 3)	{ (-10)	{ (...)	{ (- 9)	{ (- 4)	{ (-11)	{ (- 7)	{ (- 3)	{ (- 3)	{ (- 8)	{ (-14)
1.222 in foreign currencies .....	{ (- 2)	{ (- 3)	{ (- 3)	{ (- 9)	{ (-13)	{ (- 1)	{ (- 2)	{ (...)	{ (- 2)	{ (- 2)	{ (- 4)
1.23 Direct investments <sup>1</sup> .....	(- 5)	(-13)	(- 2)	(- 7)	(- 9)	(- 9)	(- 6)	(- 4)	(- 2)	(- 4)	(-10)
Total 1 ...	-12	- 4	- 7	- 1	+ 1	- 9	- 6	-11	- 5	-14	-30
2. Net spot and forward assets in foreign currencies held by enterprises and individuals with Belgian and Luxembourg banks <sup>2</sup> .....	+ 6	-10	-13	...	+16	+19	+14	+11	-11	+ 1	+ 1
3. Net commercial claims on foreign countries <sup>3</sup> .....	- 8	...	+ 9	-21	- 7	-24	- 4	- 6	-16	+ 7	-15
4. Net spot and forward assets in Belgian and Luxembourg francs held by non-residents with Belgian and Luxembourg monetary institutions <sup>4</sup> .....	+ 9	- 3	+20	- 5	- 2	+ 8	- 1	+15	-10	- 3	+ 2
5. Spot and forward position in foreign currencies of Belgian and Luxembourg banks <sup>5</sup> .....	- 2	+ 4	- 7	- 8	- 4	+ 7	+ 9	+13	- 2	+ 9	+20
Total 1 to 5 ...	- 7	-13	+ 2	-35	+ 4	+ 1	+12	+22	-44	...	-22

<sup>1</sup> Formation of enterprises and acquisition of holdings, excluding loans.

<sup>2</sup> Plus sign : decrease in net assets of enterprises and individuals; minus sign : increase.

<sup>3</sup> Plus sign : decrease in claims; minus sign : increase.

<sup>4</sup> Plus sign : increase in net assets of non-residents; minus sign : decrease.

<sup>5</sup> Plus sign : decrease in net assets of banks; minus sign : increase.

N.B. The plus signs indicate capital inflows; the minus signs, outflows.

in a negative balance of Fr. 13 billion; non-residents' transactions in francs with the above-mentioned banks also resulted in a deficit of Fr. 13 billion. According to the provisional figures, capital outflows of a speculative nature were still taking place during the third quarter, but on a smaller scale.

Table 12.

PRIVATE-SECTOR CAPITAL TRANSACTIONS WHICH ARE PARTICULARLY SENSITIVE TO SPECULATIVE ANTICIPATIONS

(Billions of francs)

	Net commercial claims on foreign countries <sup>1</sup>	Residents' net assets in foreign currencies in the form of deposits abroad and with Belgian and Luxembourg banks <sup>2</sup>	Non-residents' net assets in francs with Belgian and Luxembourg monetary institutions <sup>3</sup>	Total
1976 1st quarter .....	- 16	- 3	- 26	- 45
3rd quarter .....	- 4	- 9	- 18	- 31
1977 4th quarter .....	- 15	- 12	- 13	- 40
1978 3rd quarter .....	+ 5	- 11	- 25	- 31
1979 2nd quarter ..... p	- 16	- 13	- 13	- 42

<sup>1</sup> Item 3 of Table 11.

<sup>2</sup> Item 1.222 + item 2 of Table 11.

<sup>3</sup> Less the assets held by foreign banks with Belgian banks, which represent the estimated counterpart of the deposits in francs made by residents with the afore-mentioned foreign banks. Owing to this correction, this column does not correspond to item 4 of Table 11 alone but to the sum of items 1.221 and 4 of that table.

Considered together, as presented in Table 11, deposits in foreign currencies and Belgian francs built up abroad amounted to Fr. 18 billion during the first nine months, against Fr. 9 billion in 1978 (items 1.221 and 1.222). The building-up of deposits in francs by residents was encouraged by attractive terms — high interest rates and the absence of the Preliminary Tax on Personal Property — offered abroad, including in the Netherlands, for deposits distinctly smaller than the minimum amounts laid down in Belgium for the corresponding large deposits. Outflows of Belgian francs in this form have no effect on the Bank's foreign exchange reserves, since these francs are re-lent by the foreign banks to the Belgian banks which are their correspondants.

Among the other private-sector capital movements, residents' direct investments abroad increased, while those of foreigners in the Belgian-Luxembourg Economic Union declined.

The losses of reserves suffered by the Bank as a result of the deficits, just described, in respect of current transactions and private-sector capital movements were partly offset by capital inflows due to the loans in foreign currencies contracted by the public sector. On the one hand, the Government borrowed from the Belgian and Luxembourg banks to the extent of about Fr. 38 billion; on the other hand, public enterprises took up loans abroad totalling Fr. 21 billion. The foreign currencies thus obtained were sold to the Bank. The majority were used by the Bank,

Table 13.

SPOOT CAPITAL TRANSACTIONS OF THE PUBLIC SECTOR

(Billions of francs)

	Average 1970-1973	1974	1975	1976	1977	1978	1978	1979 p
							First 9 months	
1. Transactions of public authorities :								
1.1 with foreign countries	- 7	- 4	- 4	- 3	...	+ 12	+ 8	+ 2
1.2 in foreign currencies with Belgian and Luxembourg banks <sup>1</sup>	- 9	...	...	+ 1	- 2	...	...	+ 38
Total 1 ...	- 16	- 4	- 4	- 2	- 2	+ 12	+ 8	+ 40
2. Transactions of public enterprises <sup>2</sup> with foreign countries .....	- 2	- 1	...	+ 9	+ 3	- 4	- 4	+ 21
Total 1 + 2 ...	- 18	- 5	- 4	+ 7	+ 1	+ 8	+ 4	+ 61

<sup>1</sup> Plus sign : increase in indebtedness in foreign currencies to banks; minus sign : decrease.

<sup>2</sup> Financial intermediaries and public operating organisations.

together with other balances, for interventions in support of the franc on the foreign exchange market, either directly or indirectly, i.e. in order to discharge liabilities to the European Monetary Cooperation Fund resulting from previous interventions by the Bank. The remainder went to increase the Bank's foreign exchange reserves and was sold forward by the latter to the public sector which had borrowed the foreign currencies. These forward sales are mentioned *pro memoria* in Table 14; during the first nine months they amounted to Fr. 4 billion.

Altogether, current and capital transactions resulted on balance — allowance being made for errors and omissions — in a deficit of

Table 14.

## SUMMARY OF TRANSACTIONS

*(Billions of francs)*

	Average 1970-1973	1974	1975	1976	1977	1978	1978	1979 <i>p</i>
							First 9 months	
1. Current transactions <sup>1</sup> .....	+ 45	+ 25	+ 9	- 2	- 26	- 28	- 30	- 65
2. Capital transactions :								
2.1 Spot and forward transactions of private sector <sup>2</sup>	- 7	- 13	+ 2	- 35	+ 4	+ 1	+ 12	- 22
2.2 Spot transactions of public sector <sup>3</sup> .....	- 18	- 5	- 4	+ 7	+ 1	+ 8	+ 4	+ 61
Total 2 ...	- 25	- 18	- 2	- 28	+ 5	+ 9	+ 16	+ 39
3. Errors and omissions .....	+ 1	+ 5	+ 11	+ 5	+ 12	+ 3	...	+ 2
4. (= 1 to 3) Total corresponding to the movement in the National Bank of Belgium's exchange reserves <sup>4</sup>	+ 21	+ 12	+ 18	- 25	- 9	- 16	- 14	- 24
<i>Pro memoria</i> : Foreign currencies to be delivered at forward dates by the National Bank of Belgium to the public sector (increase - ; decrease +) .....	(+ 7)	(+ 1)	(+ 1)	(...)	(...)	(- 12)	(- 7)	(- 4)

<sup>1</sup> See Table 8.<sup>2</sup> See Table 11.<sup>3</sup> See Table 13.<sup>4</sup> See Annex 6, Table 9.

Fr. 24 billion, against Fr. 14 billion in 1978. These transactions had as their counterpart corresponding effective movements in the Bank's foreign exchange reserves.

The statistical data available for the month of October do not make it possible to estimate current transactions completely on a transactions basis; more precisely, it has not been possible to exclude capital movements corresponding to the changes in the payment periods. In any case, the transactions thus recorded resulted in a deficit, mainly owing to transactions in goods. As for capital transactions, these led to a surplus, chiefly because of the gradual reconstitution of non-residents' balances in francs with banks — including the so-called « convertible » accounts — after the speculative withdrawals made during the second and third quarters.

For the year as a whole the Bank's interventions on the foreign exchange market in support of the Belgian franc totalled Fr. 113 billion, Fr. 23 billion of this being in the form of dollar sales and Fr. 90 billion in the form of sales of Community currencies. The currencies thus sold were partly taken from the Bank's foreign exchange reserves. The remainder were acquired by the sale of Ecus, by recourse to credit from the European Monetary Cooperation Fund and, above all, by use of part of the proceeds of the public sector's foreign-currency issues. In March one fifth of the Bank's gold and dollar reserves was transferred to the European Fund in exchange for Ecus under a swap agreement; this led to an increase — albeit only apparent — in the foreign exchange reserves of Fr. 35 billion, owing to the difference between, on the one hand, the market rates at which this transaction was carried out and, on the other hand, the rates at which these reserves had previously been shown in the accounts.

With regard to the situation on the foreign exchange markets<sup>1</sup>, the average weighted value of the Belgian franc on the regulated market, after having risen at the beginning of the year, fell from March until May when the U.S. dollar strengthened owing to the return flow of capital to the United States. Subsequently the rate for the franc improved again somewhat; in December however, it had still not quite reattained the level at which it stood at the beginning of the year. Within the European bloc of concerted floating of currencies — and after the incorporation of the « snake » in the new European Monetary System on

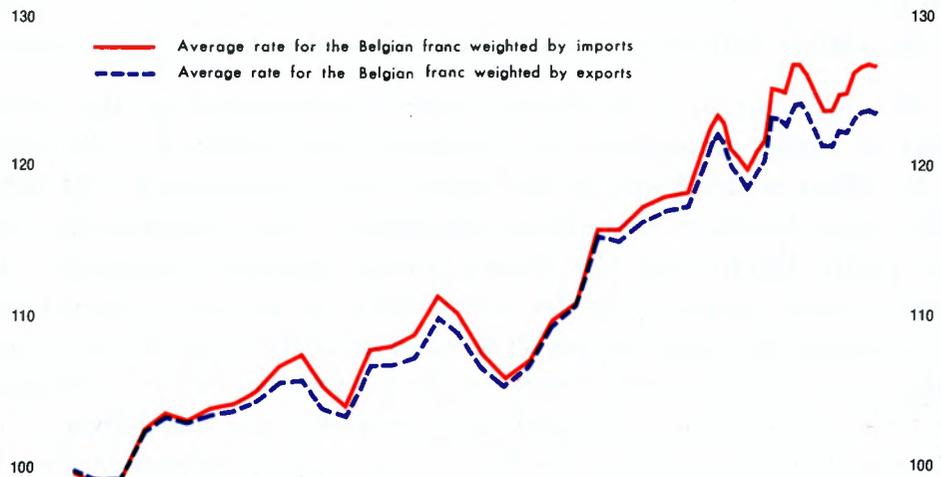
<sup>1</sup> See Annex 6, Table 10.

13th March — the Belgian franc was the weakest currency. It was almost constantly beyond its divergence threshold in May and June and on several occasions during the year it reached its compulsory intervention rate in relation to the Danish crown and the German mark. After the

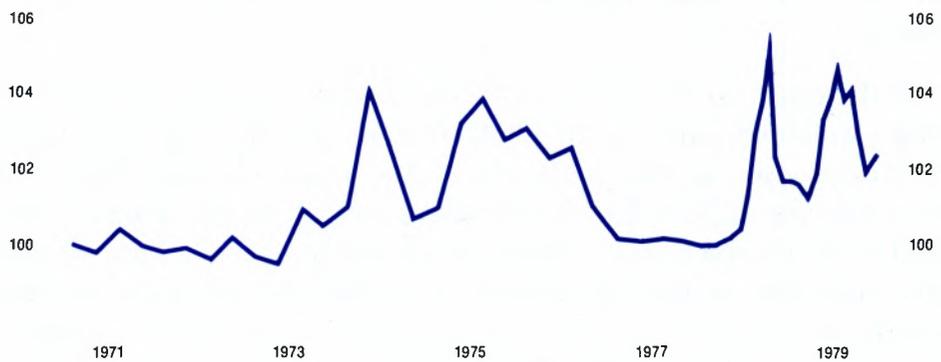
Chart 13.

EXCHANGE RATES <sup>1</sup>

WEIGHTED AVERAGE RATES FOR THE BELGIAN FRANC ON THE REGULATED FOREIGN EXCHANGE MARKET  
(Indices 1970 = 100)



RATE FOR THE DOLLAR IN BELGIAN FRANCS ON THE FREE FOREIGN EXCHANGE MARKET <sup>2</sup>  
(as a percentage of the rate on the regulated market)



<sup>1</sup> 1971 to 1978 : quarterly figures. 1970 : monthly figures.

<sup>2</sup> Formula :  $\frac{\text{Rate on the free market for transfers}}{\text{Rate on the regulated market}} \times 100.$

revaluation of the German mark on 24th September, that currency's premium in relation to the Belgian franc was considerably reduced; the premium of the Danish crown, on the other hand, rose again temporarily after its devaluation on the same date and also after that of 30th November. In the second half of December it was generally the French franc that showed the highest premium in relation to the Belgian franc. During that month the Belgian franc several times approached its divergence threshold.

On the free market the dollar rate in francs, expressed in daily averages per month, constantly showed a premium over the rate on the regulated market; this premium reached a maximum of 4.76 p.c. in July.

#### 4. SUMMARY OF ECONOMIC DEVELOPMENTS IN BELGIUM.

##### a) Production of goods and services

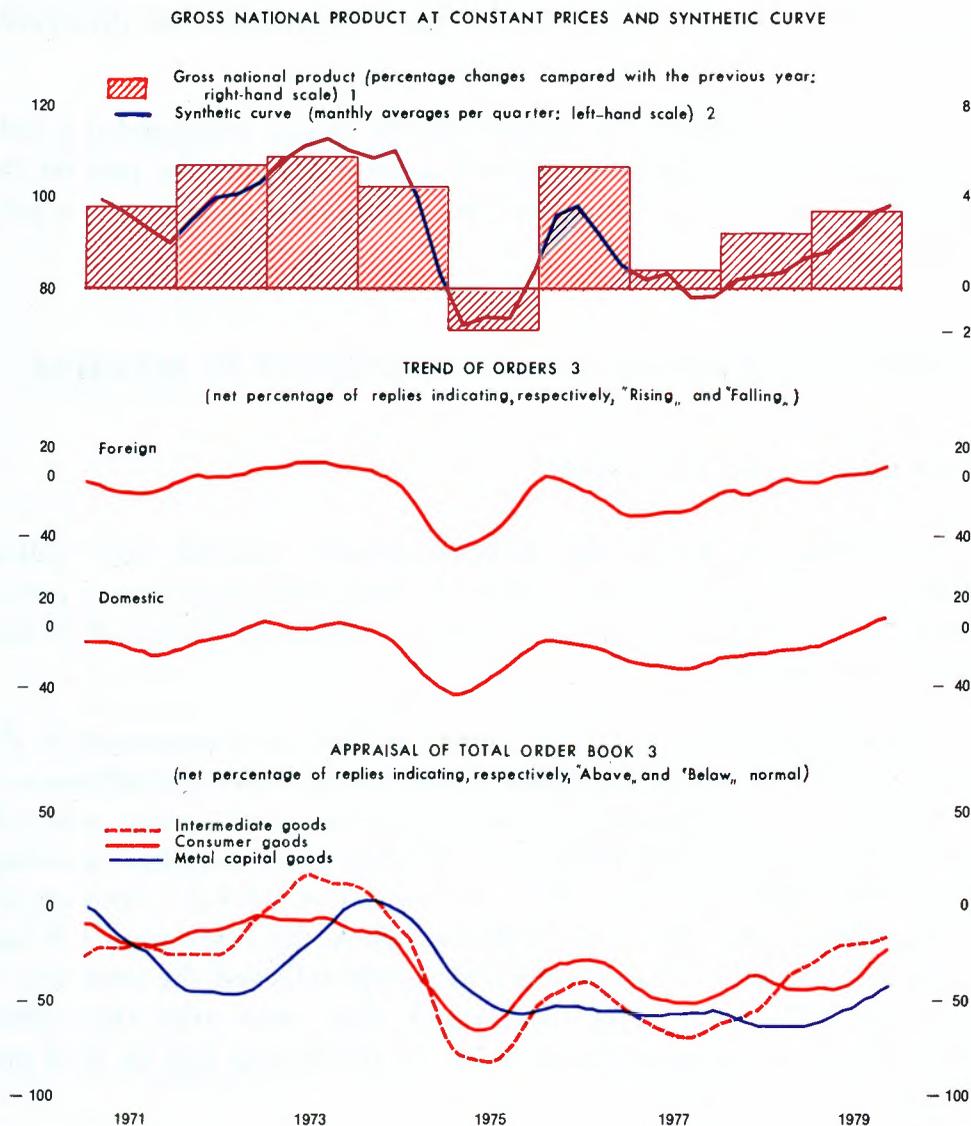
Production of goods and services clearly reflected the cyclical expansion : the gross national product, calculated at constant prices, appears to have increased by about 3.5 p.c., against 2.5 p.c. in 1978 and barely 0.9 p.c. in 1977.

The cyclical revival must be viewed against the background of the break in the trend which took place in 1974-1975 under the influence of the oil crisis. This explains why the above-mentioned growth rate falls short of the rates recorded during the preceding years of cyclical upswing, for instance 1968 and 1969, when rates of 4.3 and 6.5 p.c. respectively were achieved, and 1972 and 1973, for which the rates were 5.5 and 5.9 p.c. respectively. The last cyclical revival followed the recession of the second half of 1976 and 1977, which itself came after the sudden and transient expansion of the economy in the second half of 1975 and the early months of 1976.

The development of production in the primary sector has little connection with the general cyclical movement; it is determined more by non-cyclical factors. Thus the gross value added in agriculture appears to have increased slightly, whereas in the mining industry the structural decline in coal production remained the prevailing factor.

Chart 14.

GROSS NATIONAL PRODUCT AND RESULTS OF THE NATIONAL BANK OF BELGIUM'S INQUIRIES INTO THE TREND OF ECONOMIC ACTIVITY



1 Sources : National Statistical Institute. Calculations of the National Bank of Belgium. 1979 : estimate.  
 2 The numerical value of the synthetic curve is calculated from ten series of replies to the monthly inquiries into the trend of economic activity made by the Bank. The level 100 corresponds to the mean of the monthly numerical values of the synthetic curve during the period 1968-1978. In principle, a numerical value above or below 100 corresponds, respectively, to an economic situation more favourable or less favourable than normal. Last period : average October-November 1979.  
 3 Seasonally adjusted and smoothed series.

In the secondary and tertiary sectors as a whole, on the other hand, the first signs of a cyclical revival became apparent as early as the end of 1977 : the synthetic curve of the results of the inquiries into the trend of economic activity in industry and trade calculated by the Bank began to rise from then on. The degree of employment of the installed production capacities of the manufacturing industries, too, gradually increased, from 72 p.c. in October 1977 to 78 p.c. in September 1979, while the assured duration of activity also rose from a minimum of 2.8 months at the end of September 1977 to 3.5 months at the end of 1979. The improvement in the business climate was at first rather slow, but speeded up from the second half of 1978 onwards. Over the period considered as a whole the recovery was much slower and steadier and thus proved more lasting than the short, sharp expansion of the previous business cycle.

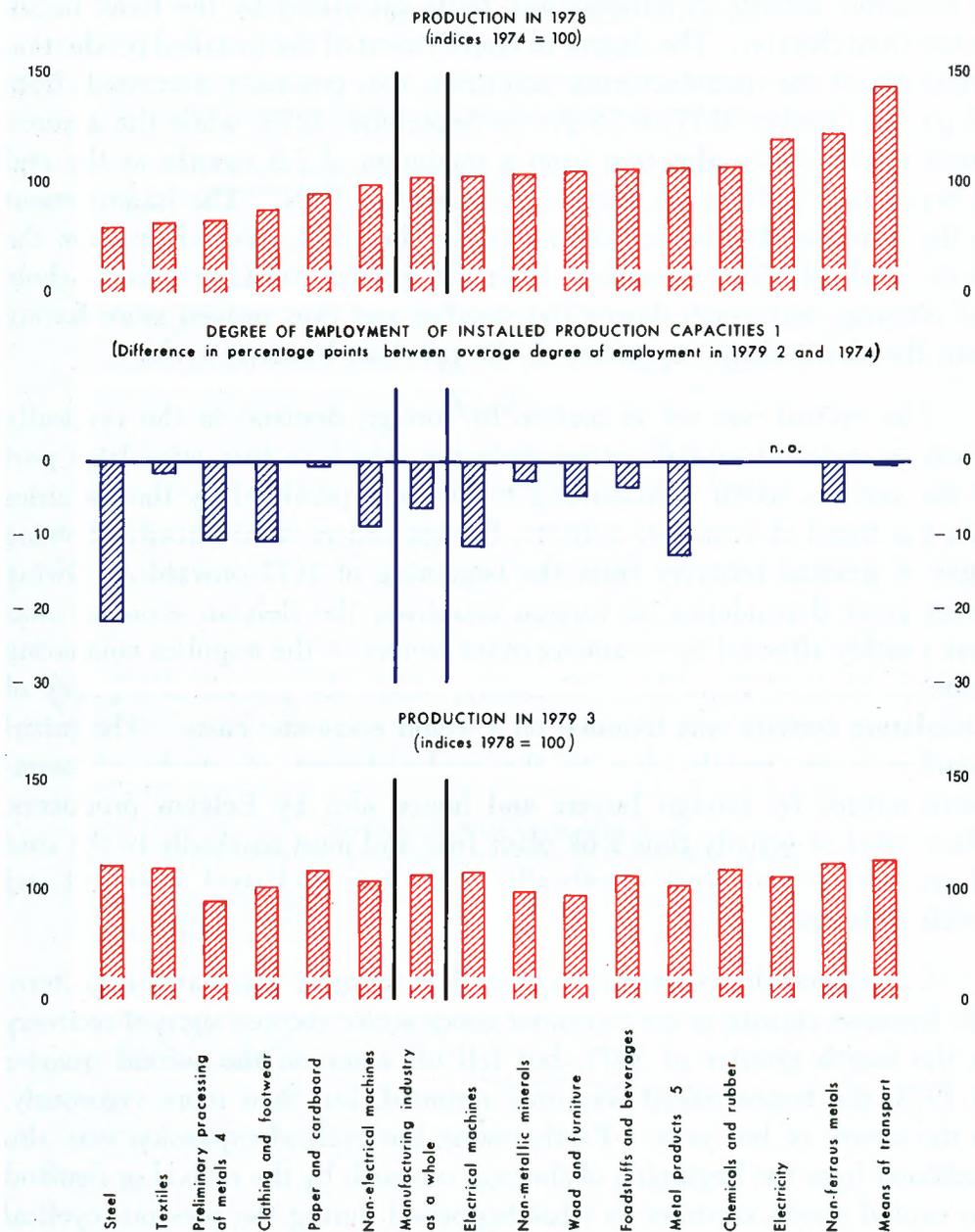
The revival was set in motion by foreign demand in the cyclically sensitive sector of manufacturing industry, which in turn stimulates part of the services sector. According to the data provided by the inquiries into the trend of economic activity, foreign orders were already showing signs of gradual recovery from the beginning of 1977 onwards. Owing to its great dependence on foreign countries, the Belgian economy was very quickly affected by — among other factors — the impulses emanating from the Federal Republic of Germany, where the pursuit of a policy of stimulating activity was founded on a sound economic basis. The initial impulses were mainly due to the replenishment of stocks of semi-manufactures by foreign buyers and hence also by Belgian producers. The revival of activity thus took place first and most markedly in the case of products of this type, specifically in the iron and steel, chemical and textile industries.

Subsequent developments more or less followed the classical pattern. The business climate in the consumer goods sector showed signs of recovery in the fourth quarter of 1977, but fell off again in the second quarter of 1978; the improvement was only resumed, but then more vigorously, in the course of last year. Furthermore, the cyclical expansion was also sustained from the beginning of the year onwards by the revival or demand for capital goods, contrary to what happened during the previous cyclical recovery stage in 1975-1976, when demand for capital goods played no part in stimulating activity.

For the manufacturing industries as a whole the gross value added at constant prices appears to have increased by about 5 p.c. The more

Chart 15.

PRODUCTION AND DEGREE OF EMPLOYMENT  
PRODUCTION CAPACITIES IN MANUFACTURING INDUSTRIES



Sources : Production indices : National Statistical Institute. Degree of employment of installed production capacities : the National Bank of Belgium's inquiries into the trend of economic activity.

1 As the data concerning production and the employment of installed production capacities are taken from different sources, they are not fully comparable, especially at sectoral level.

2 Average of the first three quarters.

3 First ten months.

4 Structural-steel foundries, other foundries, wire-drawing, extrusion and rolling.

5 Forging, drop forging, heavy stamping, sheet-metal work, metal building accessories, bridges, frames, arms and munitions.

favourable trend of activity which became apparent in most sectors as a result of the improvement in all the components of final demand did not cancel out the effects of the structural changes in production which had been taking place for some years.

In the sectors which suffered most during the last decade from the increasingly widespread and keener international competition — steel, textiles, preliminary processing of metals, clothing and footwear, paper and cardboard — production in 1978 was on average appreciably lower than in the peak year 1974. Although last year saw a substantial growth in the two first-mentioned sectors, this was not sufficient to make up for the fundamental decline of the preceding years. In preliminary processing of metals production actually decreased further, while in the clothing and footwear sector it remained virtually unchanged. Only the paper industry reattained its previous high. All these structurally weak sectors saw a reduction in their share of the value added by manufacturing industry during the 1970s.

With regard to the other sectors, it may be mentioned that production of electrical and other machines in 1978 was at about the same as in 1974; it was severely hampered by the extremely low level of investment during the period 1975-1978. Last year's turnround as regards investment has already been reflected in a minor recovery in construction of machines.

There was also a fairly considerable growth in production in the sectors where there had already been a fundamental expansion between 1974 and 1978, namely chemicals and rubber, power stations, non-ferrous metals and means of transport, chiefly motor cars. Among the remaining sectors whose production rose between 1974 and 1978, only the foodstuffs and beverages sector achieved a steady increase.

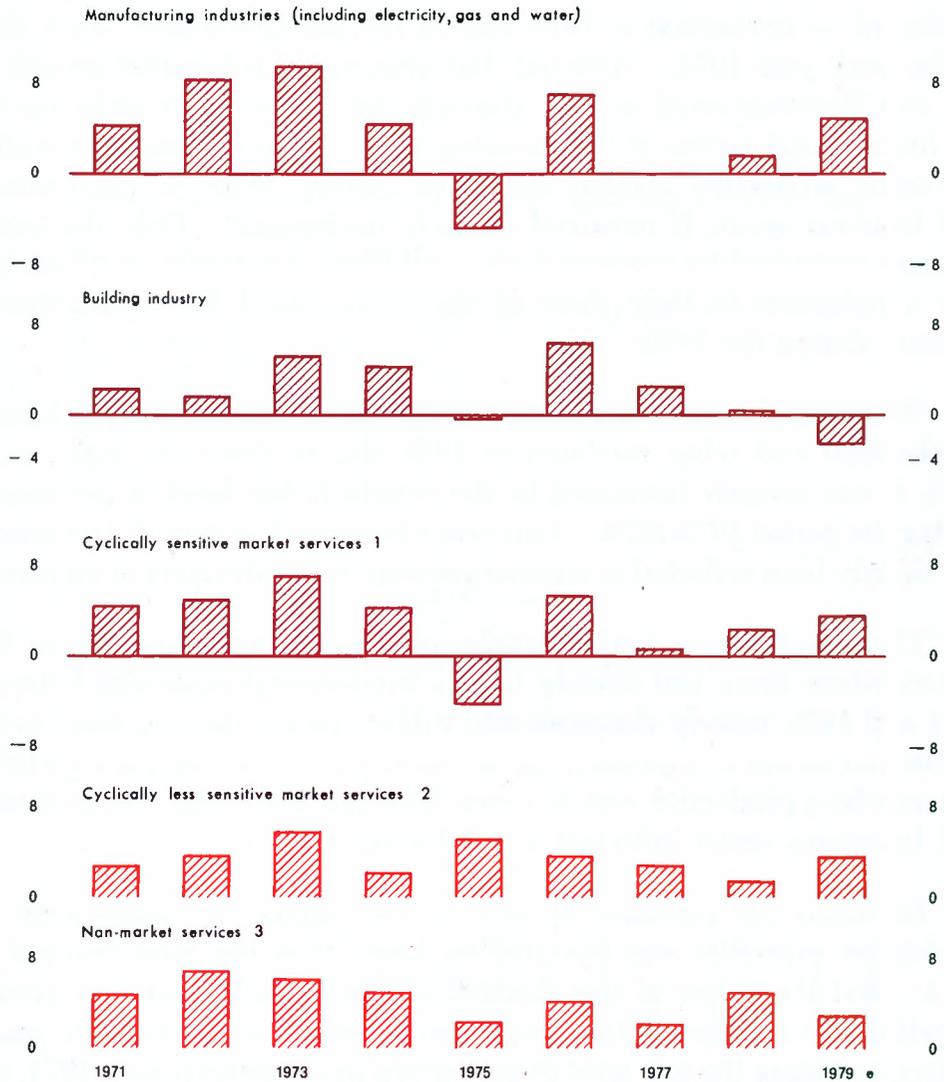
In nearly all branches of activity the degree of employment of production capacities was nevertheless lower than the level reached in 1974. But the extent of this shortfall differed greatly from one branch of industry to another; in this connection account must be taken of many factors, including the low level of production in comparison with 1974, the extension of production plant in some sectors and the rationalisation or disappearance of production capacities in others.

As in 1977, activity in the building industry displayed a trend of its own, different from that of manufacturing industry. Its gross added value

Chart 16.

VALUE ADDED AT CONSTANT PRICES OF MAIN  
SECTORS OF THE ECONOMY

(Percentage changes compared with previous year)



Sources : National Statistical Institute. Calculations of the National Bank of Belgium.

1 Trade, transport and communications, financial services and other services rendered to enterprises.

2 Medical professions, residential real estate, insurance, services of domestic servants and household staff and other services rendered to individuals.

3 Services provided by the public authorities.

at constant prices appears to have decreased by nearly 3 p.c. in 1979. This decline is largely attributable to the weakening of demand for dwellings already discussed in Chapter 2; activity in non-residential building, for its part, showed little change, despite the revival in demand, while civil engineering made further progress.

The cyclically sensitive services were favourably affected by, on the one hand, the growth in household consumption and, on the other, the revival in industrial activity. The gross value added of this part of the services sector appears to have risen by just under 4 p.c. The cyclically less sensitive market services, too, appear to have grown faster than in 1978. Only the services provided by the public authorities appear to have expanded less than during the previous year, when, it is true, the effects of various measures adopted by the public authorities to promote employment made themselves felt.

#### b) Employment

Although the cyclical expansion in production did not fail to have some effect on the labour market, it could not entirely counterbalance the more fundamental factors which have been influencing supply and demand for several years.

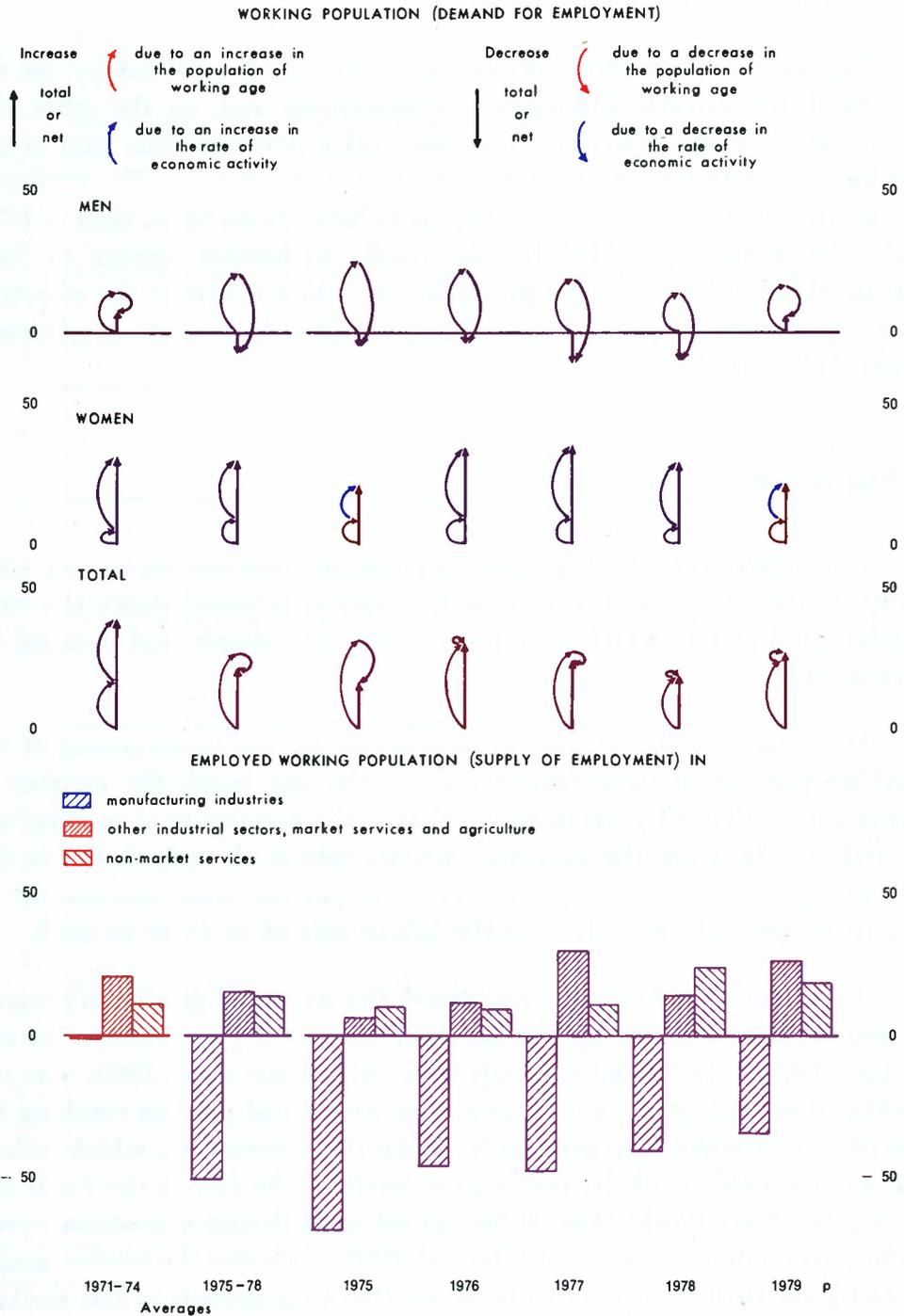
For total demand for jobs as determined by the development of the working population these factors are, on the one hand, the number of persons from 15 to 64 years of age — that is, the population of working age — and, on the other, the economic activity rate of the population in this age group, that is, the proportion of these persons who, successfully or otherwise, present themselves on the labour market in order to work.

As far as the first factor is concerned, the structural growth in progress appears to have speeded up slightly from the end of June 1978 to the end of June 1979. The relatively high birth rate of the early 1960s was still making itself felt, while at the same time number of persons reaching the age of 65 was lower than previously. This dual movement, which reflects the age pyramid, is likely, partly as a result of the fall in the birth rate during the First World War, to be accentuated during the coming years and is expected to continue until the mid-1980s. During the twelve months ended June 1979 it appears to have resulted in a growth in the working

Chart 17.

DEMAND FOR AND SUPPLY OF EMPLOYMENT

(Annual changes, in thousands, in the data as at 30th June)



Sources : Estimates of the Ministry of Employment and Labour and the Planning bureau. Calculations of the National Bank of Belgium.

population of around 25,000, against about 19,000 during the preceding period, on the assumption that the activity rate remained unchanged.

This assumption seems to accord fairly well with the actual situation in the last few years : during the last four twelve-month periods the average activity rate in fact remained fairly stable, largely as a result, at least since the second half of 1976, of the measures adopted by the public authorities to reduce the demand for jobs by early retirement, which will be more fully discussed further on; more specifically, from the end of June 1978 to the end of June 1979 the effect of the activity rate on the working population appears to have been confined to a slight increase of about 2,000.

These movements, however, continue to differ according to sex. The traditional decline in the activity rate of the male population was much smaller than during the previous period, causing a decrease in the male working population of about 12,000, against 23,000; this reduction was therefore no longer sufficient to offset the increase in the number of men of working age, namely about 17,000, against 14,000. Thus the number of male persons of working age appears to have risen by about 5,000, unlike during the previous period, when it fell by about 9,000.

In the case of women the activity rate did in fact continue to rise, but much more slowly, so that the increase in female labour, estimated at about 22,000, against 28,000 during the previous period, appears to be attributable to a much smaller extent than before to the incorporation of women in economic activity; the repercussion of the last-mentioned factor on the female working population can be estimated at about 14,000 persons, against 23,000, while the increase in the number of women of working age was about 8,000, against 5,000.

Altogether, demand for jobs appears to have increased by about 27,000 persons during the twelve-month period in question, against 19,000 during the previous period. The fundamental increase in female labour was again the main factor; but male labour also increased, unlike during the four previous periods, when it had declined.

This greater growth in demand could not be fully catered for by job creation. Nevertheless, the total supply of jobs, which had fallen sharply from mid-1974 to mid-1975, then declined to a smaller extent during the following two periods and practically stabilised from the end of June 1977 to the end of June 1978, would appear to have risen slightly for

the first time since mid-1974, by about 10,000. The specific measures adopted by the public authorities to promote employment, which will be discussed further on, played an important role in this connection. Although it is difficult to determine exactly their ultimate effects, it would seem that without these measures employment would have declined. However, the additional number of persons provided with work as a result of these measures was hardly any higher, between 30th June 1978 and 30th June 1979, than during the previous period. On the other hand, the influence exerted by the trend of economic activity was different. On the basis of still very provisional estimates, it would in fact seem that the number of jobs created in the market services sector was higher than during the previous period, while the opposite appears to have been the case for non-market services; on the other hand, the decline in employment observable for several years in the « unsheltered » secondary sector, namely manufacturing industries in the strict sense of the term, appears to have slowed down somewhat.

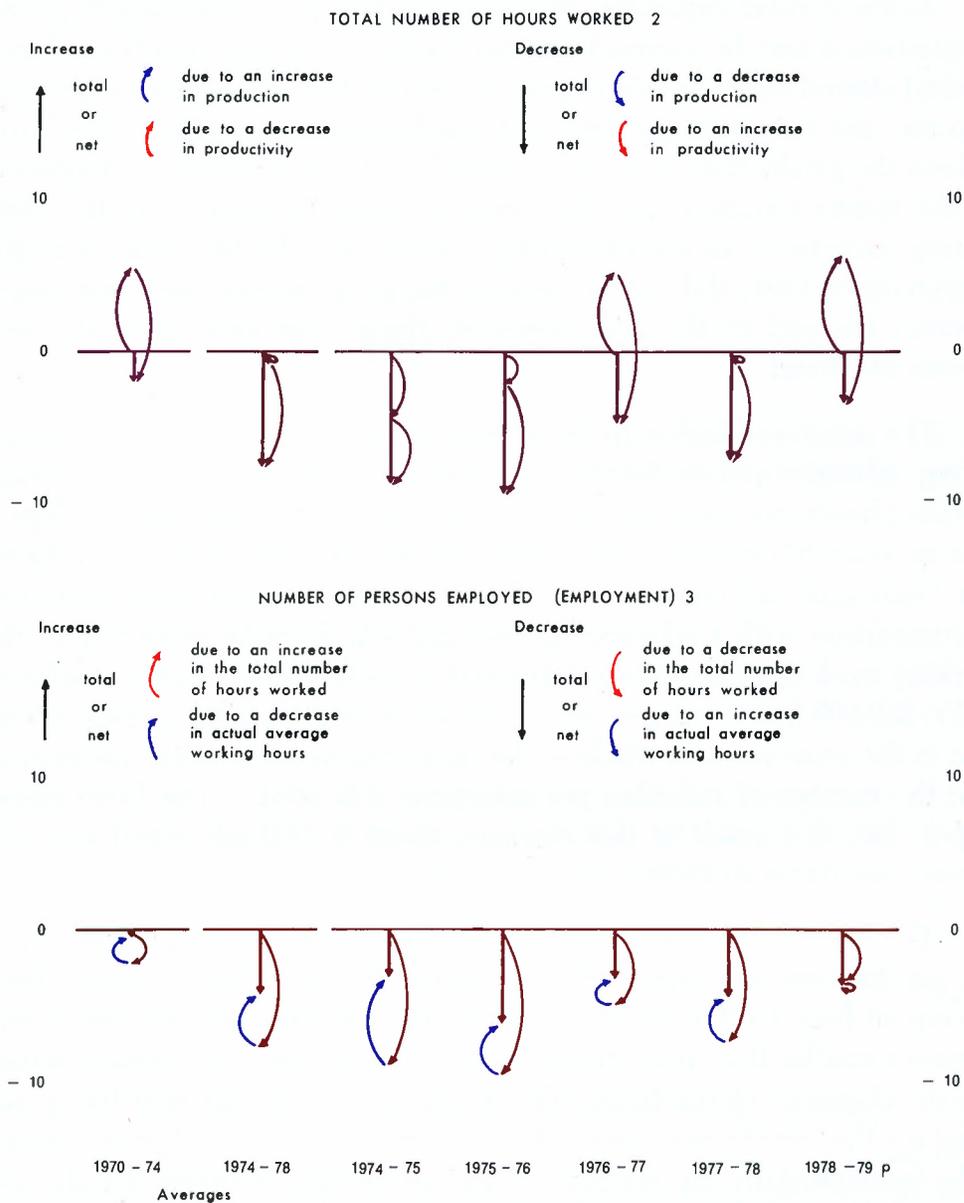
The fact still remains that the very marked expansion in production in this group of industries in the wide sense, that is, including the water, gas and electricity sectors — nearly 6.5 p.c. for the period consisting of the second half of 1978 and the first half of 1979, compared with the preceding period — was not sufficient to reverse the fundamentally downward trend of employment. The total number of hours worked in fact declined steadily during the past decade, productivity having risen more quickly than production. This decline was distinctly faster during the period from the end of June 1974 to the end of June 1978 — having averaged 7.5 p.c. per year according to the Economic Research Institute of the Catholic University of Louvain — than during the four previous years — when it averaged 2 p.c. per year according to the same source. That is why, despite the fact that, during the most recent period, the shortening of average actual working hours per job was greater than during the previous period, the rate of elimination of jobs in manufacturing industries rose from an annual average of 0.4 p.c. during the first period to one of over 4 p.c. during the second.

More recently this rate seems to have slowed down : for the period covering the second half of 1978 and the first half of 1979 it appears to have amounted, in comparison with the previous period, to only about 3.5 p.c., a rate comparable with or even slightly higher than that of the decrease in the total number of hours worked. It can be concluded from this that average actual working hours per job probably did not shorten any further

Chart 18.

TOTAL HOURS WORKED AND EMPLOYMENT IN MANUFACTURING INDUSTRIES <sup>1</sup>

(Average percentage changes)



<sup>1</sup> Including the water, gas and electricity sectors. The change is that in the simple arithmetic average for the twelve-month period from 1st July of one year to 30th June of the following year in relation to the average for the corresponding preceding period.

<sup>2</sup> Source : Economic Research Institute of the Catholic University of Louvain.

<sup>3</sup> Source : National Social Security Office.

or perhaps even lengthened somewhat; this is not surprising in view of the cyclical sensitivity of these working hours, partly via the variation in the amount of overtime worked and in the hours corresponding to partial unemployment.

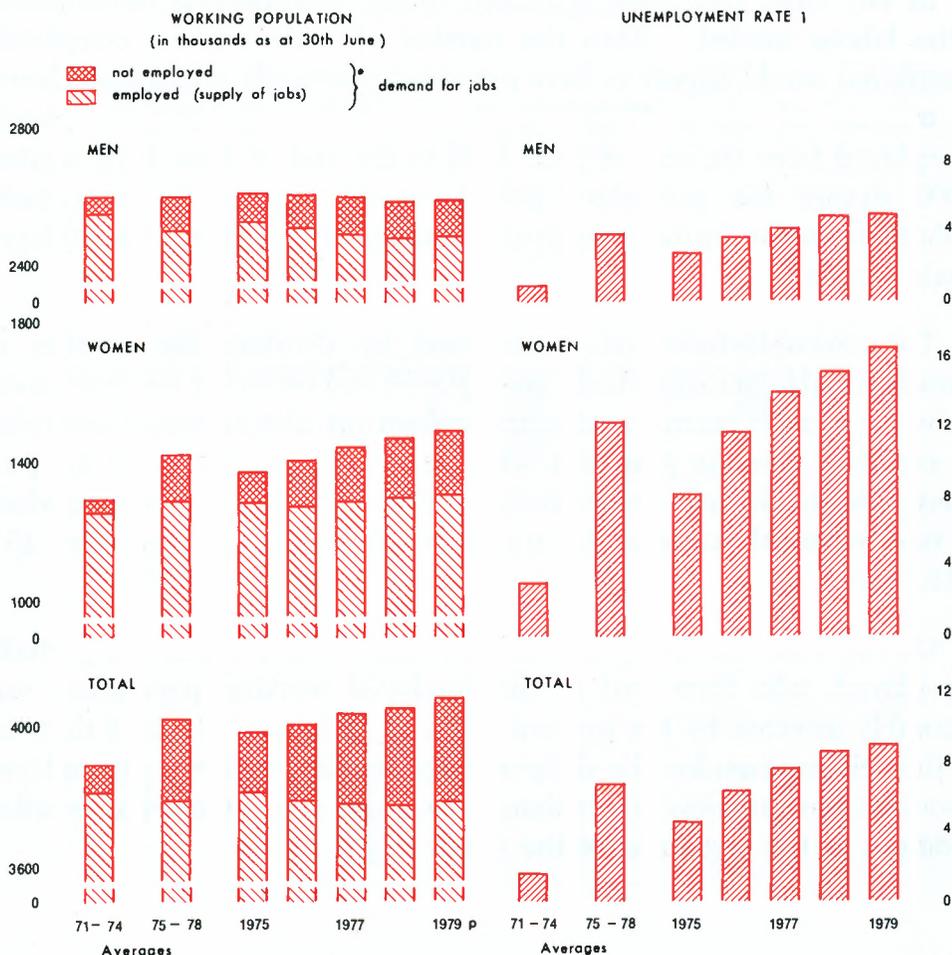
As the cyclical expansion continued beyond the twelve-month period in question, it may be assumed that the decline in the total number of hours worked slowed down further during the second half of the year, which was also the case to a certain extent with employment, especially as the latter follows the production cycle with a time-lag of a few months. According to the Bank's inquiries into the trend of economic activity, in the third quarter enterprises in manufacturing industry, for the first time since the beginning of 1976, did not on balance intend to reduce their workforce; towards the end of the year, however, there were new signs of a less favourable trend.

The structural decline in the number of hours worked in the manufacturing industries and its distribution between employment and the average working hours per employed person induced the Government to adopt a new measure to promote employment, which came into effect on 1st October : industrial and commercial enterprises which increase their workforce in comparison with a reference period and which furthermore reduce the working week to 38 hours before the end of 1980 receive an annual subsidy of Fr. 250,000 francs per new job — or about 40 p.c. of the average labour cost in the economy as a whole — for up to two years, it being understood that the number of subsidies per enterprise is limited. The Government hopes that, as a result of this measure, about 20,000 additional jobs will become available in 1980.

The total figure for complete unemployment, which corresponds to the gap between the supply of and demand for jobs, finally showed, from the end of June 1978 to the end of June 1979, a further increase, which was however smaller than that during the previous period. As already stated, the development of unemployment would have been different had it not been for the specific measures taken to correct — without however being able fundamentally to remedy — the imbalance between supply and demand; this imbalance would probably have increased more, although it is difficult to calculate the ultimate net effect of these measures. From 30th June 1978 to 30th June 1979, the measures whose immediate influence can be evaluated affected about 45,000 additional persons — namely 17,000 who left the labour market and 28,000 who were given work — compared

Chart 19.

WORKING POPULATION AND UNEMPLOYMENT



Sources : Ministry of Employment and Labour, Planning Bureau. Calculations of the National Bank of Belgium.  
 1 Number of normally capable persons wholly unemployed and receiving unemployment pay, as a percentage of the number insured against unemployment. Monthly averages per year.

with about 56,000 persons during the previous twelve months. The additional effect of these measures thus tends to weaken; for the first eleven months as a whole, the number of persons concerned was in fact only 24,000, against 69,000 in 1978.

On the other hand, the corrective effect of these measures on the labour market was more appreciable for men than for women, particularly as regards the demand for jobs; owing to its relatively older structure, the male

working population contains a larger proportion of persons eligible for early retirement.

In any case, this point is related to the fundamental development of the labour market. Thus the number of male workers completely unemployed would appear to have remained practically unchanged; hence the increase of about 17,000 in the number of persons completely unemployed from the end of June 1978 to the end of June 1979, against 22,000 during the preceding period, would appear to be entirely attributable to the further rise in the number of completely unemployed female workers.

The unemployment rate, calculated by dividing the number of normally capable persons wholly unemployed and receiving unemployment pay by the number insured against unemployment, also increased somewhat less rapidly. For the year as a whole it rose to an average of 9.1 p.c., against 8.6 and 7.7 p.c. respectively in 1978 and 1977. For men alone the rate remained stable at 4.9 p.c., while for women it rose from 15.2 to 16.7 p.c.

On the other hand, the movement of the number of persons partially unemployed, who form part of the employed working population, was favourably affected by the upward trend of activity. The fact that, for the first eleven months, the daily average number of these unemployed persons was nevertheless higher than in 1978 was due to the severe weather conditions at the beginning of the year.

#### c) Prices

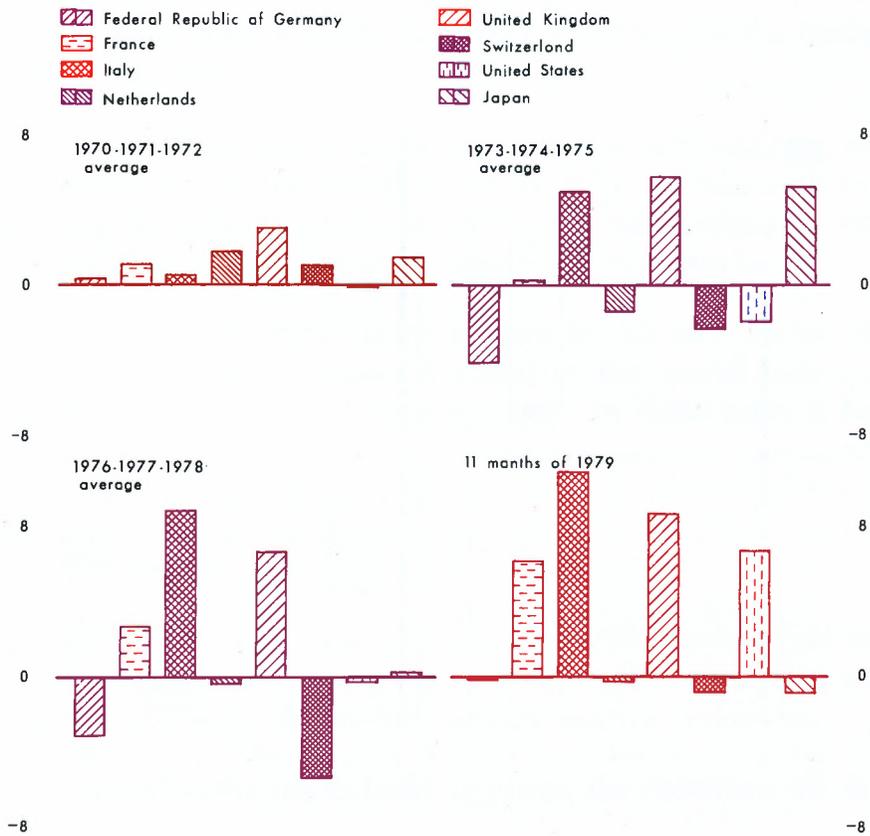
The rate of increase of consumer prices quickened slightly during the year : after having stabilised from June 1978 onwards at around 3.9 p.c. compared with the corresponding month of the previous year, it quickened again from the middle of 1979 and reached 5.1 p.c. in the fourth quarter. The annual average rise in the index remained, however, at the relatively moderate level of 1978, namely 4.5 p.c. Belgium thus belonged to the small group of countries where prices remained relatively stable.

Whereas at the beginning of the 1970s the average rise in the Belgian index of consumer prices was exceeded by that in most other industrialised countries, except for the United States, from 1973 to 1978 it was

Chart 20.

### CONSUMER PRICES

Differences between the average annual percentage increase in some industrialised countries and in Belgium



Sources : Belgium : Ministry of Economic Affairs. Federal Republic of Germany : Federal Statistical Office. France : National Institute of Statistics and Economic Research. Italy : Central Statistical Office. Netherlands : Central Bureau of Statistics. United Kingdom : Ministry of Labour. Switzerland : Federal Statistical Office. United States : U.S. Bureau of Labor Statistics. Japan : Prime Minister's Office.

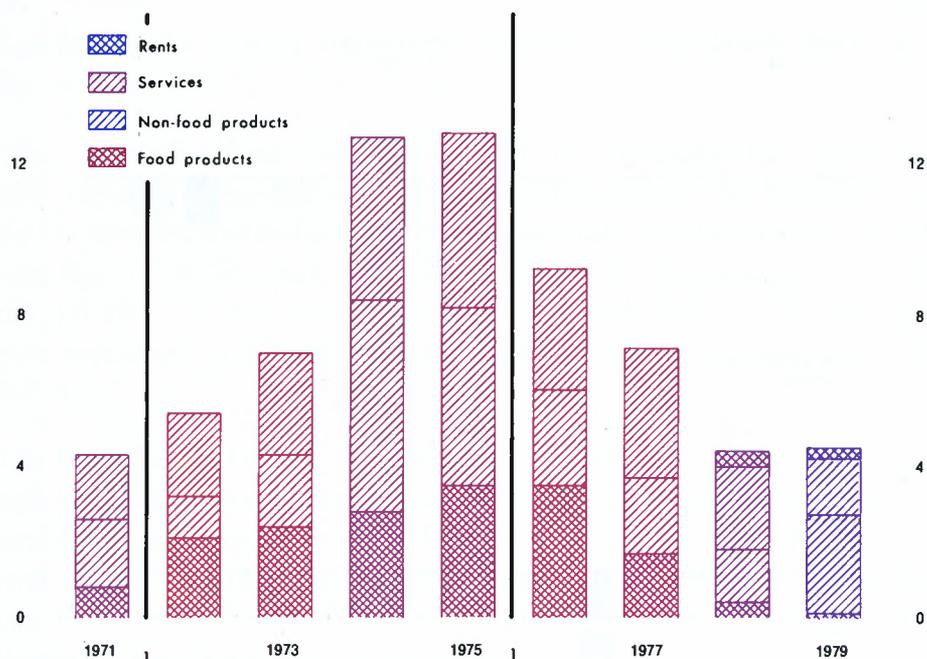
appreciably greater than the corresponding rises in Switzerland, the Federal Republic of Germany, the United States and the Netherlands; it remained on the other hand distinctly lower than those in Italy, the United Kingdom, Japan and France. In 1979 the unfavourable disparity compared with Switzerland was considerably reduced and that in relation to the Federal Republic of Germany and the Netherlands virtually

Chart 21.

### CONSUMER PRICES

Contribution of each category

(Percentage growth compared with previous year)



Sources : Ministry of Economic Affairs. Calculations of the National Bank of Belgium.  
 1 Change in weighting.

disappeared; on the other hand, the favourable difference compared with France, the United Kingdom and Italy increased further; in comparison with that in Belgium, the rate of increase was distinctly higher in the United States, but slightly lower in Japan.

In Belgium the average annual rise in consumer prices for non-food products, which represent 43 p.c. of the overall index, quickened, from 3.3 p.c. in 1978 to 6 p.c. in 1979, while the rise in the prices of services and in rents slowed down and that in the prices of food products remained small.

The quickening of the rise in the prices of non-food products was brought about by the upward movement, from the beginning of 1979 onwards, of the prices of petroleum products. These products together represent 6.2 p.c. of the overall index of consumer prices, against an average of 3.9 p.c. in the other countries of the European Economic Community; the breakdown is 5.7 p.c. for France, 3.7 p.c. for the United Kingdom, 2.9 p.c. for the Federal Republic of Germany, 2.3 p.c. for the Netherlands and 1.8 p.c. for Italy.

The direct incidence of petroleum products accounts for one third of the average rise in the overall index in 1979. Their total incidence — including the indirect effects, partly via the index-linking of wages — is estimated at about half the afore-mentioned price rise.

Prices of services went up on average by 5.5 p.c., against 8.3 p.c. Their rate of increase thus exceeded that of the overall index, as was already the case during the previous years. In those years it had also been higher than in the majority of the main competing countries, owing to the faster rise in wages and salaries. It slowed down almost continuously, however, from the middle of 1977 onwards, and fell to 4.5 p.c. in December 1979.

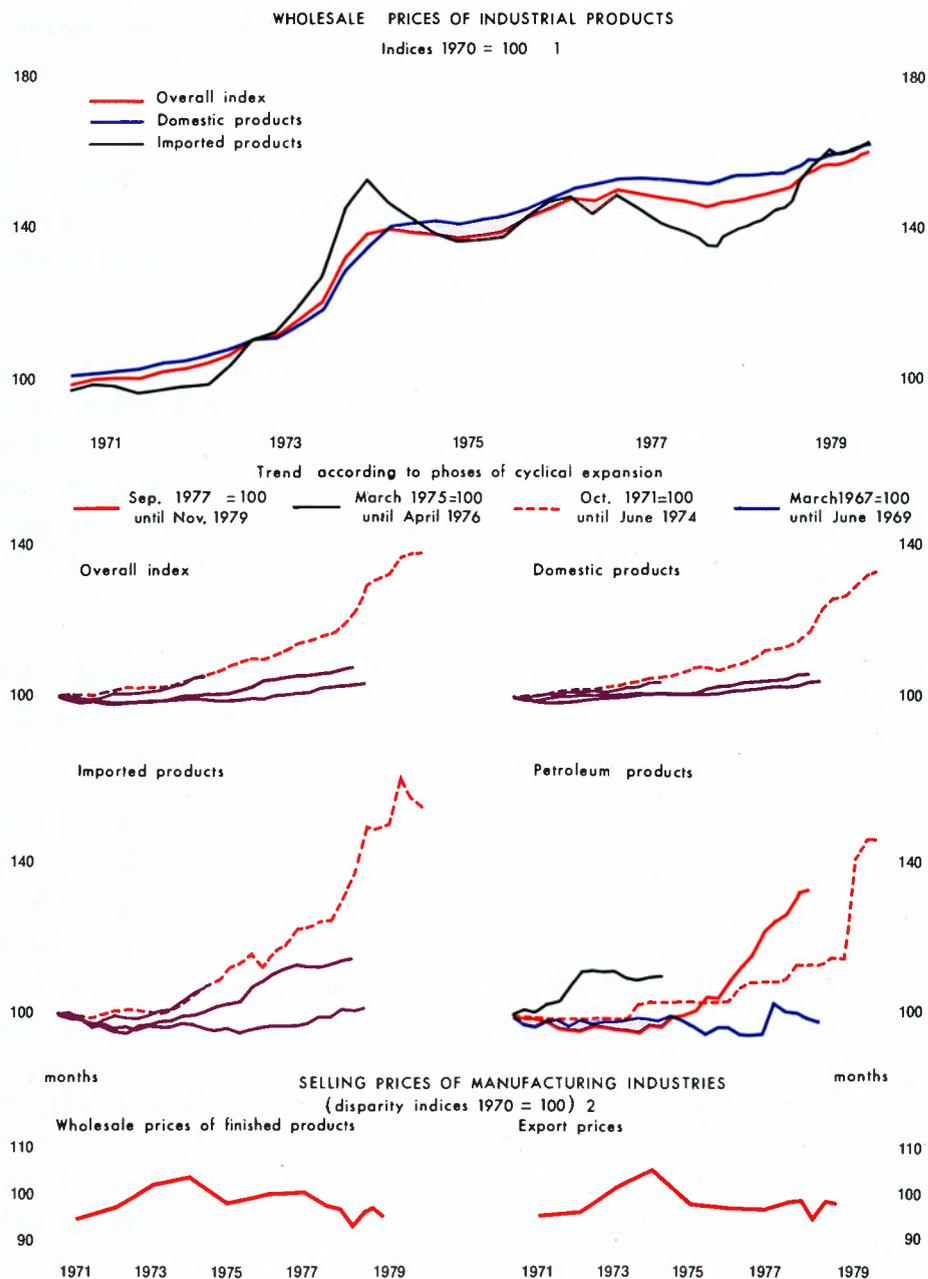
Lastly, the prices of food products remained relatively stable as in 1978, since Belgian and foreign prices were affected by a growth in supplies, partly due to the improvement in weather conditions.

With regard to the rise in building prices, the slowdown which began in 1977 became more pronounced last year for residential buildings. The index of the cost of constructing a residential building calculated by the Belgian Surveyors' Association went up on average by 6.4 p.c., against 9.3 p.c. For social dwellings the corresponding rates are, during the first half-year, 2 and 4 p.c., according to the National Housing Company. On the other hand, the slowing-down of the rise in the index of the cost of non-residential buildings calculated by the Economic Research Institute of the Catholic University of Louvain was interrupted by an increase of 7.3 p.c. during the first nine months of 1979, against 4.6 p.c. the previous year, under the influence of the recovery of industrial investment and an expansion of demand from the public sector.

The prices of agricultural products paid to farmers remained fairly stable.

Chart 22.

## WHOLESALE PRICES OF INDUSTRIAL PRODUCTS AND SELLING PRICES OF MANUFACTURING INDUSTRIES



Sources : Wholesale prices of industrial products : Ministry of Economic Affairs. Disparity indices : wholesale prices of finished products : International Monetary Fund; export prices : Organisation for Economic Cooperation and Development.

1 1971 to 1977 : monthly averages per quarter. 1978 and 1979 : monthly figures.

2 Converted into a common currency. An index number above 100 indicates that Belgian prices have risen since the base period compared with those of the competing countries. 1971 to 1977 : monthly averages per year. 1978 and 1979 : monthly averages per quarter.

The rise in the wholesale prices of industrial products, which started in 1978 as a result of the strengthening of economic activity, became more marked last year, although a certain slackening became apparent during the second half. In November the index was up by 5.6 p.c. on an annual basis compared with the low reached in February 1978. This rise seems on the moderate side compared with those which took place during the three previous phases of cyclical expansion; this is still more evident if the comparison is confined to domestic products.

The upward pressures came mainly from import prices, particularly as the weighted average rate for the Belgian franc declined slightly. This increase in the prices of imported products was brought about by the rise in those of all industrial raw materials, which was further accentuated by the new jump in oil prices : from the beginning of the year until November the index of the prices of petroleum products went up by 33.5 p.c., whereas for other imported industrial products the overall rise averaged 8 p.c.

A retrospective survey of the 1970s shows that the improvement in Belgium's relative position from the point of view of the manufacturing industries' selling prices expressed in a common currency — an improvement which followed the upheaval of 1974 — was temporarily interrupted in the last quarter of 1978 and the first quarter of 1979, but seemed to continue after that. It is true that, over the decade as a whole, these prices do not deviate much from the weighted average of the prices of the other industrialised countries, this being due to the very open nature of the Belgian economy.

## **5. SUMMARY OF FINANCIAL DEVELOPMENTS IN BELGIUM.**

### **a) Financing capacities and requirements**

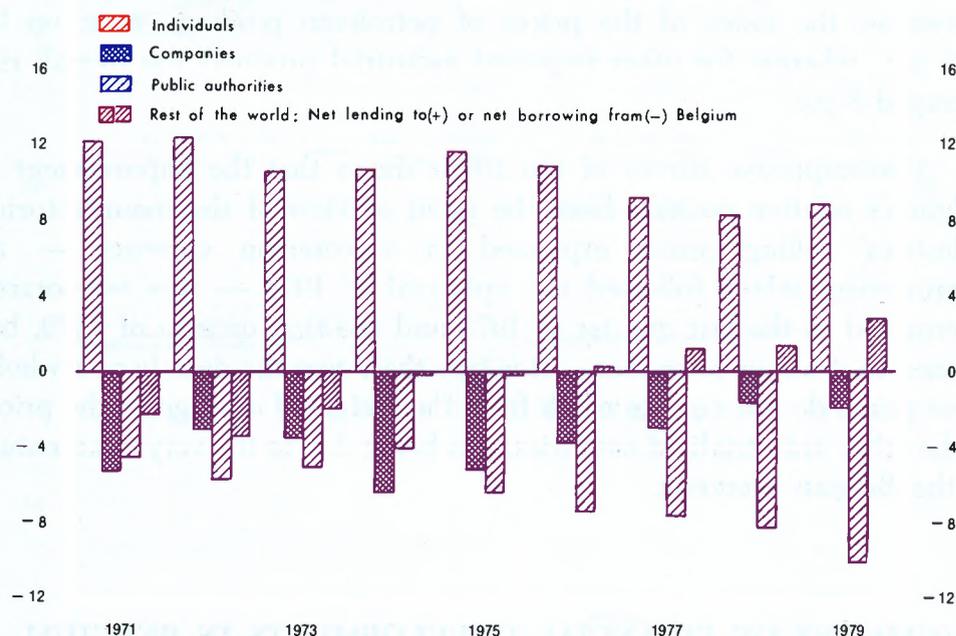
The specific developments in the three major domestic sectors — individuals, companies and public authorities — was commented upon in Chapter 2. It emerged from this that savings (themselves determined by incomes and expenditure on consumption), investment and capital transfers ultimately give rise to a net financing capacity or a net financing requirement as the case may be.

The current transactions of these domestic sectors as a whole with foreign countries were described in Chapter 3, which, however, dealt with the transactions of the Belgian-Luxembourg Economic Union with other countries, whereas in this chapter the Grand Duchy of Luxembourg forms

Chart 23.

NET FINANCING CAPACITIES (+) AND REQUIREMENTS (-) <sup>1</sup>

(As percentages of gross national product at current prices)



<sup>1</sup> See Annex 6, Table 11.

part of the rest of the world. If the transactions in question result in a net deficit, this means that Belgium receives more goods, services and transfers than it supplies, so that foreign countries have to make funds available to the Belgian economy; conversely, foreign countries receive a net loan from Belgium when the latter has a current surplus.

Table 15.

GROSS FINANCING REQUIREMENTS OF INDIVIDUALS,  
COMPANIES AND ALL PUBLIC AUTHORITIES AND COVER ITEMS

(Billions of francs)

	1971	1972	1973	1974	1975	1976	1977	1978	1978	1979
									First 10 months	
<b>A. Gross financing requirements :</b>										
1. Increase in liabilities of individuals, companies and all public authorities <sup>1</sup> ...	162	215	240	265	351	440	469	497	409 <sup>6</sup>	471 <sup>6</sup>
2. Increase in credits for financing payment periods for exports .....	4	7	5	14	5	1	16	9	6	10
3. Total gross financing requirements (= A.1 + A.2) .....	166	222	245	279	356	441	485	506	415	481
<b>B. Cover items :</b>										
1. Formation of financial assets in Belgian francs by individuals and companies <sup>2</sup> ...	183	229	245	257	348	411	425	416	329	325
a) Increase in bank notes held by individuals .....	13	19	15	17	33	16	28	21	8	- 1
b) Increase in frozen balances (monetary reserve) and free balances of financial intermediaries with the National Bank of Belgium .....	...	14	22	- 12	- 21	2	...	4	1	- 1
c) Balance (= B.1 - B.1a - B.1b) ...	170	196	208	252	336	393	397	391	320	327
2. Capital imports other than those mentioned under 4 <sup>3</sup> .....	38	31	33	45	45	27	72	62	35	57
3. Statistical adjustment .....	- 6	- 3	3	- 13	- 17	- 20	- 23	...	12 <sup>7</sup>	17 <sup>7</sup>
4. Capital imports in foreign currencies by the public sector <sup>4</sup> .....	- 36	- 20	- 4	- 1	- 1	...	2	11	12	56
a) Treasury .....	- 29	- 14	- 3	- 2	- 1	- 1	- 1	11	12	38
b) Others <sup>5</sup> .....	- 7	- 6	- 1	1	...	1	3	...	...	18
5. Increase in domestic recourse to the National Bank of Belgium .....	...	18	5	- 4	- 7	41	37	42	36	24
<b>C. Shortage of funds on the financial market : (= A.3 - B.1c - B.2 - B.3 = B.4 + B.5)</b>										
	- 36	- 2	1	- 5	- 8	41	39	53	48	80

<sup>1</sup> Annual data : sum of the grand totals of Tables 2 and 4 and the next-to-last column of Table 5 (with positive sign).

<sup>2</sup> Sum of the amounts of the second, third and fifth columns of Table 1 and the first column of Table 8. See Annex 6, Table 12.

<sup>3</sup> Sum of the changes in companies' gross liabilities to foreign countries and in foreign currencies to Belgium, private-sector financial intermediaries' net liabilities in foreign currencies to Belgium and foreign countries and private financial intermediaries' and public authorities' net liabilities in Belgian francs to foreign countries, except for the liabilities which are regarded as constituting the counterpart to the formation of financial assets in Belgian francs abroad (which are already recorded under item B.1).

<sup>4</sup> Both direct from abroad and via private-sector financial intermediaries.

<sup>5</sup> All public authorities other than the Treasury, public operating organisations and public credit institutions.

<sup>6</sup> Excluding social security.

<sup>7</sup> Including social security.

The net financing capacities and requirements of the three sectors concerned and of foreign countries, which, by definition, offset each other, are expressed as percentages of the gross national product in Chart 23.

This shows that the deficit of the public authorities again increased substantially, for reasons which have already been stated.

A part from this strong impetus given by the public authorities to domestic expenditure, investment by companies, both in fixed assets and in stocks, rose sharply for the first time for five years. Companies were, however, able to step up their internal savings appreciably, thanks to an improvement in their profit margin; despite their investment effort, their financing requirements remained practically unchanged. On balance, a decline had begun to become apparent as early as 1975, but it was then due to the low level of investment.

Individuals to some extent met the increased demand for credit from the public authorities : after having fallen for three years, their financing capacity increased again as a result of the reduction in their investment in housing. This increase did not, however, prove sufficient to meet the expansion of the public authorities' requirements, and foreign countries therefore had to place larger amounts of funds at the disposal of the Belgian economy.

Admittedly, thanks to the recovery of world demand, exports expanded substantially, but this increase did not offset the deterioration, in the second half of the year, of the terms of trade and the growth in the volume of imports; the latter was determined by the strong demand for producer goods for the export industries and by the domestic expenditure which has already been discussed.

The net amount which the rest of the world — including the Grand Duchy of Luxembourg — therefore had to lend to Belgium reached 2.9 p.c. of the gross national product, against 1.4 p.c. in 1978. This disturbance of the external balance is rather important and means that domestic resources are meeting an ever-decreasing proportion of domestic requirements, or in other words that in recent years expenditure has reached a level which no longer altogether corresponds to the structural characteristics and competitive power of the Belgian economy.

b) Meeting of the gross financing requirements and the effect of this on the situation of the financial intermediaries

As has been shown in Chapter 2, companies increased their gross liabilities by Fr. 116 billion during the first ten months, against Fr. 111 billion in 1978, while those of individuals rose by Fr. 112 billion, against Fr. 101 billion; the public authorities' financial deficit amounted to Fr. 243 billion, against Fr. 197 billion. Altogether the financing requirements of the three domestic sectors amounted to Fr. 471 billion, against Fr. 409 billion the previous year. If there is added to this the recourse had by companies to bank credits whose apparent economic purpose is the financing of payment periods for exports — and which are not included in the afore-mentioned liabilities of companies, since they strictly represent credits granted to foreign countries — the total financing requirements for the period in question appear to amount to Fr. 481 billion, against Fr. 415 billion.

These requirements were met via various financing channels. By far the most important contribution is normally made by the formation of financial assets in Belgian francs by individuals and companies. The increase in the amount of bank notes held by individuals must, however, be excluded, since, insofar as savings during the period in question took this form, they did not provide resources enabling the financial intermediaries, excluding the Bank, to grant credits and they caused a tightening of the money market. For the same reason it is necessary to deduct from the formation of financial assets in Belgian francs the increase in the financial intermediaries' balances with the Bank : monetary reserve, if any, bank notes and free current account balances.

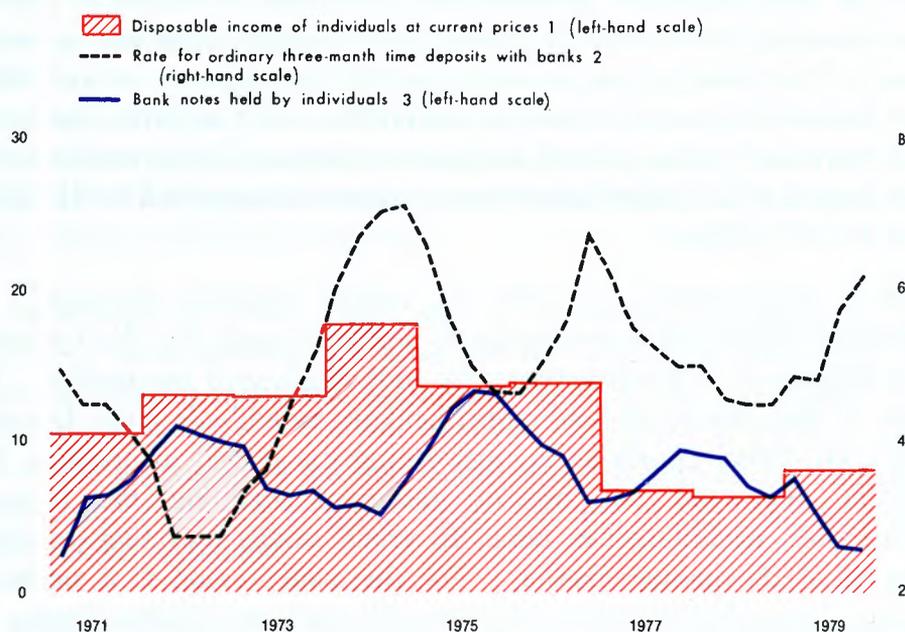
The amount of notes held by individuals decreased by Fr. 1 billion during the first ten months, whereas it had increased by Fr. 8 billion in 1978. Chart 24 shows that this variation is connected both with the relatively slow rise in disposable incomes and with the very high level of interest rates, which, as already stated, caused the public to limit its cash holdings. In the end, financial assets in Belgian francs, excluding notes and the financial intermediaries' free balances, increased during the ten-month period by Fr. 327 billion, which is only slightly higher than the 1978 figure of Fr. 320 billion.

For a long time now the formation of financial assets in Belgian francs has not been sufficient to meet the whole of the gross financing

requirements in question. The difference is financed by capital imports and by increased recourse to the Bank, the lender of last resort.

Chart 24.

BANK NOTES HELD BY INDIVIDUALS, DISPOSABLE INCOME OF INDIVIDUALS AND INTEREST RATES ON ORDINARY THREE-MONTH TIME DEPOSITS



1 Percentage change compared with the previous year.

2 Weighted averages per quarter.

3 Percentage change compared with the corresponding quarter of the previous year.

Capital imports consist of widely differing types of transactions. It is very difficult to distinguish between those which can be said to be genuinely spontaneous and those caused by the shortage of funds on the domestic market : there is little doubt about the spontaneity of some of them, such as capital imports connected with the formation of a company in Belgium, or the acquisition by a foreign investor of a holding in such a company; but in the case of others, such as ordinary loans contracted abroad by private enterprises, there is no knowing whether or not they are due to the shortage of funds on the domestic market.

Ultimately, only the foreign-currency loans obtained by the public sector can be ascribed with absolute certainty to this shortage of funds. All the other capital imports (item B.2 of Table 15) have therefore been regarded as spontaneous and hence as representing, in the same way as the formation of financial assets in Belgian francs (item B.1c), funds available on the market to meet the gross financing requirements (item A.3).

The total amount of the funds thus made available during the first ten months rose, allowance being made for a statistical adjustment, from Fr. 367 billion in 1978 to Fr. 401 billion. As gross financing requirements increased substantially more, namely, as stated, from Fr. 415 to 481 billion, the shortage of funds (defined as the difference between these requirements and the above-mentioned available funds), which had already been substantial in 1976 and 1977, went up from Fr. 48 billion for the first ten months of 1978 to Fr. 80 billion.

Account must of course be taken of the fact that these figures were compiled « ex post » and inevitably only give an incomplete picture of the real strains as brought about by the « ex ante » developments. These strains were, for instance, also reflected in rises in interest rates on the domestic market; if these rises had been less large, the formation of financial assets in Belgian francs and the « spontaneous » capital imports would have been smaller, so that the shortage of funds, as measured by item C. of Table 15, would have been greater. The method used here to assess this shortage is thus not altogether accurate; it nevertheless has the merit of giving a certain indication of how the strains on the financial market developed from one period to another.

The shortage of funds on this market was partly compensated for by foreign-currency loans obtained by the public credit institutions, the public operating organisations and the public authorities other than the Treasury : for the first ten months the net amount of these loans was Fr. 18 billion. In 1978 these institutions and organisations had not contracted any such loans. A larger contribution was made by new financing of the Treasury by the Bank in the form or recourse to the direct credit facility, the special assistance to the Securities Regulation Fund and the sale by the Treasury to the Bank of borrowed foreign currencies : altogether this financing amounted to Fr. 70 billion for the first ten months, against Fr. 30 billion in 1978; for the year as a whole it actually reached Fr. 79 billion, against Fr. 25 billion in 1978.

Table 16.

COUNTERPARTS OF THE SHORTAGE OF FUNDS ON THE  
BELGIAN CAPITAL MARKET

(Changes in billions of francs)

	Foreign-currency liabilities of the public sector <sup>1</sup>	Direct and indirect recourse by the Treasury to the National Bank of Belgium <sup>2</sup>	Advances by the National Bank of Belgium to the Securities Regulation Fund to finance its portfolio of long-term public paper	Other financing of the financial intermediaries by the National Bank of Belgium			Grand total
				Rediscounting of commercial bills	Advances, including advances to the Securities Regulation Fund to finance its interventions on the call money market	Total	
	(a)	(b)	(c)	(d)	(e)	(f) = (d)+(e)	(g) = (a)+(b)+(c)+(f)
1971 .....	- 7	- 36	...	+ 7	...	+ 7	- 36
1972 .....	- 6	- 16	...	+19	+ 1	+ 20	- 2
1973 .....	- 1	- 7	...	+ 8	+ 1	+ 9	+ 1
1974 .....	+ 1	+ 3	...	- 7	- 2	- 9	- 5
1975 .....	...	+ 1	...	- 9	...	- 9	- 8
1976 .....	+ 1	+ 16	...	+24	...	+ 24	+ 41
1977 .....	+ 3	+ 15	+ 7	+14	...	+ 14	+ 39
1978 .....	...	+ 25	+ 7	+18	+ 3	+ 21	+ 53
1979 .....	+ 29	+ 79	+ 9	+ 2	- 3	- 1	+116
1978 First 10 months .....	...	+ 30	- 2	+17	+ 3	+ 20	+ 48
1979 First 10 months .....	+ 18	+ 70	...	- 5	- 3	- 8	+ 80

<sup>1</sup> Other than the Treasury.

<sup>2</sup> See Table 6, fourth column.

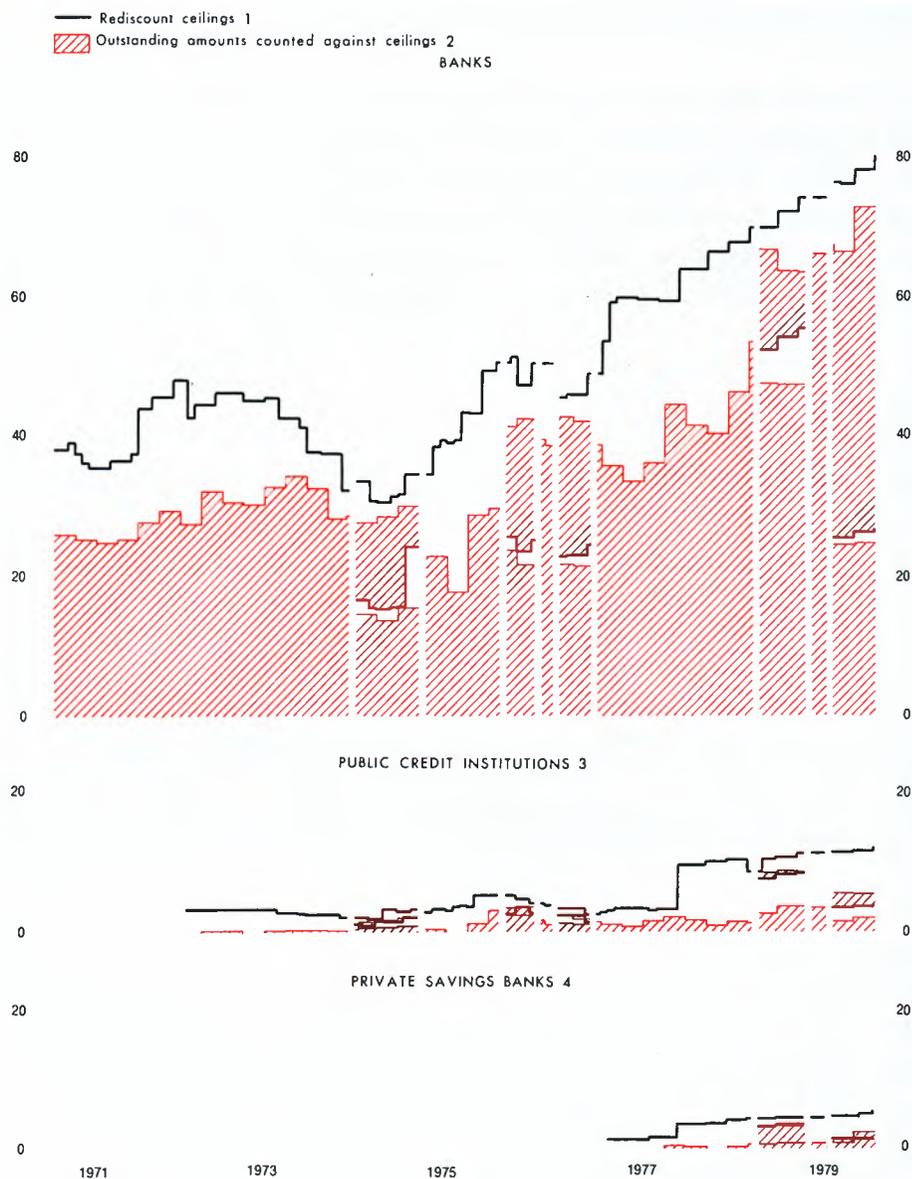
The Bank's ordinary advances to the Securities Regulation Fund for financing the latter's portfolio of long-term public paper remained unchanged during the first ten months; over the year as a whole, however, they increased by Fr. 9 billion, against Fr. 7 billion in 1978. The rise last year is due to the fact that the net outstanding amount of the issues of Securities Regulation Fund certificates fell sharply during the last quarter, whereas the Fund's portfolio of public long-term securities went on growing.

The Bank's other credits to the financial intermediaries, by rediscounting of commercial bills and by advances against securities, including the advances to the Securities Regulation Fund for the purpose of regulating the call money market, decreased during the first ten months

Chart 25.

## FINANCIAL INTERMEDIARIES' REDISCOUNT CEILINGS

(Billions of francs)



1 End-of-month data. From 8th July 1974 to 31st March 1975, from 12th February to 16th June 1976, from 23rd July to 19th December 1976, from 12th October 1978 to 2nd May 1979 and since 29th June 1979, the ceilings have been divided into sub-ceiling A (lower part of chart) and B (upper part).

2 Daily averages per quarter. Until June 1974 the amounts counted against the ceilings included the amount of certified bills and other bills which were rediscountable at the National Bank of Belgium and actually mobilised at the latter or on the market outside the National Bank, together with that of bills with visa, whether rediscounted or not, with less than two years to run. From July 1974 onwards only the amount of rediscountable bills actually mobilised is counted against the ceilings; this change of procedure is explained by the fact that, since April 1974, no new visas have been granted.

3 The system of rediscount ceilings for the public credit institutions has only existed since July 1972.

4 The system of rediscount ceilings for the private savings banks has only existed since March 1975. For 1975 and 1976: small amounts.

by Fr. 8 billion, whereas they had increased by Fr. 20 billion in 1978. For the year as a whole these other credits provided by the Bank to the financial intermediaries showed little net change, whereas in 1978 they had gone up by Fr. 21 billion; owing to this growth, the financial intermediaries' available margins under the rediscount ceilings had in fact fallen to a relatively low level at the end of 1978.

A further large increase in the financial intermediaries' recourse to the Bank would not actually have been possible last year, since the Bank did not wish to compensate, by a corresponding extension of the financial intermediaries' possibilities of mobilisation, for the tightening of the money market due to the large outflows of foreign currencies already described. These intermediaries' rediscount ceilings only underwent the normal

Table 17.

RELATIVE EXTENT OF RECOURSE BY THE TREASURY AND THE FINANCIAL INTERMEDIARIES TO THE NATIONAL BANK OF BELGIUM

	Changes in recourse by the Treasury to the National Bank of Belgium <sup>1</sup>	Treasury's net financing requirements	$(c) = \frac{(a)}{(b)} \times 100$	Changes in recourse by the financial intermediaries to the National Bank of Belgium <sup>2</sup>	Changes in the Belgian-franc credits granted by the financial intermediaries to enterprises and individuals and to foreign countries (e)	$(f) = \frac{(d)}{(e)} \times 100$
	(a)	(b)	(per cent)	(d)	(e)	(per cent)
	(billions of francs)		(per cent)		(billions of francs)	
1971 .....	- 36	+ 34	- 106	+ 7	+ 75	9
1972 .....	- 16	+ 64	- 25	+ 20	+ 116	17
1973 .....	- 7	+ 51	- 14	+ 9	+ 142	6
1974 .....	+ 3	+ 57	5	- 9	+ 139	- 6
1975 .....	+ 1	+ 110	1	- 9	+ 156	- 6
1976 .....	+ 16	+ 133	12	+ 24	+ 218	11
1977 .....	+ 15	+ 168	9	+ 14	+ 230	6
1978 .....	+ 25	+ 183	14	+ 21	+ 229	9
1979 .....	+ 79	+ 212	37	- 1	n.a.	n.a.
1978 First 10 months .....	+ 30	+ 185	16	+ 20	+ 173	12
1979 First 10 months .....	+ 70	+ 198	35	- 8	+ 178	- 4

<sup>1</sup> See Table 16, column (b).

<sup>2</sup> See Table 16, column (f).

Table 18.

INDICATORS OF THE LIQUIDITY OF THE FINANCIAL INTERMEDIARIES  
(Billions of francs)

	Net lending of call money				Portfolio of public paper (Treasury certificates and Securities Regulation Fund certificates)				Available margins under rediscount ceilings			
	Banks	Public credit institutions	Private savings banks	Total	Banks	Public credit institutions	Private savings banks	Total	Banks	Public credit institutions	Private savings banks	Total
	<i>(Changes compared with end of previous year)</i>											
1971 .....	- 4	+ 1	+ 1	- 2	...	+ 5	...	+ 5	+ 4	...	...	+ 4
1972 .....	- 3	...	- 1	- 4	- 2	- 5	...	- 7	- 4	+ 3	...	- 1
1973 .....	+ 2	+ 1	+ 1	+ 4	+ 4	- 8	...	- 4	- 6	- 1	...	- 7
1974 .....	- 3	...	- 1	- 4	+ 1	+ 4	+ 1	+ 6	...	...	...	...
1975 .....	+ 5	...	+ 1	+ 6	...	+ 20	...	+ 20	+ 15	...	+ 1	+ 16
1976 .....	- 4	- 2	...	- 6	+ 20	- 5	...	+ 15	- 7	- 1	...	- 8
1977 .....	+ 2	- 2	...	...	- 27	+ 48	- 2	+ 19	...	+ 6	+ 2	+ 8
1978 .....	...	+ 3	- 1	+ 2	+ 12	- 32	+ 2	- 18	- 5	...	+ 1	- 4
1979 .....	- 5	- 2	+ 1	- 6	+ 6	- 7	...	- 1	...	...	- 1	- 1
1978 October .....	- 2	+ 3	- 2	- 1	+ 10	- 9	+ 1	+ 2	- 5	+ 1	+ 1	- 3
1979 October .....	+ 5	- 3	...	+ 2	+ 8	- 2	- 1	+ 5	- 1	+ 3	...	+ 2
	<i>(Average outstanding amounts <sup>1</sup>)</i>											
1978 1st quarter .....	2	...	1	3	21	107	1	129	23	8	4	35
2nd quarter .....	2	...	1	3	26	102	2	130	27	9	4	40
3rd quarter .....	2	...	1	3	33	86	3	122	22	8	4	34
4th quarter .....	2	1	...	3	27	82	1	110	10	7	4	21
1979 1st quarter .....	3	...	1	4	37	83	2	122	16	7	4	27
2nd quarter .....	4	...	1	5	52	104	2	158	13	8	4	25
3rd quarter .....	2	...	1	3	54	75	1	130	12	8	4	24
4th quarter .....	3	...	1	4	37	64	1	102	8	8	3	19

<sup>1</sup> Call money and available margins under the rediscount ceilings : daily averages. Portfolio of public paper : these averages are calculated by taking once the amounts outstanding at the beginning and end of the period and twice the amounts outstanding at the end of the intermediate months.

quarterly adjustments : their combined ceilings rose from Fr. 88 billion at the end of 1978 to Fr. 98 billion a year later. The quotas for advances were not even adjusted at all.

The Treasury's additional recourse to the Bank represented a growing share of its net financing requirements. Whereas at the beginning of the seventies this relationship was still negative, as the Treasury was reducing its indebtedness to the Bank, it jumped from 1 p.c. in 1975 to 12 p.c. in 1976, subsequently stabilising at around that level for two years; last year it jumped again, this time to 35 p.c. of the total financing requirements for the first ten months and to 37 p.c. for the whole year.

On the other hand, the changes in the financial intermediaries' recourse to the lender of last resort, expressed in relation to the rise in the credits in Belgian francs granted by these intermediaries to enterprises, individuals and foreign countries, did not show any upward trend; indeed, during the first ten months of 1979 this relationship was negative.

The shortage of funds on the Belgian financial market clearly did not fail to affect the financial intermediaries' liquidity : during each of the four quarters, the daily average of their combined available margins under the rediscount ceilings was appreciably lower than during the corresponding quarters of 1978; this was particularly the case with the banks. Towards the end of the year the financial intermediaries also made less investments in long-term public paper : the average outstanding amount of the portfolios of Treasury certificates and Securities Regulation Fund certificates held by the banks, the public credit institutions and the private savings banks during the fourth quarter was Fr. 102 billion, against Fr. 110 billion in 1978.

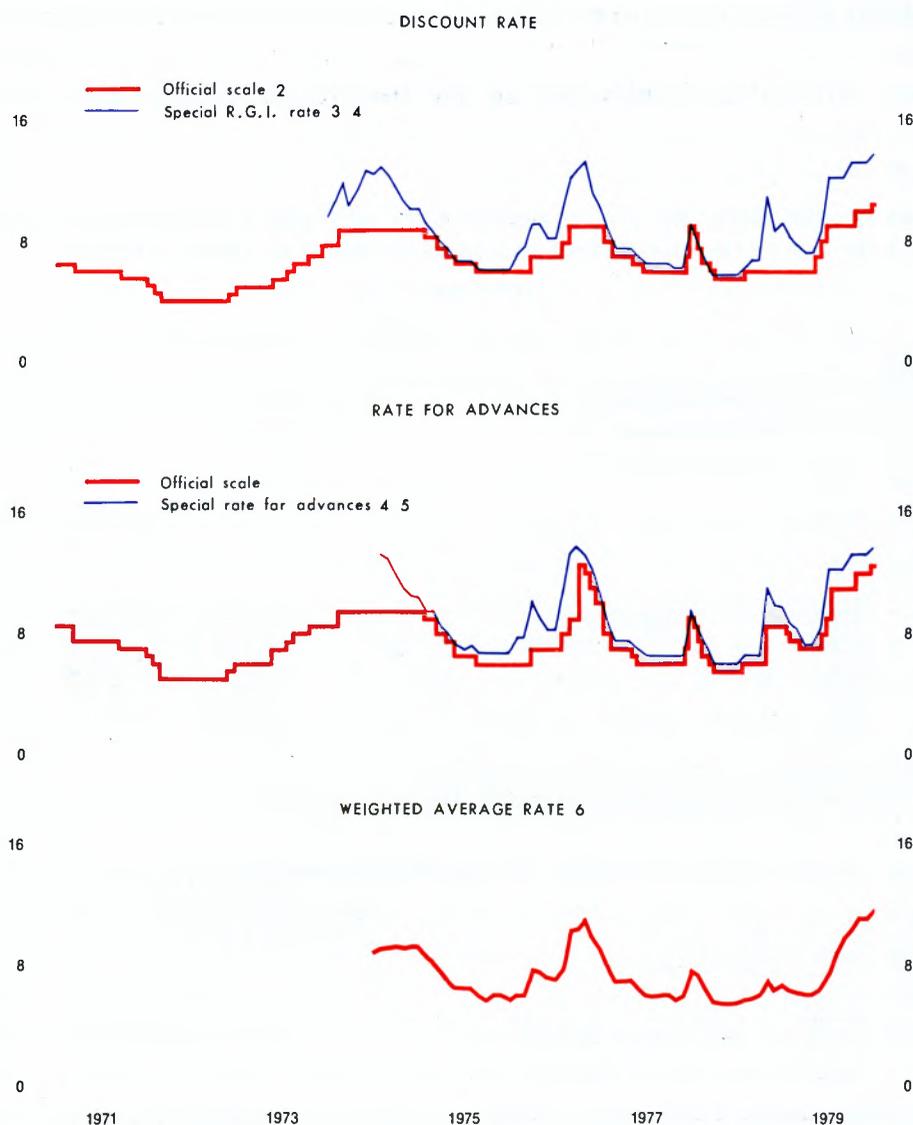
#### c) Interest rates and monetary policy

Except during the periods of foreign exchange turmoil, when it had to pursue a restrictive monetary policy, the Bank has mainly endeavoured, from 1975 onwards, to promote economic growth. Thus the direct limitation imposed in October 1978 on the expansion in short-term credits provided by the financial intermediaries to enterprises was removed again at the end of December of the same year. From then on, interest rates became the chief instrument of monetary policy.

Chart 26.

## RATES OF THE NATIONAL BANK OF BELGIUM <sup>1</sup>

(Per cent)



<sup>1</sup> See Annex 6, Tables 17 and 18.

<sup>2</sup> Bills accepted payable at a bank (from 8th July 1974 to 31st March 1975, from 12th February to 16th June 1976, from 23rd July to 19th December 1976, from 12th October 1978 to 2nd May 1979 and from 20th June 1979 : bills counted against rediscount sub-ceiling A).

<sup>3</sup> Rate applied by the National Bank of Belgium when the Rediscount and Guarantee Institute makes use of its rediscounting facility at the Bank, within a fixed limit, for paper not counted against the financial intermediaries' rediscount ceilings.

<sup>4</sup> Rate ruling at end of months. This rate can change from day to day within a range fixed by the Council of Regency of the National Bank of Belgium.

<sup>5</sup> Rates at which daily utilisations are charged when the monthly quota has been exhausted.

<sup>6</sup> Average cost of recourse to the National Bank of Belgium for the financial intermediaries which directly or indirectly finance credits to enterprises and individuals. This cost is calculated by taking the mean of the different rates weighted by the outstanding amount of the financing obtained by these intermediaries at these rates. Rates ruling at end of months. The weighted average rate has only been calculated since July 1974.

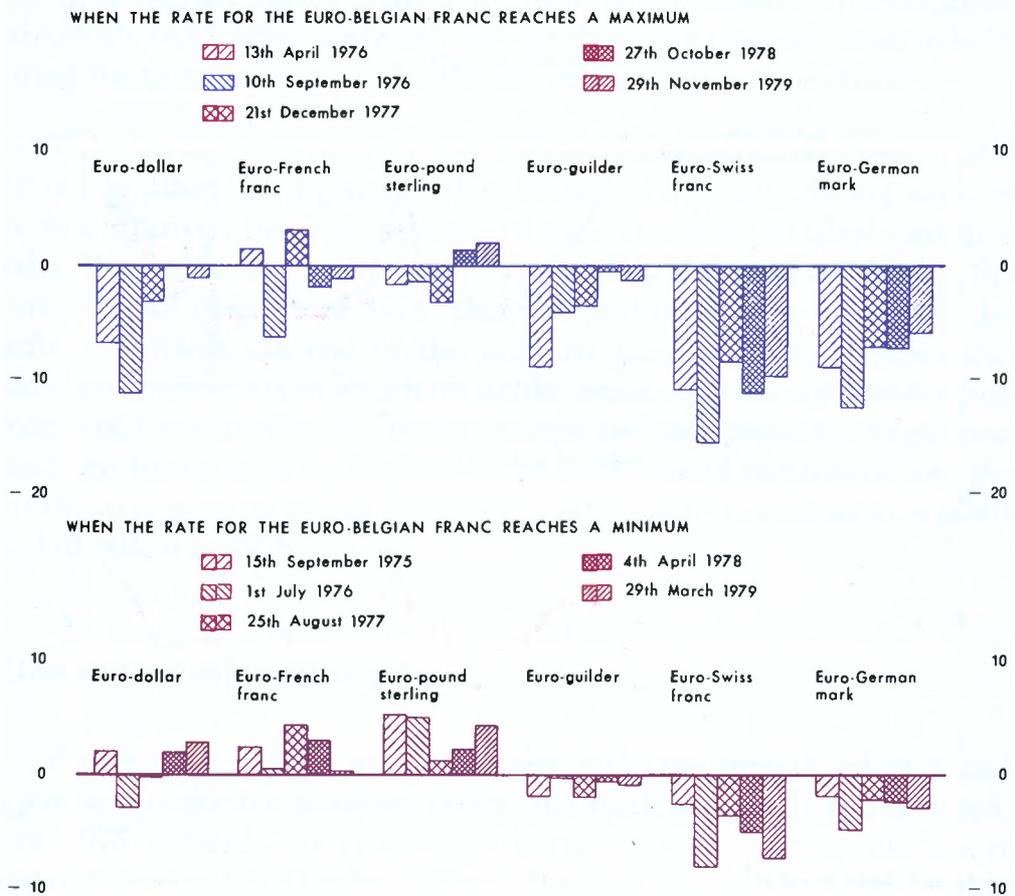
Up to the end of April 1979 the use made of this instrument consisted of a lowering of rates. From May onwards, however, owing to renewed strains on the foreign exchange market and under the influence of the rise in rates on foreign money markets, the Bank was forced to change the direction of its monetary policy.

After having risen from 5.50 to 7 p.c. between the end of June and the end of October 1978, a period of foreign exchange crisis, the weighted average rate for the Bank's lending had turned downwards again, except

Chart 27.

DIFFERENCES BETWEEN THE INTEREST RATE FOR THE EURO-BELGIAN FRANC AND THAT FOR THE OTHER EURO-CURRENCIES AT THREE MONTHS <sup>1</sup>

(Per cent)



<sup>1</sup> The interest rate for the foreign currency less the interest rate for the Euro-Belgian franc.

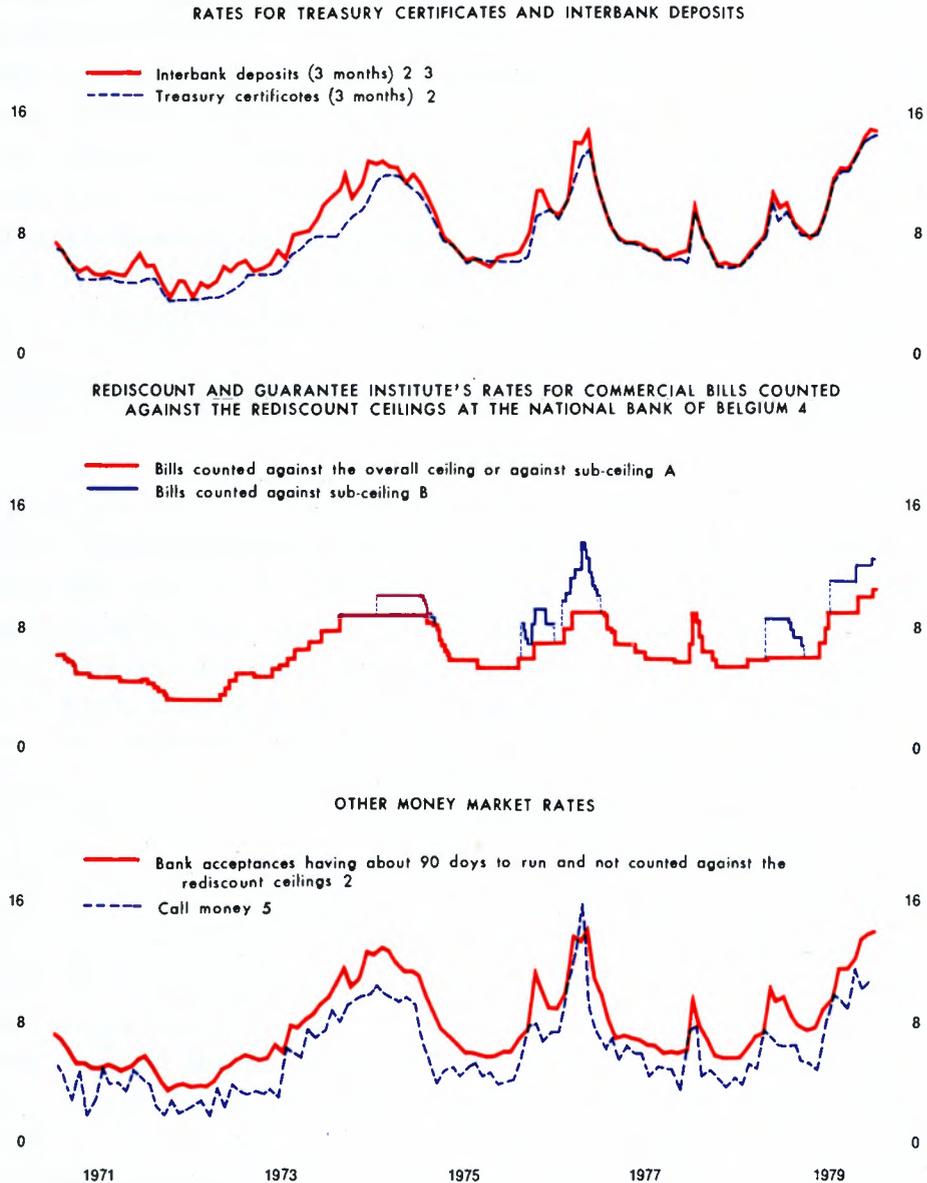
for a slight rise in December 1978 : at the end of April 1979 it was down to 6.15 p.c. On 3rd May, however, owing to the aforementioned new strains on the foreign exchange market, the Bank raised its official discount rate, which had remained unchanged since 27th July 1978, from 6 to 7 p.c.; at the same time it once more suspended rediscount ceiling B, which had been in force since 12th October 1978; the rate for this sub-ceiling had in fact been lowered on 8th March 1979 from 7.50 to 7 p.c. Four successive increases raised the official discount rate to 10.50 p.c. on 13th December, while the special rate for sub-ceiling B, reintroduced on 29th June, rose to 12.50 p.c. Thus from the end of April to the end of December the Bank's weighted average rate went up gradually from 6.15 to 11.53 p.c. This increase was appreciably greater than during the previous periods of foreign exchange crisis : it had amounted to 2.1 p.c. during the first quarter of 1976, 3.9 p.c. from June to October 1976, 2 p.c. between October and December 1977 and 1.5 p.c. from June to October 1978.

As it was desirable to stabilise import prices and for this purpose to maintain the Belgian franc's position on the foreign exchange markets, the raising of interest rates was fully justified. It was not appropriate, however, from the point of view of the economy's purely domestic aims : while the cyclical revival of activity was undeniably in progress, the stage of excessive and hence inflationary expansion of overall demand had certainly not yet been reached. Belgian money market rates were, however, swept along by the upward movement which took place on the foreign money markets, the special features and causes of which were described in Chapter 1. In view of the relatively low rate of inflation in Belgium, the real money market rate, i.e. after deduction of the rise in prices, was in April 1979 still appreciably higher there than in most other countries. But it is the nominal differentials in comparison with foreign interest rates — which, when the rate for the Euro-Belgian franc reached a maximum in November 1979 were actually not larger but, on the contrary, generally smaller than during previous foreign exchange crises — that represent a constraint for the monetary authorities when these are endeavouring to counter capital outflows or to encourage return flows; because of the greater stability of exchange rates, especially among the member countries of the European Monetary System, investors and debtors will in fact allow themselves to be guided more by the movement of nominal rates, which are a precise magnitude, and less by fortuitous factors such as the danger of alterations in exchange rates.

Chart 28.

MONEY MARKET RATES <sup>1</sup>

(Per cent)



<sup>1</sup> See Annex 6, Table 19.

<sup>2</sup> Rates ruling at end of month.

<sup>3</sup> Before July 1978 : Euro-Belgian franc deposits (3 months).

<sup>4</sup> From 28th October 1978 to 1st January 1979, from 30th January 1976 to 9th March 1978, from 17th to 28th March 1978 and from 12th October 1978 : not more than 120 days to maturity. From 24th March to 11th October 1978 : from 31 to 120 days to maturity. For other periods : from 61 to 120 days to maturity.

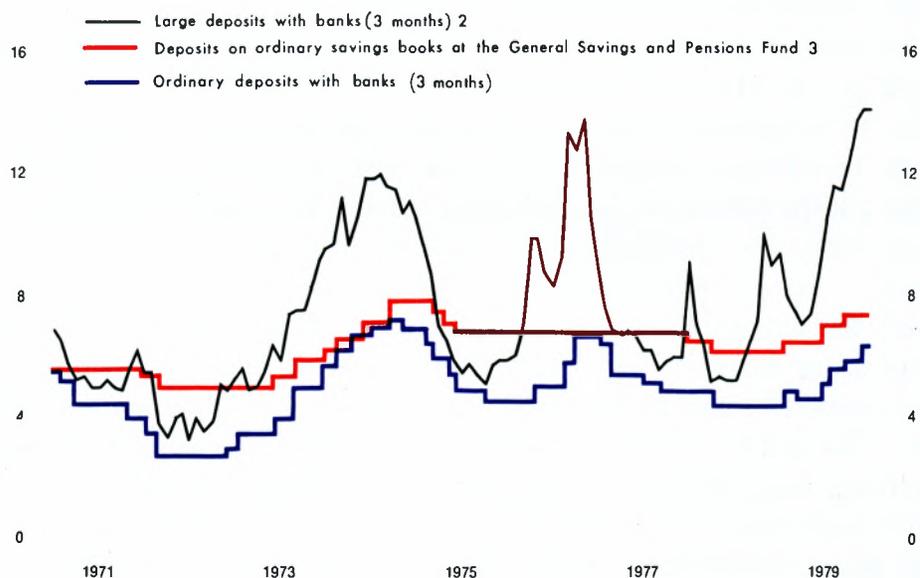
<sup>5</sup> Daily averages per month.

Under the influence of the succession of competitive increases in interest rates abroad, Belgian money market rates — that is, those applied among financial intermediaries — and the rates closely linked with them, such as those for large deposits and non-residents' deposits, also rose very considerably. If the rate for three-month interbank deposits is taken as an indicator of the movement of money market rates, there is found to have been a rise of 6.8 p.c. between the end of April and the end of November; this increase, too, was more marked than those during the previous periods of strain on the foreign exchange markets : the rise was 4.3 p.c. in the first quarter of 1976, 5.8 p.c. from June to October 1976, 3.2 p.c. in November and December 1977 and 4.6 p.c. between April and October 1978. For its part, the rate for large deposits of from Fr. 5 to 20 million went up by 7 p.c. between the end of March and the end of November.

Chart 29.

TREND OF SOME SHORT-TERM CREDITOR RATES <sup>1</sup>

(Per cent)



<sup>1</sup> Rates before deduction of taxes at source. See Annex 6, Table 20

<sup>2</sup> Indicative rates for deposits from Fr. 5 to 20 million.

<sup>3</sup> Including the fidelity premium. Fictitious gross rate : as income from deposits on ordinary savings books is at present exempt from tax up to Fr. 15,000 per year, their actual rate is not comparable with the other rates; the gross fictitious rate provides a valid basis of comparison in the case of an individual who pays, on the income from his other investments, neither more nor less than the tax deducted at source.

The other short-term creditor rates, which are changed by consultation, displayed much less elasticity than money market rates : thus the rates for ordinary three-month deposits with banks were raised by only 2 percentage points between 16th January and 29th November, from 4.50 to 6.50 p.c. The relatively small rise in these so-called standard rates undoubtedly contributed to the increased formation of financial assets in Belgian francs abroad — funds which subsequently flowed back in the form of loans to Belgian banks at the rates prevailing on the money market; this had the effect of pushing up the average cost of the Belgian financial intermediaries' resources.

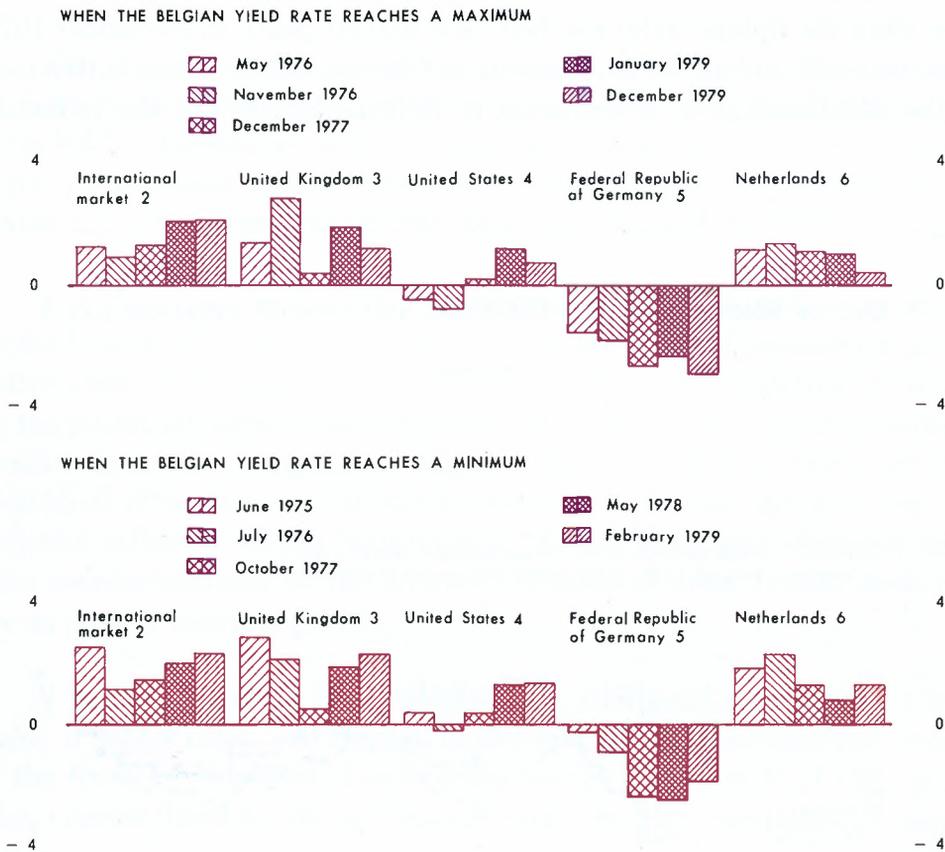
The financial intermediaries' short-term debtor rates closely follow the course of money market rates and therefore rose considerably from the second quarter onwards : for instance, the minimum effective rates — which are charged to first-class clients — for the big banks' discount credits, ordinary overdrafts and « straight loans » went up by 6.25, 6.25 and 6.70 p.c. respectively between the end of April and the end of December.

Like money market rates, the yields on Government loans declined slightly during the first quarter of 1979; the gross yield to final maturity of Government and Road Fund loans thus fell from 9.11 p.c. in January to 8.91 p.c. in March. However, the rise in money market rates which began to be observable in May prompted the financial intermediaries to engage in arbitrage between short-term and long-term assets, leading to declines in quotations on the secondary market for long-term public paper; consequently the stock exchange yield rose by 0.5 p.c. in the second quarter. More fundamentally the shortage of funds referred to earlier caused the financial intermediaries to use a larger proportion of their resources for financing their lending to enterprises and individuals and thus to subscribe less to long-term public paper than during the previous year. The public sector reacted by limiting the number of large public loan issues and relying on foreign-currency credits to meet part of its needs; furthermore, from the autumn onwards, it made the terms of its loans more attractive. Thus the gross yield to final maturity on Government and Road Fund loans rose from 8.91 p.c. in March to 10.93 p.c. in November, while the gross yield on 10-year medium-term notes issued on tap by the public credit institutions increased from 8.50 to 10.88 p.c. between January and December. These rates thus went above their previous peak. Their rise provided an incentive for individuals to invest

Chart 30.

DIFFERENCES BETWEEN BELGIAN AND FOREIGN LONG-TERM  
YIELD RATES <sup>1</sup>

(Per cent)



Sources : International market : Bondtrade. United Kingdom : Bank of England. Calculations of the National Bank of Belgium. United States : Federal Reserve Bulletin. Federal Republic of Germany : O.E.C.D. Financial Statistics. Calculations of the National Bank of Belgium. Netherlands : Quarterly Report of the Netherlands Bank.

<sup>1</sup> Foreign rate of yield minus stock exchange yield on Belgian Government bonds at over 5 years. Rates after any deduction of tax at source, i.e. : for Belgium, preliminary tax on personal property of 20 p.c.; for the United Kingdom, variable basic rate of income tax; for the Federal Republic of Germany, coupon tax of 25 p.c. See Annex 6, Table 21.

<sup>2</sup> Yield on dollar Euro-bonds at over 7 years.

<sup>3</sup> Yield on government bonds on the secondary market (20 years).

<sup>4</sup> Yield on Federal Government bonds on the secondary market (10 years and over).

<sup>5</sup> Yield on public-sector bonds on the secondary market.

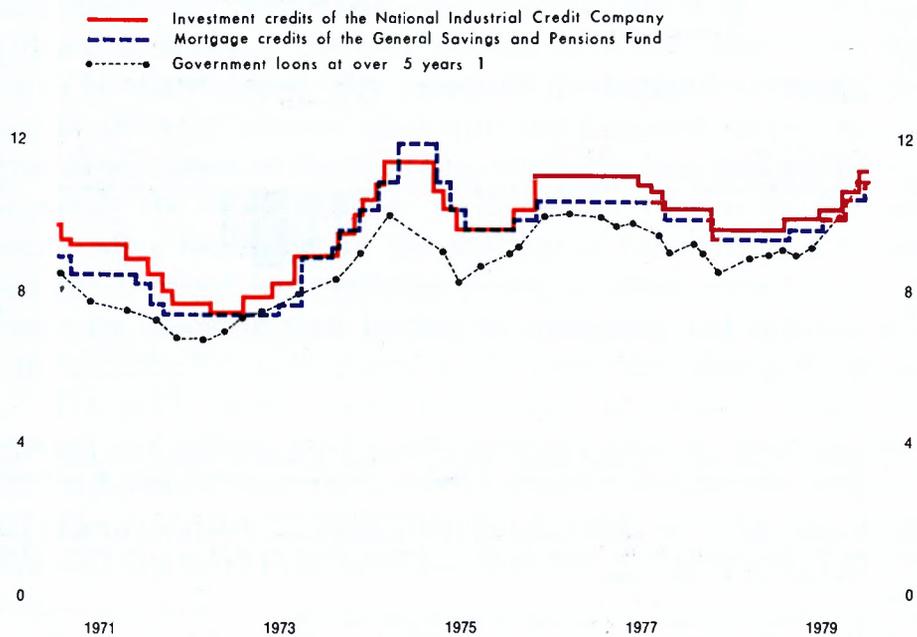
<sup>6</sup> Yield on the last three long-term government loans.

their long-term savings in Belgium. At the time when Belgian yield rates were at their lowest — at the end of February 1979 — the yield advantage for a Belgian investing in dollar Euro-bonds on the international market or in long-term public paper of the United Kingdom, the United States or the Netherlands instead of in Belgian long-term public paper was, respectively, allowing for retention of tax at source where appropriate, 2.3, 2.2, 1.3 and 1.3 p.c. Investments in German public long-term paper, however, then yielded 2 p.c. less than those in Belgian paper. At the time when the Belgian rates reached their highest point, in December 1979, there was still, except for investments in German marks, a rate differential to the disadvantage of investments in Belgian francs, but the reduction

Chart 31.

TREND OF SOME LONG-TERM CREDITOR AND DEBTOR INTEREST RATES

(Per cent)



<sup>1</sup> Yield, on issue, to final maturity. Including the loans of the Road Fund.

in this differential since February had helped to bring purchases of foreign securities down to a relatively low level.

The debtor rates for long-term credits, i.e. those for capital investment credits and mortgage loans, which are chiefly influenced by the rates for medium-term notes and bonds, on the one hand, and the rates on savings books, on the other, underwent a minimum rise of 1.5 p.c. compared with mid-1978.

The rise in the rate on mortgage loans doubtless acted as a brake on households' expenditure on housing. On the other hand, the part of households' expenditure which is financed by consumer credit, i.e. about 5 p.c. of the total, was not affected by the general rise in rates, as the maximum percentages chargeable were not changed in 1979.

For their part enterprises' investment in fixed capital or in stocks depends on a wide range of factors, such as the trend of economic activity, anticipations with regard to profits and inflation, the incentives provided by the public authorities and the debtor interest rates for capital investment credits, discounts, acceptances and overdrafts — factors whose specific individual effect is very difficult to calculate. During the past year the negative influence of the high level of interest rates was obviously more than counterbalanced by the positive influence of other factors, including the improved trend of profits.

What can be done is to calculate the additional cost resulting from a rise in debtor rates. At the end of October 1979 the outstanding amount of the financial liabilities of enterprises was estimated at Fr. 1,934 billion. The interest burden, on an annual basis, on this outstanding amount depends on the period of the credits obtained, the form of the obligations assumed, the recent trend of debtor rates and also, in the case of long-term credits, the trend of these rates in the past. If, as far as possible, account is taken of these various factors, the annual interest burden can be estimated at Fr. 198 billion at the end of October 1979. According to the same calculations, the interest burden amounted to Fr. 146 billion at the end of October 1978 and to only Fr. 51 billion in 1970. Although these are nominal amounts, it cannot be denied that their growth has been a factor pushing up production costs : expressed as a percentage of the value added by non-financial enterprises, the interest burden grew from 4.9 p.c. in 1970 to 6.8 p.c. at the end of 1978.

If interest rates had remained unchanged, the increase in financial charges, which amounted to Fr. 52 billion between October 1978 and October 1979, would have been only Fr. 15 billion. It can thus be said that only 29 p.c. of this increase is due to greater recourse by enterprises to credit, the remainder being attributable to the rise in rates : the effective weighted average rate went up by 2 p.c. during the twelve-month period in question.

*Annual accounts*



*The entry into force of the European Monetary System on 13th March 1979 necessitated the creation of new item headings in the Bank's statements of account and balance sheet.*

*Art. 17 of the Agreement establishing, among the central banks of the member States of the European Economic Community, the operating procedures of the European Monetary System stipulates that each central bank participating in the foreign exchange mechanism introduced by the Resolution of the Council of Europe of 5th December 1978 shall contribute to the European Monetary Cooperation Fund (E.M.C.F.) 20 p.c. of its gold holdings and 20 p.c. of its gross reserves in U.S. dollars and that, during the two-year transitional period, these contributions of gold and dollars shall take the form of renewable three-month swaps against Ecus, subject to settlement at two working days' notice.*

*As the conversion of the gold and dollars contributed to the E.M.C.F. is effected on the basis of rates derived from the market quotations, the recording of the transactions in the accounts on the basis of the accounting rates for gold and the dollar leads to dissimilar movements of the items concerned in the Bank's statements of account. The actual movements are the following :*

- 1. spot sale of the reserve components to the E.M.C.F. :
  - decrease in the asset items « Gold holding » and « Foreign currencies »;*
  - entering of a balance in Ecus under the new asset item « Ecus »;**
- 2. forward repurchase of the same reserve components :
  - entering of the countervalue of the gold and dollars under a new sub-item « E.M.C.F. » of the item « Foreign currencies and gold receivable »;*
  - entering of the countervalue of the Ecus to be delivered under a new liabilities item « Ecus to be delivered to the E.M.C.F. ».**

*The positive accounting difference appearing in the case of the spot transaction is, however, offset by the negative accounting difference appearing in the case of the forward transaction.*

*\*  
\*\**

*In order to make the accounting part of the report easier to read, the amounts of the different items appearing in the annual accounts and in the comments on them will henceforth be expressed in thousands of francs.*



## BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 1979

ASSETS	<i>(in thousands of francs)</i>
Gold Holding . . . . .	58,261,384
International Monetary Fund :	
Quota . . . . .	18,125,923
Loans . . . . .	—
Special Drawing Rights . . . . .	23,152,131
Ecus . . . . .	61,112,219
Foreign Currencies . . . . .	75,472,564
Foreign Currencies and Gold Receivable :	
European Monetary Cooperation Fund . . . . .	35,706,953
Other . . . . .	2,377,342
International Agreements . . . . .	4,823
Advances to the I.M.F. . . . .	7,369,449
European Monetary Cooperation Fund . . . . .	—
E.E.C. : Medium-term Financial Assistance . . . . .	—
Debtors in respect of Foreign Exchange and Gold at Forward Dates . . . . .	19,597,254
Commercial Bills . . . . .	80,602,991
Advances against Pledged Security :	
Institutions governed by a Special Law . . . . .	23,534,771
Banks . . . . .	187,527
Enterprises and Individuals . . . . .	11,227
Public Securities :	
Belgian Public Securities . . . . .	37,000,000
Luxembourg Public Securities . . . . .	—
Special Assistance to the Securities Regulation Fund . . . . .	52,450,000
Treasury Notes and Coin . . . . .	426,610
Balances at the Postal Cheque Office :	
A Account . . . . .	2,263
B Account . . . . .	3,432,630
Consolidated Claim on the Government . . . . .	34,000,000
Provisional Adjustment resulting from the Law of 3rd July 1972 . . . . .	3,450,349
Items Receivable . . . . .	18,776,285
Public Long-term Securities . . . . .	7,232,743
Premises, Furniture and Equipment . . . . .	2,232,157
Securities of the Staff Pensions Fund . . . . .	11,757,652
Transitory Assets . . . . .	2,010,801
Total Assets . . . . .	578,288,048

## LIABILITIES

(in thousands of francs)

Bank Notes in Circulation . . . . .		371,796,112
Current and Sundry Accounts :		
Public Treasury : Ordinary Account . . . . .	11,209	
Institutions governed by a Special Law . . . . .	1,498,051	
Banks in Belgium . . . . .	324,967	
Enterprises and Individuals . . . . .	832,807	
Banks in Foreign Countries, Ordinary Accounts . . . . .	1,430,452	
Items Payable . . . . .	3,817,602	7,915,088
International Agreements :		
Financial Assistance Agreements . . . . .		3,432,630
Other Agreements . . . . .		16,463
International Monetary Fund :		
Special Drawing Rights, Net Cumulative Allocation . . . . .		14,689,913
European Monetary Cooperation Fund . . . . .		27,357,088
Ecus to be delivered to the European Monetary Cooperation Fund . . . . .		86,349,374
Monetary Reserve :		
Belgium . . . . .		—
Grand Duchy of Luxembourg . . . . .		—
Foreign Currencies and Gold to be delivered . . . . .		28,129,007
Staff Pensions Fund . . . . .		11,757,652
Transitory Liabilities . . . . .		18,168,339
Capital . . . . .		400,000
Reserve Fund :		
Statutory Reserve . . . . .		1,368,416
Extraordinary Reserve . . . . .		4,116,331
Account for Depreciation of Premises, Furniture and Equipment . . . . .		2,049,240
Net Profit for Distribution . . . . .		742,395
	Total Liabilities . . . . .	578,288,048

## PROFIT AND LOSS ACCOUNT AS AT 31<sup>ST</sup> DECEMBER, 1979

*(in thousands of francs)*

### DEBIT

Government's Share :		
Discounts and Advances . . . . .	8,616,912	
Transactions with Foreign Countries . . . . .	3,562,689	12,179,601
<hr style="width: 100%;"/>		
General Expenses :		
Remunerations and Social Charges . . . . .	3,772,635	
Other Expenses . . . . .	356,162	
	<hr style="width: 100%;"/>	
	4,128,797	
<i>less :</i>		
Expenses to be borne by Others . . . . .	593,753	3,535,044
<hr style="width: 100%;"/>		
Taxes . . . . .		2,253,336
Depreciation of Premises, Furniture and Equipment . . . . .		192,969
Additional Grant to the Staff Pensions Fund . . . . .		440,000
Transfers to Reserves and Provisions as :		
Extraordinary Reserve . . . . .	680,000	
Provision for Premises, Furniture and Equipment . . . . .	278,000	
Provision against Sundry Contingencies . . . . .	500,000	
Provision for Taxes . . . . .	250,000	1,708,000
<hr style="width: 100%;"/>		
Net Profit for Distribution . . . . .		742,395
		<hr style="width: 100%;"/>
		21,051,345

### CREDIT

Proceeds of Discount and Advance Operations . . . . .	13,113,744
Proceeds of Transactions with Foreign Countries . . . . .	7,134,457
Proceeds of Public Long-term Securities . . . . .	595,574
Fees for Safe Custody, Commissions and Allowances . . . . .	204,550
Sundry Receipts . . . . .	3,020
	<hr style="width: 100%;"/>
	21,051,345

## MEMORANDUM ACCOUNTS AS AT 31<sup>ST</sup> DECEMBER, 1979

(in thousands of francs)

Ministers of National Education :			
Balance for their account at the Postal Cheque Office (Education legislation) . . . . .		18,642,005	
Documentary Credits Opened . . . . .		17,005	
« Visa » of Acceptances relating to Exports and Imports . . . . .		2,807,092	
International Institution benefiting by a Commitment of the National Bank . . . . .		1,350,073	
Guarantees given on behalf of the Staff . . . . .		707,033	
Securities received by way of Guarantee :			
Cover for advance limits against pledged security . . . . .	52,492,906		
Guarantees given by persons lodging bills for discount . . . . .	1,565		
Securities provided by borrowers of call money . . . . .	21,424,370		
Sundry security commitments . . . . .	84,641		
Other guarantees . . . . .	1,242,955	75,246,437	
Guarantee Certificates received from the Public Treasury . . . . .		900,000	
Items for Collection . . . . .		545,374	
Assets administered for account of the European Monetary Cooperation Fund . . . . .		35,706,953	
Deposits of Securities and Sundry Items :			
International Monetary Fund . . . . .	19,781,500		
International Development Association . . . . .	4,998,448		
Asian Development Bank . . . . .	285,036		
Inter American Development Bank . . . . .	207,564		
African Development Fund . . . . .	11,000		
Other Deposits . . . . .	421,273,570	446,557,118	
Public Treasury :			
Sundry Securities owned by the Government :			
<i>Preference Shares of the Belgian National Railways Co.</i> . . . . .	5,000,000		
<i>Ordinary Shares of the Belgian National Railways Co.</i> . . . . .	1,000,000		
<i>Participating Debentures of the Belgian National Railways Co.</i> . . . . .	638,305		
<i>Treasury Bill of the Government of the Grand Duchy of Luxembourg (Belgian-Luxemb. Agreement)</i> . . . . .	722,675		
<i>4.50 % Certificates of the National Housing Co.</i> . . . . .	3,484,783		
<i>4.50 % Certificates of the National Land Co.</i> . . . . .	118,821		
Sundry Items :			
— <i>Earmarked for the Monetary Fund</i> . . . . .	974,449		
— <i>Others</i> . . . . .	4,672,359	16,611,392	
Sundry Items for which the Government is the Depository :			
<i>Items lodged by outside parties</i> . . . . .	80,488,965		
<i>Service of the Registered Debt</i> . . . . .	531,349,376		
<i>Deposit and Consignment Office</i> . . . . .	6,267,801		
<i>Items lodged by way of guarantee</i> . . . . .	14,307,158	632,413,300	
Items to be delivered . . . . .		44,718,091	693,742,783
Securities Regulation Fund . . . . .			85,763,163



## DIVIDEND DECLARED FOR THE YEAR 1979

First Dividend, Total . . . . .	24,000
Second Dividend, Total . . . . .	471,000
Total . . . . .	495,000

on 400,000 shares, that is per share a dividend of . Fr. 1,237.50

Coupon No. 178 will be payable with effect from 1st March 1980 at the rate of Fr. 990 free of Preliminary Tax on Personal Property.

Since the Net Dividend amounts to Fr. 990, the taxable income per share to be declared by individuals for tax purposes is Fr. 1,806.75 <sup>1</sup>, including the tax relief and the Preliminary Tax on Personal Property.

### *The Council of Regency :*

Marcel D'HAENZE, *Vice-Governor*,  
 Roland BEAUVOIS, *Director*,  
 Elisabeth MALAISE, *Director*,  
 Henri VLOEBERGHS, *Director*,  
 Rene EWALENKO, *Director*,  
 Georges JANSON, *Director*,  
 Hendrik CAPPUYNS, *Regent*,  
 Roger RAMAEKERS, *Regent*,  
 Raymond PULINCKX, *Regent*,  
 Charles HURIAUX, *Regent*,  
 Jozef HOUTHUYS, *Regent*,  
 William FRAEYS, *Regent*,  
 Georges DEBUNNE, *Regent*,  
 Jan HINNEKENS, *Regent*,  
 Philippe MOUREAUX, *Regent*,  
 Luc AERTS, *Regent*.

The Governor,  
 Cecil de STRYCKER.

<sup>1</sup> To be shown in Section IV of individuals' tax declaration :

Income from shares . . . . .	Fr.	990.00
Tax relief $\frac{990 \times 57.5}{100}$ . . . . .	Fr.	569.25
Preliminary Tax on Personal Property $\frac{990 \times 1}{4}$ . . . . .	Fr.	247.50
	Fr.	1,806.75



*Administration and supervision*

*Departments and services*

*Branches and agencies*



## ADMINISTRATION AND SUPERVISION

*Governor* Mr Cecil de STRYCKER.

*Vice-Governor* Mr Marcel D'HAENZE.

*Directors* Mr Roland BEAUVOIS,  
Miss Elisabeth MALAISE,  
Messrs Henri VLOEBERGHES,  
René EWALENKO,  
Georges JANSON.

*Regents* Messrs Hendrik CAPPUYNS,  
Roger RAMAEKERS,  
Raymond PULINCKX,  
Charles HURIAUX,  
Jozef HOUTHUYS,  
William FRAEYS,  
Georges DEBUNNE,  
Jan HINNEKENS,  
Philippe MOUREAUX,  
Luc AERTS.

*Censors* Messrs Alex FLORQUIN, *Chairman*,  
Louis PETIT, *Secretary*,  
Gaston VANDEWALLE,  
Jacques DELRUELLE,  
Hubert DETREMMERIE,  
Henri DE KERCKHEER,  
Roger van de WYER,  
André LEYSEN,  
Lucien ROEGIERS,  
Joseph POLET.

*Secretary* Mr Frans JUNIUS.

*Treasurer* Mr Pol DASIN.

## GOVERNMENT COMMISSIONER

Mr Emiel KESTENS.

## ADVISERS

<i>Economic Adviser</i>	Mr J. BAUDEWYNS,
<i>Advisers to the Board of Directors</i>	Messrs J. POULLET, Head of Personnel V. JANSSENS.

## DEPARTMENTS

*Social Affairs Department* — Mr J. POULLET, Adviser to the Board of Directors, Head of Personnel,

### Training

Head	Mr P. JACOBS, Head of Division,
Head of Division	Mr P. JANSEGERS.

### Medico-social Affairs

Head Doctor	Mr J. DE REDE,
Doctors	Mr J. BARY, Mrs G. BERTE-VAN ERMEN.

### Personnel

Head	Mr J. LUYCKFASSEEL, Inspector-General,
Adviser	Mr J. CARDIJN,
Heads of Division	Mrs L. SWINGS-LAMOUREUX, Messrs R. VAN SIMAEYS, L. HANCISSE, L. VAN DER VEKEN.

*Accounting and Budgetary Control Department* — Mr G. LAKIERE, Assistant Director,

### Accounting

Head	Mr M. SCHOLLAERT, Inspector-General,
Heads of Division	Messrs L. BOES, C. DEKEYSER.

### Budgetary Control

Head	Mr J. VAN ROY, Inspector-General,
Head of Division	Mr J. RENDERS.

*General Control Department* — Mr G. PIRSON, Assistant Director,

### External Control

Head	Mr J. MAERTENS, Inspector-General,
Controllers	Messrs H. KUSSE, P. BLAISE, E. VAN DER JEUGHT.

### Inspection

Head	Mr R. VAN STEENKISTE, Inspector-General,
Inspectors	Messrs F. MORVOET, A. PIERRET, W. VAN DER PERRE, D. MUS, T. DE ROOVER.

*Credit Department* — Mr M. DEMANET, Assistant Director,

Advances and Portfolio

Head Mr P. BOON, Head of Division,  
Head of Division Mr J.-M. WULLUS.

Central Risks Office

Head Mr F. TOURNEUR, Inspector-General,  
Heads of Division Messrs F. DEPUYDT, P. TELLIER.

Discounting

Head Mr R. STEVENS, Inspector-General,  
Heads of Division Messrs J. VAN ROMPAY, C. DE NYS, M. RENERT.

*Foreign Department* — Mr F. HEYVAERT, Assistant Director,

Chief Adviser Mr J.-J. REY.

International Agreements

Head Mr J. ROELANDTS, Inspector-General,  
Advisers Miss A. HARNOULD, Messrs M. DEMARET,  
P. LEROY, M. JAMAR, G. NOPPEN  
J. MICHIELSEN, H. BUSSERS,  
Heads of Division Messrs L. DE VRIES, L. VAN SCHEPDAEL.

Foreign Exchange

Head Mr P. ADRIAENS, Head of Division,  
Heads of Division Messrs H. DE SAEDELEER, J. MAKART.

Goods Transactions Control

Head Mr W. STOOP, Head of Division,  
Head of Division Mr F. ROBBERECHT.

Foreign Payments Statistics

Head Mr W. VANLEEUEW, Inspector-General,  
Head of Division Mr J. HEYVAERT.

*Research Department* — Mr J. BAUDEWYNS, Economic Adviser,

Advisers Mr G. DEFRANCE, Miss M.-H. LAMBERT,  
Mr J. DESPIEGELAERE,

Deputy Head  
of Department Mr L. PLUM, Inspector-General,

Senior Economist Mr A. VERPLAETSE,

Economists Messrs J. DOLO, W. PLUYM, W. VERTONGEN,  
X. DUQUENNE, R. REYNDERS, R. BEUTELS,  
S. BERTHOLOME, B. MEGANCK,  
Miss A.-M. PEETERS, Mr A. NYSENS.

Documentation

Head Mr M. JACOBS, Head of Division,  
Head of Division Mr G. BURGGRAEVE,  
Translator Mr M. LEENDERS.

Statistics

Head Mr R. EGLEM, Inspector-General,  
Heads of Division Messrs W. BRUMAGNE, J.-B. TEIRLINCK.

*Public Securities Department* — Mr A. ROWIES, Assistant Director,

Government Cashier's Department

Head Mr J. VAN AKEN, Inspector-General,  
Head of Division Mr C. VAN POPPEL.

Securities Regulation

Head Mr P. GENIE, Inspector-General,  
Head of Division Mr W. SMOUT.

Securities

Head Mr O. BELLEMANS, Inspector-General,  
Heads of Division Messrs J. CARLIER, L. NICOLAY, F. SERCKX.

*Buildings Department* — Mr J. WENS, Assistant Director,

Buildings

Head Mr F. DEMEULENAERE, Inspector-General,  
Advisers Messrs J. VICTOIR, K. VANDENEDEE,  
Head of Division Mr G. SCHAMPAERT,  
Architect Mr C. DEMEYERE.

Stores and Security

Head Mr G. VAN DEN STEEN, Inspector-General,  
Heads of Division Messrs S. VAN RILLAER, J. VANDEUREN.

*Printing Department* — Mr J. VAN DROOGENBROECK, Assistant Director,

Administrative Services

Head Mr A. TAYMANS, Inspector-General,  
Head of Division Mr M. VAN GEYTE.

Technical Services

Head Mr W. VAN NIEUWENHUYSE, Head of Division.

*Organisation and Data Processing Department* — Mr B. LIETAER, Assistant Director,

Electronics Centre

Head Mr A. VLASSELAER, Inspector-General,  
Head of Division Mr C. LOTS,  
Senior Systems Engineer Mr J. MOERMAN.

Organisation

Head Mr J. NAGANT, Head of Division,  
Consultant analysts Messrs R. MAUHIN, H. BARBE, R. VAN HEMELRIJCK,  
Adviser Mr J.-C. PAUWELS.

*General Secretariat Department,*

Secretariat

Head Mr. G. DEVRIENDT, Inspector-General,  
Head of Division Mr M. VERHAEGEN.

Secretariat of the Board of Directors

Head Miss M. WILLEMS, Inspector-General,  
Head of Division Mr H. DOMS.

*Branches and Agencies Department* — Mr P. ANDRE, Assistant Director, assisted by  
Mr J. VANNESTE, Inspector-General,

Head of Division Mr C. METTENS.

*General Treasury Department* — Mr P. DASIN, Treasurer,

Central Cash Office

Chief Cashier Mr F. DE MAEYER, Inspector-General,  
Heads of Division Messrs R. SCHEYS, Y. BALSEAU, J. DE MAESSCHALCK,  
R. VERHEYDEN.

Current Accounts

Head Mr T. FELIX, Head of Division.  
Heads of Division Messrs L. LEEMAN, G. BOEYKENS.

*Collections and Staff Library*

Head Mr A. vander STRAETEN, Inspector-General,  
Head of Division Miss C. LOGIE

*Legal Affairs*

Head Mr J.-V. LOUIS, Inspector-General,  
Advisers Messrs J. BRICOUT, P. LOHEST, J.-P. BRISE.

*Safety, Hygiene and Embellishment of Working Environment*

Head	Mr J. BOULAERT, Head of Division,
Head of Division	Mr L. DETEMMERMAN.

*Officials on mission on behalf of the International Monetary Fund*

Banque Centrale des Etats de l'Afrique de l'Ouest — Mr G. PARLONGUE, Economist.  
Banque du Rwanda — Mr M. ASSEAU, Controller.  
Banque du Zaïre — Mr J. DUREUIL, Controller, Mr R. VANHULST, Head of Division.  
Institut d'émission des Comores — Mr P. COENRAETS, Inspector.

*Official seconded to the Banking Commission* — Mr M. BRUYLANTS, Inspector-General.

## BRANCHES

### *Branch Managers :*

<i>Antwerp</i>	Messrs H. ALLAER,
<i>Liège</i>	A. FRANÇOIS,
<i>Luxembourg (Grand Duchy)</i>	M. HENNEQUIN.

## AGENCIES

### *Agency Managers :*

<i>Aalst</i>	Messrs F. DE KEYSER,
<i>Arlon</i>	R. TOBIE,
<i>Brugge</i>	L. VAN DEN WIJNGAERT,
<i>Charleroi</i>	A. D'HAUWE,
<i>Dinant</i> <sup>1</sup>	J. DENILLE, <sup>2</sup>
<i>Ghent</i>	K. MORTIER,
<i>Hasselt</i>	M. WELLEMANS,
<i>Huy</i>	J. TIELEMANS,
<i>Kortrijk</i>	F. LEFLERE,
<i>La Louvière</i>	R. DEKUYPER,
<i>Leuven</i>	H. LIENART van LIDTH de JEUDE,
<i>Mechelen</i>	L. KERREMANS,
<i>Malmédy</i>	J. TASSIER,
<i>Marche-en-Famenne</i>	J. BOFFING,

<sup>1</sup> The Dinant agency will be closed on 3rd January 1980.

<sup>2</sup> Responsible for the management of the agency.

*Agency Managers :*

<i>Mons</i>	Messrs P. NYS,
<i>Namur</i>	G. WALNIER,
<i>Nivelles</i>	P. VAN NIEUWENHUYSE,
<i>Ostend</i>	G. ONGENA,
<i>Roeselare</i>	L. GHYSELS,
<i>Ronse</i>	G. DELIVEYNE <sup>2</sup> ,
<i>Sint-Niklaas</i>	P. PEETROONS,
<i>Tienen</i>	J. BOUDOU,
<i>Tongeren</i> <sup>1</sup>	A. GELENNE <sup>2</sup> ,
<i>Tournai</i>	F. RYCKAERT,
<i>Turnhout</i>	M. THIJS,
<i>Verviers</i>	V. BRANDELAER.

<sup>1</sup> The Tongeren agency will be closed on 3rd January 1980.

<sup>2</sup> Responsible for the management of the agency.





## *Annexes*

## BALANCE SHEETS COMPARED AS AT

ASSETS	1975	1976	1977	1978	1979
<b>Gold Holding</b> . . . . .	71,821.2	71,821.2	72,295.0	72,531.9	58,261.4
<b>International Monetary Fund :</b>					
Quota . . . . .	26,343.1	29,883.3	26,718.0	19,407.1	18,125.9
Loans . . . . .	—	—	1,467.8	689.9	—
Special Drawing Rights . . . . .	29,946.6	19,334.4	19,808.8	20,150.7	23,152.1
<b>Ecus</b> . . . . .					61,112.2
<b>Foreign Currencies</b> . . . . .	107,146.9	84,025.0	101,161.0	106,125.9	75,472.6
<b>Foreign Currencies and Gold Receivable</b> . . . . .					
European Monetary Cooperation Fund . . . . .					35,707.0
Other . . . . .	—	—	—	—	2,377.3
<b>International Agreements</b> . . . . .	10.4	153.0	444.1	392.9	4.8
<b>Advances to the I.M.F.</b> . . . . .	2,428.5	9,731.4	9,731.4	9,374.3	7,369.4
<b>European Monetary Cooperation Fund</b> . . . . .	—	—	—	—	—
<b>E.E.C. : Medium-term Financial Assistance</b> . . . . .	6,538.2	6,538.2	6,538.2	—	—
<b>Debtors in respect of Foreign Exchange and Gold at Forward Dates</b> . . . . .	11,914.1	—	—	11,889.1	19,597.3
<b>Commercial Bills</b> . . . . .	22,161.3	45,259.8	59,670.3	78,992.7	80,603.0
<b>Advances against Pledged Security :</b>					
Institutions governed by a Special Law . . . . .	3,313.2	4,035.8	7,815.4	14,171.9	23,534.8
Banks . . . . .	—	97.7	49.0	2,046.1	187.5
Enterprises and Individuals . . . . .	23.0	21.8	15.5	561.4	11.2
	3,336.2	4,155.3	7,879.9	16,779.4	23,733.5
<b>Public Securities :</b>					
Belgian Public Securities . . . . .	4,225.0	20,575.0	37,000.0	37,000.0	37,000.0
Luxembourg Public Securities . . . . .	—	—	—	—	—
<b>Special Assistance to the Securities Regulation Fund</b> . . . . .			2,800.0	15,950.0	52,450.0
<b>Treasury Notes and Coin</b> . . . . .	409.1	400.8	366.3	419.0	426.6
<b>Balances at the Postal Cheque Office</b> . . . . .	1.7				
A Account . . . . .		1.1	2.1	2.0	2.2
B Account . . . . .		2,477.3	2,446.1	2,018.5	3,432.6
<b>Consolidated Claim on the Government</b> . . . . .	34,000.0	34,000.0	34,000.0	34,000.0	34,000.0
<b>Special Treasury Bills</b> . . . . .	800.0	600.0	400.0		
<b>Provisional Adjustment resulting from the Law of 3rd July 1972</b> . . . . .	3,450.4	3,450.4	3,450.4	3,450.4	3,450.4
<b>Items Receivable</b> . . . . .	996.4	845.0	2,241.1	9,152.1	18,776.3
<b>Public Long-term Securities</b> . . . . .	5,273.9	5,534.7	6,066.6	6,498.2	7,232.7
<b>Premises, Furniture and Equipment</b> . . . . .	2,195.9	2,195.6	2,191.5	2,150.0	2,232.2
<b>Securities of the Staff Pensions Fund</b> . . . . .	6,481.5	7,753.6	9,043.8	10,293.5	11,757.7
<b>Transitory Assets</b> . . . . .	1,301.8	928.4	1,207.4	1,554.7	2,010.8
	340,782.2	349,663.5	406,929.8	458,822.3	578,288.0

LIABILITIES	1975	1976	1977	1978	1979
<b>Bank Notes in Circulation</b> . . . . .	288,380.8	307,197.4	335,404.5	359,903.0	371,796.1
<b>Current and Sundry Accounts :</b>					
Public Treasury :					
Ordinary Account . . . . .	10.3	8.6	6.5	2.8	11.2
Exceptional Counter-Cyclical Tax . . . . .	7.0	7.0	7.0		
Institutions governed by a Special Law . . . . .	203.4	292.8	207.3	2,933.3	1,498.1
Banks in Belgium . . . . .	723.4	639.8	504.1	389.7	325.0
Enterprises and Individuals . . . . .	762.6	895.2	833.8	733.2	832.8
Banks in Foreign Countries, Ordinary Accounts	394.7	564.9	861.0	1,150.0	1,430.4
Items Payable . . . . .	2,336.0	2,138.9	1,998.2	3,256.2	3,817.6
	4,437.4	4,547.2	4,417.9	8,465.2	7,915.1
<b>International Agreements :</b>	3,222.8				
Financial Assistance Agreements . . . . .		2,477.3	2,446.1	2,018.5	3,432.6
Other Agreements . . . . .		354.2	376.4	350.4	16.5
<b>International Monetary Fund :</b>					
Special Drawing Rights, Net Cumulative Allo- cation . . . . .	10,186.2	10,186.2	10,186.2	10,186.2	14,689.9
<b>European Monetary Cooperation Fund</b> . . . . .	—	—	23,441.5	26,702.9	27,357.1
<b>Ecus to be delivered to the European Monetary Cooperation Fund</b> . . . . .					86,349.4
<b>Monetary Reserve :</b>					
Belgium . . . . .	—	—	—	365.0	—
Grand Duchy of Luxembourg . . . . .	—	—	—	—	—
<b>Foreign Currencies and Gold to be Delivered</b> . . . . .	12,072.2	36.9	28.3	16,206.8	28,129.0
<b>Staff Pensions Fund</b> . . . . .	6,481.5	7,753.6	9,043.8	10,293.5	11,757.7
<b>Transitory Liabilities</b> . . . . .	9,929.2	10,462.3	14,475.1	16,458.0	18,168.3
<b>Capital</b> . . . . .	400.0	400.0	400.0	400.0	400.0
<b>Reserve Fund :</b>					
Statutory Reserve . . . . .	1,115.1	1,172.8	1,234.7	1,299.7	1,368.4
Extraordinary Reserve . . . . .	1,890.9	2,361.3	2,734.3	3,436.3	4,116.3
Account for Depreciation of Premises, Furni- ture and Equipment . . . . .	2,071.7	2,071.3	2,067.5	2,028.7	2,049.2
<b>Net Profit for Distribution</b> . . . . .	594.4	643.0	673.5	708.1	742.4
	340,782.2	349,663.5	406,929.8	458,822.3	578,288.0

## PROFIT AND LOSS ACCOUNTS COMPARED

DEBIT	1975	1976	1977	1978	1979
<b>Government's Share :</b>					
Discounts and Advances . . . . .	626.3	3,678.2	2,389.3	3,582.2	8,616.9
Transactions with Foreign Countries . . . . .	3,167.0	1,966.5	2,582.4	3,014.3	3,562.7
Monetary Reserve . . . . .	197.3	0.4	—	—	—
	3,990.6	5,645.1	4,971.7	6,596.5	12,179.6
<b>General Expenses :</b>					
Remunerations and Social Charges . . . . .	2,487.5	2,972.0	3,314.5	3,536.2	3,772.6
Other Expenses . . . . .	260.1	315.1	298.3	322.7	356.2
	2,747.6	3,287.1	3,612.8	3,858.9	4,128.8
<i>less :</i>					
Expenses to be borne by Others . . . . .	— 401.5	— 399.3	— 420.9	— 543.5	— 593.8
	2,346.1	2,887.8	3,191.9	3,315.4	3,535.0
<b>Taxes</b> . . . . .	897.5	1,316.3	1,210.1	1,647.0	2,253.3
<b>Depreciation of Premises, Furniture and Equipment</b>	190.0	83.9	172.8	172.5	193.0
<b>Additional Grant to the Staff Pensions Fund</b> . . . . .	525.0	620.0	500.0	350.0	440.0
<b>Transfers to Reserves and Provisions :</b>					
— Extraordinary Reserve . . . . .	204.8	470.5	373.0	702.0	680.0
— Provision for Premises, Furniture and Equipment . . . . .	—	125.0	73.5	—	278.0
— Provision against Sundry Contingencies . . . . .	100.0	200.0	200.0	500.0	500.0
— Centenary Fund . . . . .	10.0	—	—	—	—
— Provision for Taxes . . . . .					250.0
<b>Net Profit for Distribution</b> . . . . .	594.4	643.0	673.5	708.1	742.4
	8,858.4	11,991.6	11,366.5	13,991.5	21,051.3

CREDIT	1975	1976	1977	1978	1979
Proceeds of Discount and Advance Operations . . .	1,086.5	5,698.8	4,343.7	6,824.6	13,113.7
Proceeds of Transactions with Foreign Countries . .	7,185.6	5,661.3	6,331.1	6,386.8	7,134.5
Proceeds of Public Long-term Securities . . . . .	388.4	423.1	468.9	536.8	595.6
Fees for Safe Custody, Commissions and Allowances	184.6	187.3	191.3	191.0	204.5
Sundry Receipts . . . . .	12.2	18.7	31.5	52.3	3.0
Drawings on Transitory Liabilities Items :					
— Provision for Building of Premises and Purchasing of Furniture and Equipment	1.1	2.4	—	—	—
	8,858.4	11,991.6	11,366.5	13,991.5	21,051.3



## MISCELLANEOUS INFORMATION

	1975	1976	1977	1978	1979
Gross dividend declared per share . . . . .	993.75	1,075.00	1,125.00	1,181.25	1,237.50
Preliminary tax on personal property retained per share . . . . .	198.75	215.00	225.00	236.25	247.50
Net dividend declared per share . . . . .	795.00	860.00	900.00	945.00	990.00
Taxable income per share to be declared by individuals for tax purposes . . . . .	1,450.88	1,569.50	1,642.50	1,724.63	1,806.75

INTERNATIONAL POLYMERIZATION

1957

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ANNEX 4

**WEEKLY RETURNS**  
**PUBLISHED IN THE « MONITEUR BELGE » DURING 1979**

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1979 \*

(Millions of francs)

ASSETS

DATE	Gold holding	International Monetary Fund :			Ecus	Foreign currencies	Foreign currencies and gold receivable		Inter-national agreements	Advance to the I.M.F.	European Monetary Cooperation Fund	E.E.C. : Medium-term financial assistance	Debtors in respect of foreign exchange and gold at forward dates	Commercial bills	Advances against pledged security	Public securities :		Special assistance to the Securities Regulation Fund	Treasury notes and coin	Balances at the Postal Cheque Office		Consolidated claim on the Government	Provisional adjustment resulting from the Law of 3rd July, 1972	Public long-term securities	Premises, furniture and equipment	Securities of the Staff Pensions Fund	Sundries	TOTAL ASSETS
		Quota	Loans	Special drawing rights			E.M.C.F.	Other								Belgian public securities	Luxembourg public securities			A Account	B Account							
8 January 1979	72.532	19.407	690	24.654	—	106.325	—	...	56	9.374	...	...	11.619	78.887	14.861	37.000	...	14.800	460	1	1.980	34.000	3.450	6.498	2.191	10.335	7.809	456.929
15 "	72.532	19.407	690	24.654	—	106.710	—	...	93	9.374	...	...	11.619	72.394	14.406	37.000	...	16.050	489	1	1.945	34.000	3.450	6.498	2.191	10.337	8.173	452.013
22 "	72.532	19.407	690	24.654	—	106.900	—	...	129	9.374	...	...	11.619	63.842	14.719	37.000	...	16.950	528	2	1.943	34.000	3.450	6.472	2.191	10.361	8.309	445.072
29 "	72.532	19.407	690	24.654	—	107.190	—	...	565	9.374	...	...	11.619	61.095	13.819	37.000	...	12.775	578	2	2.020	34.000	3.450	7.231	2.150	10.712	8.264	439.147
5 February	72.532	19.416	690	24.654	—	106.423	—	...	361	9.374	...	...	11.619	65.064	19.844	37.000	...	10.975	575	1	2.020	34.000	3.450	7.221	2.150	10.937	7.907	446.213
12 "	72.532	19.580	690	24.654	—	106.709	—	...	422	9.374	...	...	11.619	73.464	13.460	37.000	...	3.300	606	2	2.663	34.000	3.450	7.233	2.150	10.937	8.687	442.532
19 "	72.532	19.580	690	24.654	—	107.537	—	...	80	9.374	...	...	11.619	66.187	7.994	37.000	...	15.225	613	1	2.649	34.000	3.450	7.233	2.150	11.097	8.689	442.354
26 "	72.532	19.580	690	24.654	—	107.128	—	...	192	9.374	...	...	11.619	66.183	6.622	37.000	...	12.850	644	1	2.592	34.000	3.450	7.233	2.150	11.132	7.831	437.457
5 March	72.532	19.580	690	24.654	—	107.480	—	...	205	9.126	...	...	11.619	60.521	6.974	37.000	...	26.175	607	1	2.542	34.000	3.450	7.232	2.150	11.228	8.214	445.980
12 "	72.532	19.580	690	24.654	—	107.525	—	...	564	9.126	...	...	11.619	55.511	5.071	37.000	...	27.375	608	1	2.526	34.000	3.450	7.232	2.150	11.205	8.622	441.041
19 "	58.025	19.580	690	24.654	70.814	86.480	35.780	...	451	9.126	...	...	11.619	60.031	5.621	37.000	...	21.725	608	1	2.386	34.000	3.450	7.232	2.150	11.205	8.259	510.887
26 "	58.025	19.580	690	24.654	70.814	86.525	35.780	...	290	8.974	...	...	11.619	55.818	4.371	37.000	...	22.900	617	2	2.273	34.000	3.450	7.231	2.150	11.266	8.537	506.566
2 April	58.025	19.580	690	24.654	69.399	86.112	35.780	...	551	8.974	...	...	11.438	58.538	2.678	37.000	...	29.550	603	2	2.264	34.000	3.450	7.231	2.150	11.283	10.529	514.481
9 "	58.025	19.582	690	24.654	67.617	86.038	35.780	...	686	8.974	...	...	11.445	65.492	1.602	37.000	...	25.325	567	1	2.262	34.000	3.450	7.231	2.150	11.266	9.772	513.609
13 "	58.025	19.584	690	24.654	66.409	86.095	35.780	...	593	8.974	...	...	11.445	66.442	520	37.000	...	26.066	544	1	2.186	34.000	3.450	7.231	2.150	11.292	9.704	512.835
23 "	58.025	19.597	...	24.654	66.138	86.933	35.780	...	239	8.821	...	...	11.445	69.181	194	37.000	...	23.233	521	1	2.106	34.000	3.450	7.231	2.150	11.298	8.712	510.709
27 "	58.025	19.597	...	24.654	65.020	87.114	35.780	...	181	8.821	...	...	11.445	68.714	199	37.000	...	29.326	510	1	2.197	34.000	3.450	7.231	2.150	11.299	9.664	516.378
7 May	58.025	20.136	...	24.654	64.072	87.322	35.780	...	539	8.821	...	...	11.445	66.131	403	37.000	...	39.716	463	1	2.175	34.000	3.450	7.231	2.150	11.349	9.146	524.009
14 "	58.025	20.136	...	24.654	64.043	90.304	35.780	1.400	90	8.539	...	...	13.567	59.946	20	37.000	...	41.966	436	2	2.170	34.000	3.450	7.231	2.150	11.354	9.713	525.976
21 "	58.025	20.136	...	25.110	63.546	88.596	35.780	1.400	47	8.539	...	...	13.567	61.210	39	37.000	...	37.545	476	2	2.368	34.000	3.450	7.231	2.150	11.383	10.714	522.314
26 "	58.025	20.136	...	25.110	62.403	86.064	35.780	1.400	318	8.539	...	...	13.567	56.532	71	37.000	...	43.736	468	2	2.728	34.000	3.450	7.231	2.150	11.383	11.465	521.498
1 June	58.025	20.198	...	23.043	60.389	82.751	35.780	1.400	645	8.539	...	...	13.567	66.665	52	37.000	...	44.799	468	1	2.715	34.000	3.450	7.231	2.150	11.387	16.556	530.811
11 "	58.025	20.198	...	23.043	60.389	87.928	35.780	1.400	114	8.539	...	...	17.392	71.818	789	37.000	...	44.625	479	1	2.714	34.000	3.450	7.231	2.150	11.371	15.712	544.148
18 "	58.025	20.198	...	23.043	60.254	87.219	35.780	1.400	89	8.539	...	...	17.392	68.606	4.230	37.000	...	49.850	489	2	2.683	34.000	3.450	7.231	2.150	11.392	12.884	545.306
25 "	58.025	20.198	...	23.043	60.254	82.637	35.780	1.751	85	8.387	...	...	14.311	70.233	8.682	37.000	...	48.875	520	2	2.683	34.000	3.450	7.231	2.150	11.405	10.948	542.650
2 July	58.025	20.198	...	23.043	60.192	83.102	35.780	1.751	111	8.387	...	...	14.311	63.558	7.805	37.000	...	54.250	487	1	2.652	34.000	3.450	7.231	2.150	11.405	11.575	540.464
9 "	58.025	20.198	...	23.043	66.369	82.934	35.312	1.751	107	8.387	...	...	14.311	60.939	7.034	37.000	...	56.325	535	1	2.723	34.000	3.450	7.231	2.150	11.405	12.131	545.361
16 "	58.025	20.202	...	23.043	66.369	83.164	35.312	1.751	115	8.387	...	...	14.311	61.570	7.643	37.000	...	53.875	544	1	2.709	34.000	3.450	7.231	2.150	11.425	10.739	543.016
20 "	58.025	20.202	...	23.043	66.369	85.734	35.312	2.334	120	8.235	...	...	15.197	69.504	8.472	37.000	...	38.400	595	2	2.646	34.000	3.450	7.231	2.150	11.425	9.461	538.907
30 "	58.025	20.202	...	23.043	66.369	86.200	35.312	2.334	493	8.235	...	...	15.197	69.264	11.877	37.000	...	29.950	617	2	2.604	34.000	3.450	7.231	2.150	11.419	9.444	534.418
6 August	58.025	20.202	...	23.097	66.294	86.700	35.312	2.334	204	8.180	...	...	15.197	68.359	13.160	37.000	...	30.375	597	2	2.604	34.000	3.450	7.227	2.150	11.398	9.768	535.635
13 "	58.025	20.202	...	23.097	66.294	86.897	35.312	2.334	486	8.053	...	...	15.197	64.800	9.030	37.000	...	29.550	600	2	2.575	34.000	3.450	7.227	2.150	11.598	9.735	527.414
20 "	58.025	20.202	...	23.097	66.294	86.962	35.312	2.334	387	8.053	...	...	15.197	62.044	7.023	37.000	...	32.475	598	2	2.569	34.000	3.450	7.227	2.150	11.397	9.942	525.740
27 "	58.025	20.330	...	23.097	66.294	87.085	35.312	2.334	275	8.053	...	...	15.197	65.902	6.966	37.000	...	24.675	614	2	2.765	34.000	3.450	7.227	2.150	11.397	9.792	521.942
3 September	58.025	20.329	...	23.097	66.217	86.398	35.312	2.334	408	7.685	...	...	15.197	59.579	7.080	37.000	...	36.700	589	2	2.743	34.000	3.450	7.227	2.150	11.397	13.505	530.424
10 "	58.025	20.329	...	23.097	66.217	86.480	35.312	2.334	191	7.685	...	...	15.197	67.152	8.243	37.000	...	36.925	585	2	2.738	34.000	3.450	7.227	2.150	11.373	13.513	539.225
17 "	58.025	20.329	...	23.097	66.123	86.197	35.312	2.334	199	7.685	...	...	15.197	61.510	7.663	37.000	...	47.650	588	1	2.731	34.000	3.450	7.211	2.150	11.372	16.455	546.279
24 "	58.025	20.329	...	23.097	66.772	86.280	35.312	2.334	383	7.533	...	...	15.191	74.836	17.340	37.000	...	30.400	611	2	2.706	34.000	3.450	7.233	2.150	11.372	17.230	553.586
1 October	58.025	20.276	...	23.097	66.700	86.629	35.312	2.334	554	7.533	...	...</																

WEEKLY RETURNS PUBLISHED IN THE « MONITEUR BELGE » DURING 1979 \*

(Millions of francs)

LIABILITIES

Memorandum Account : Postal Cheque Office : Balance for account of the Ministers of National Education (Law of 11.7.1973 - Education legislation)	Notes in circulation	Current Accounts			International agreements		International Monetary Fund : Special drawing rights, net cumulative allocation	European Monetary Cooperation Fund	Ecus to be delivered to the E.M.C.F.	Monetary reserve		Foreign currencies and gold to be delivered	Staff Pensions Fund	Sundries	Capital, reserves and depreciation accounts <sup>1</sup>	TOTAL LIABILITIES	DATE
		Public Treasury : Ordinary account	Banks in foreign countries, ordinary accounts	Sundry current accounts and items payable	Financial assistance agreements	Other agreements				Belgium	Grand Duchy of Luxembourg						
23.280	356.888	9	1.363	4.994	1.980	18	14.690	26.103	—	285	...	16.172	10.335	17.590	6.502	456.929	8 January 1979
23.035	353.816	21	1.599	3.947	1.945	22	14.690	24.657	—	285	...	16.141	10.337	18.061	6.502	452.013	15 »
23.036	349.470	...	1.190	3.592	1.943	23	14.690	22.566	—	221	...	16.141	10.361	18.373	6.502	445.072	22 »
22.316	345.424	9	1.954	3.631	2.020	21	14.690	20.762	—	129	...	16.141	10.712	16.521	7.233	439.147	29 »
22.293	353.423	19	1.473	3.568	2.020	22	14.690	19.860	—	129	...	16.140	10.937	16.693	7.233	446.213	5 February
21.930	348.898	7	1.117	3.414	2.663	18	14.690	19.866	—	129	...	16.583	10.937	16.977	7.233	442.532	12 »
21.926	348.639	11	1.121	3.790	2.649	83	14.690	18.821	—	128	...	16.746	11.097	17.346	7.233	442.354	19 »
21.427	346.550	18	1.166	3.264	2.592	78	14.690	16.986	—	3	...	16.102	11.132	17.643	7.233	437.457	26 »
21.245	356.198	17	1.322	3.023	2.542	20	14.690	15.716	—	3	...	16.100	11.228	17.888	7.233	445.980	5 March
20.520	352.927	12	1.363	2.069	2.526	22	14.690	14.993	—	3	...	16.100	11.205	17.998	7.233	441.041	12 »
20.510	352.139	13	1.189	1.713	2.396	135	14.690	14.993	70.814	3	...	16.100	11.205	18.274	7.233	510.887	19 »
20.486	347.868	11	930	2.047	2.273	22	14.690	14.936	70.814	...	...	16.100	11.266	18.476	7.233	506.566	26 »
20.360	354.601	6	1.237	2.899	2.264	18	14.690	14.836	70.814	...	...	15.841	11.283	18.759	7.233	514.481	2 April
20.207	357.227	24	1.151	1.760	2.262	21	14.690	14.836	70.814	...	...	15.701	11.266	16.624	7.233	513.609	9 »
20.098	355.118	15	1.678	2.397	2.186	22	14.690	14.836	70.814	...	...	15.700	11.292	16.854	7.233	512.835	13 »
19.601	351.936	2	1.062	4.077	2.106	22	14.690	14.711	70.814	...	...	15.702	11.298	17.056	7.233	510.709	23 »
19.561	356.747	16	1.064	4.421	2.197	26	14.690	14.615	70.814	...	...	15.708	11.299	17.548	7.233	516.378	27 »
19.369	364.364	7	1.174	3.061	2.175	25	14.690	14.615	70.814	...	...	15.702	11.349	18.800	7.233	524.009	7 May
19.317	364.632	7	1.264	4.211	2.170	34	14.690	10.623	70.814	...	...	20.055	11.354	18.889	7.233	525.976	14 »
18.767	366.616	24	1.232	4.704	2.368	31	14.690	4.101	70.814	...	...	20.055	11.383	19.063	7.233	522.314	21 »
18.655	367.251	6	992	3.474	2.728	23	14.690	4.101	70.814	...	...	20.054	11.383	18.749	7.233	521.498	28 »
18.655	372.712	21	1.049	3.582	2.715	17	14.690	8.547	70.814	...	...	20.054	11.387	17.990	7.233	530.811	1 June
18.492	372.130	8	1.048	6.227	2.714	24	14.690	14.306	70.814	...	...	25.075	11.371	18.508	7.233	544.148	11 »
18.382	371.465	5	1.170	4.780	2.683	132	14.690	17.770	70.814	...	...	25.076	11.392	18.696	7.233	545.906	18 »
18.385	372.884	15	845	2.694	2.683	26	14.690	19.289	70.814	...	...	21.449	11.405	18.623	7.233	542.650	25 »
17.659	381.625	7	1.042	4.778	2.652	18	14.690	7.974	70.814	...	...	21.449	11.405	16.777	7.233	540.464	2 July
17.597	379.557	7	987	1.808	2.723	44	14.690	11.549	76.991	...	...	21.431	11.405	16.936	7.233	545.361	9 »
17.343	372.874	10	1.015	2.000	2.709	43	14.690	15.499	76.991	...	...	21.430	11.425	17.297	7.233	543.016	16 »
17.343	367.452	22	944	3.116	2.646	118	14.690	13.036	76.991	...	...	23.311	11.425	17.925	7.233	538.907	20 »
17.106	361.325	20	1.448	3.714	2.604	30	14.690	13.036	76.991	...	...	23.311	11.419	18.597	7.233	534.418	30 »
16.875	365.784	6	1.526	3.807	2.604	54	14.690	9.152	76.991	...	...	23.310	11.398	19.080	7.233	535.635	6 August
16.380	361.728	10	1.394	3.615	2.575	65	14.690	5.300	76.991	...	...	23.310	11.397	19.106	7.233	527.414	13 »
16.246	360.679	7	1.421	2.851	2.569	37	14.690	5.300	76.991	...	...	23.310	11.397	19.255	7.233	525.740	20 »
16.191	355.367	9	1.331	3.787	2.765	24	14.690	5.300	76.991	...	...	23.310	11.397	19.738	7.233	521.942	27 »
16.012	362.117	22	1.328	2.101	2.743	101	14.690	8.748	76.991	...	...	23.310	11.397	19.643	7.233	530.424	3 September
15.941	361.727	5	1.273	1.831	2.738	60	14.690	17.794	76.991	...	...	23.321	11.373	20.189	7.233	539.225	10 »
15.949	358.143	8	1.348	2.790	2.731	34	14.690	26.932	76.991	...	...	23.318	11.372	20.689	7.233	546.279	17 »
15.675	355.404	22	1.343	2.917	2.706	212	14.690	39.197	77.747	...	...	23.386	11.372	17.357	7.233	553.586	24 »
15.809	361.281	12	1.385	3.342	2.806	225	14.690	39.928	77.747	...	...	23.512	11.372	17.778	7.233	561.311	1 October
15.196	361.710	16	1.282	1.861	2.806	41	14.690	39.928	86.471	...	...	24.267	11.349	18.814	7.233	570.468	8 »
20.372	357.989	6	1.730	3.097	2.847	60	14.690	41.799	86.471	...	...	24.267	11.349	19.369	7.233	570.907	15 »
20.197	354.488	22	1.177	2.838	2.835	55	14.690	41.799	86.471	...	...	24.266	11.349	19.742	7.233	566.965	22 »
21.342	352.086	25	1.209	3.526	2.828	27	14.690	40.197	86.471	...	...	24.115	11.349	20.235	7.233	563.991	29 »
21.344	360.395	10	1.287	2.844	2.825	30	14.690	39.714	86.471	...	...	24.116	11.350	21.222	7.233	572.187	5 November
21.067	355.244	17	1.201	3.062	2.785	51	14.690	39.714	86.471	...	...	24.116	11.326	21.391	7.233	567.301	12 »
21.034	354.778	1	1.223	6.153	2.775	24	14.690	35.779	86.471	...	...	24.303	11.330	20.884	7.233	565.644	19 »
21.032	349.754	20	1.329	8.780	3.279	26	14.690	29.449	86.471	...	...	27.013	11.330	21.315	7.233	560.689	26 »
20.094	357.221	18	1.289	2.191	3.249	20	14.690	29.955	86.349	...	...	26.374	11.330	21.758	7.233	561.677	3 December
20.064	358.698	20	1.425	1.325	3.499	109	14.690	29.955	86.349	...	...	26.371	11.308	21.331	7.233	562.313	10 »
19.769	360.655	8	1.480	1.937	3.475	19	14.690	27.357	86.349	...	...	24.958	11.308	19.700	7.233	559.169	17 »
19.441	369.260	21	1.378	2.615	3.445	25	14.690	27.257	86.349	...	...	24.236	11.308	18.654	7.233	566.571	21 »
18.642	372.112	1	1.493	2.901	3.434	19	14.690	27.357	86.349	...	...	28.129	11.325	17.267	7.233	572.310	28 »



**STATEMENT OF THE PUBLIC LONG-TERM SECURITIES  
CONSTITUTING, ON 31st DECEMBER, 1979,  
THE BANK'S HOLDINGS**

**Public long-term and other securities acquired in pursuance of the Statutes**

7.50 p.c.	Belgian Loan 1969/87.
8.25 p.c.	Belgian Loans 1970/80, Amalgamated.
8.50 p.c.	Belgian Loan 1970/83.
8.50 p.c.	Belgian Loan 1971/84.
7.75 p.c.	Belgian Loans 1971/86, Amalgamated.
7.25 - 7.50 p.c.	Belgian Loan 1971/80/87.
7.50 p.c.	Belgian Loan 1971/87.
7.25 p.c.	Belgian Loans 1972-1973/87, Amalgamated.
7 - 7.25 p.c.	Belgian Loan 1973/81/87.
7.75 p.c.	Belgian Loan 1973/87.
8.25 p.c.	Belgian Loan 1974/88.
8 - 8.25 p.c.	Belgian Loan 1974/81/88.
9 p.c.	Belgian Loan 1974/82.
10 - 9.75 p.c.	Belgian Loan 1975/81/85.
9 p.c.	Belgian Loan 1976/84.
10 p.c.	Belgian Loan 1976/84.
10 p.c.	Belgian Loan 1976/85.
10 p.c.	Belgian Loan 1977/85.
9.50 p.c.	Belgian Loan 1978/86.
8.50 p.c.	Belgian Loan 1978/85.
8.75 p.c.	Belgian Loan 1978/86.
9 p.c.	Belgian Loan 1979/87.
10 p.c.	Belgian Loan 1979/88.
4 p.c.	Belgian Premium Bonds 1941.
4 p.c.	War Damage 1923.
10.50 p.c.	Road Fund Loan 1979/88.
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 1st tranche.
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 2nd tranche.
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 3rd tranche.

2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 4th tranche.							
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 5th tranche.							
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 6th tranche.							
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 7th tranche.							
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 8th tranche.							
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 9th tranche.							
2 p.c.	National Foundation for Financing Scientific Research 1960/69 - 1990/99, 10th tranche.							
8.50 p.c.	Telegraphs and Telephones Board 1970/84.							
7.25 p.c.	Telegraphs and Telephones Board 1971/83.							
7.75 p.c.	Telegraphs and Telephones Board 1973/85.							
7.75 p.c.	Belgian National Railways Company 1971/85.							
6.75 p.c.	National Fund for Credit to Trade and Industry 1968/88.							
6.75 p.c.	National Industrial Credit Company 1968/88.							
8.25 p.c.	National Industrial Credit Company 1969/80.							
8.25 p.c.	National Industrial Credit Company 1970/90.							
8 p.c.	National Industrial Credit Company 1971/91.							
9 p.c.	National Industrial Credit Company 1979/87.							
7.75 p.c.	Loan of the Association of Local Authorities for Motorway E3 1971/83.							
7.75 p.c.	Loan of the Association of Local Authorities for Motorway E5 1971/83.							
7.25 p.c.	Loans of the Association of Local Authorities for Motorway E3 1972-73/84, Amalgamated.							
7.25 p.c.	Loan of the Association of Local Authorities for Motorways of the Periphery of Brussels « B1 » 1973/85.							
7.75 p.c.	City of Antwerp Loan 1971/82.							
8 p.c.	City of Ghent Loan 1971/81.							
7.75 p.c.	City of Liège Loan 1971/82.							
8.75 p.c.	Brussels Canal and Maritime Installation Company Limited 1970/86. National Industrial Credit Company shares. National Investment Company shares. Bank for International Settlements shares :							
	<table border="0"> <tr> <td rowspan="5">1st and 2nd tranches</td> <td rowspan="5">}</td> <td>— Belgian Issue.</td> </tr> <tr> <td>— American Issue.</td> </tr> <tr> <td>— Estonian Issue.</td> </tr> <tr> <td>— Latvian Issue.</td> </tr> <tr> <td>— Lithuanian Issue.</td> </tr> </table>	1st and 2nd tranches	}	— Belgian Issue.	— American Issue.	— Estonian Issue.	— Latvian Issue.	— Lithuanian Issue.
1st and 2nd tranches	}			— Belgian Issue.				
				— American Issue.				
				— Estonian Issue.				
				— Latvian Issue.				
		— Lithuanian Issue.						
	3rd tranche of Belgian issue.							
	Belgian National Railways Company Dividend Right Certificates.							

## ECONOMIC AND FINANCIAL STATISTICS

Table 1. Balance of current transactions with foreign countries <sup>1</sup>

(Billions of U.S. dollars)

	1971	1972	1973	1974	1975	1976	1977	1978	1979 <i>e</i>
Organisation for Economic Cooperation and Development .....	9.8	8.0	10.1	-27.1	- 0.4	-18.2	-24.8	9.1	-30.0
of which :									
United States .....	- 1.4	- 5.7	7.1	4.9	18.3	4.6	-14.1	-13.9	- 2.5
Canada .....	0.4	- 0.4	0.1	- 1.5	- 4.7	- 3.9	- 4.0	- 4.6	- 6.0
Japan .....	5.8	6.6	- 0.1	- 4.7	- 0.7	3.7	10.9	16.5	- 7.5
Federal Republic of Germany	0.8	0.8	4.6	9.9	3.5	3.4	4.2	8.8	- 1.0
United Kingdom .....	2.7	0.3	- 2.6	- 8.6	- 4.1	- 1.5	0.5	2.0	- 5.5
France .....	0.5	0.3	- 0.7	- 6.0	- 0.1	- 6.1	- 3.3	3.9	1.5
Italy .....	1.9	2.0	- 2.7	- 8.0	- 0.8	- 2.8	2.5	6.4	6.3
Netherlands .....	- 0.2	1.3	2.4	2.1	2.0	2.7	0.2	- 1.2	- 0.7
Belgian-Luxembourg Economic Union .....	0.7	1.4	1.2	0.6	0.3	...	- 0.7	- 0.9	- 3.0
Switzerland .....	0.1	0.2	0.3	0.2	2.6	3.5	3.4	4.4	2.8
Austria .....	- 0.1	- 0.2	- 0.4	- 0.5	- 0.3	- 1.5	- 3.0	- 1.5	- 1.9
Scandinavian countries <sup>2</sup> .....	- 0.7	0.1	0.4	- 3.0	- 4.5	- 7.7	- 9.4	- 4.6	- 6.9
Other countries .....	- 0.7	1.0	0.3	-12.2	-11.5	-12.7	-12.3	- 5.9	- 6.1
Organisation of Petroleum Exporting Countries .....	0.3	1.3	7.5	59.5	27.0	36.5	29.0	7.0	65.0
Other developing countries .....	- 9.8	- 5.2	- 6.0	-23.5	-37.5	-25.5	-24.0	-36.0	-47.0
Other countries .....	- 2.7	- 1.9	- 3.5	- 9.5	-18.0	-13.0	- 8.5	- 9.5	-11.0

Sources : Organisation for Economic Cooperation and Development. For the Belgian-Luxembourg Economic Union : National Bank of Belgium.

<sup>1</sup> If the total of the balances of the different groups of countries is not equal to zero, this is due to statistical errors and asymmetries which can sometimes be considerable in view of the size of the gross volumes of international transactions.

<sup>2</sup> Denmark, Norway and Sweden.

Table 2.

Revenue of the public authorities as a whole <sup>1</sup>

(Billions of francs)

	1971	1972	1973	1974	1975	1976	1977	1978	1979 <i>e</i>
<i>I. Fiscal and para-fiscal revenue :</i>									
A. Revenue of the European Community <sup>2</sup> .....	6	8	9	11	14	19	23	20	37
B. Revenue of the Central Government <sup>3</sup> :									
— Current revenue .....	321	357	419	507	599	689	776	876	926
of which : indirect taxes .....	(170)	(178)	(198)	(228)	(247)	(296)	(321)	(357)	(359)
direct taxes .....	(151)	(179)	(221)	(279)	(352)	(393)	(455)	(519)	(567)
— Capital revenue <sup>4</sup> .....	5	5	5	5	7	7	8	10	12
Total ...	326	362	424	512	606	696	784	886	938
C. Revenue of local authorities <sup>5</sup> .....	25	29	32	39	44	48	55	64	68
D. Social security revenue .....	150	173	202	241	291	329	361	379	405
Total fiscal and para-fiscal revenue ...	507	572	667	803	955	1,092	1,223	1,349	1,448
<i>II. Current non-fiscal and non-para-fiscal revenue</i> <sup>6</sup> .....	21	21	23	29	35	36	40	40	48
<i>III. Grand total of public revenue</i> .....	528	593	690	832	990	1,128	1,263	1,389	1,496

Source : Statistical Office of the European Communities; Ministry of Finance, Economic regrouping of the Central Government's transactions; National Statistical Institute, National Accounts. Calculations and estimates of the National Bank of Belgium.

<sup>1</sup> Disregarding all transfers between public authorities.

<sup>2</sup> Revenue transferred as own resources to the European Communities (mainly Customs duties and, since 1979, part of the revenue from value-added tax), levies of the European Coal and Steel Community and agricultural levies.

<sup>3</sup> Including the contributions of officials for surviving dependants' pensions (widows and orphans), but less refunds of sales tax incorporated in stocks at the time of the entry into force of the value-added tax (1972 to 1975).

<sup>4</sup> Death duty only.

<sup>5</sup> Including the contributions of officials for surviving dependants' pensions (widows and orphans).

<sup>6</sup> Mainly shares in the trading profits of public enterprises, interest on public authorities' claims and income transfers from other economic agents; excluding the proceeds of the sale of goods and services.

Table 3.

Expenditure of public authorities as a whole <sup>1</sup>

(Billions of francs)

	1971	1972	1973	1974	1975	1976	1977	1978 <i>p</i>	1979 <i>e</i>
<i>I. Current expenditure :</i>									
A. Net expenditure on goods and services <sup>2</sup> .....	192	222	252	299	369	419	463	516	570
B. Service of national debt .....	46	52	59	73	82	98	118	140	168
C. Subsidies to enterprises <sup>3</sup> .....	38	46	55	60	73	86	98	110	119
D. Income transfers to households <sup>4</sup> .....	207	243	285	345	449	524	587	646	712
E. Income transfers to foreign countries <sup>5</sup> .....	10	11	15	11	16	13	15	18	8
Total current expenditure ...	493	574	666	788	989	1,140	1,281	1,430	1,577
<i>II. Capital expenditure :</i>									
A. Direct investments <sup>6</sup> .....	63	69	66	73	88	102	110	112	127
B. Capital transfers and purchases of land and buildings <sup>7</sup> .....	16	18	20	24	25	27	30	35	37
C. Granting of credits and share participations .....	15	16	20	23	29	36	34	40	49
Total capital expenditure ...	94	103	106	120	142	165	174	187	213
<i>III. Grand total of public expenditure .....</i>	587	677	772	908	1,131	1,305	1,455	1,617	1,790

Sources : Ministry of Finance, Economic regrouping of the transactions of the Central Government and, up to 1975, Economic regrouping of the transactions of the public authorities as a whole; National Statistical Institute, National Accounts. Calculations and estimates of the National Bank of Belgium.

<sup>1</sup> After elimination of duplications due to transfers between public authorities.

<sup>2</sup> Wages and pensions, net purchases of goods and services, work and equipment; including transfers to private education relating to these transactions, but excluding allocated costs and depreciation.

<sup>3</sup> Contribution towards the interest burden and trading losses of public enterprises, subsidies reducing rent and interest and other subsidies to enterprises.

<sup>4</sup> Including surviving dependants' pensions (widows and orphans) of civil servants.

<sup>5</sup> Excluding revenue transferred as own resources to the European Communities.

<sup>6</sup> Construction of buildings, road-building, hydraulic engineering work and purchases of durable movable goods; including private educational investment but excluding purchases of land and existing buildings.

<sup>7</sup> Net expenditure, i.e. after deduction of capital revenue resulting from the sale of land and buildings and from capital transfers other than death duties.

Table 4.

Official national debt position

(Billions of francs)

At end of	Debt in Belgian francs				Debt in foreign currencies 2			Grand total 4
	Direct		Indirect (consolidated) 1	Total	Direct	Indirect 1 3	Total	
	Consolidated	Floating						
1970 .....	360	148	60	568	50	4	54	622
1971 .....	427	137	55	619	22	4	26	645
1972 .....	495	141	64	700	9	3	12	712
1973 .....	559	136	62	757	5	3	8	765
1974 .....	614	143	58	815	4	2	6	821
1975 .....	682	158	84	924	4	1	5	929
1976 .....	753	206	96	1,055	3	1	4	1,059
1977 .....	865	242	119	1,226	2	1	3	1,229
1978 .....	977	285	150	1,412	14	1	15	1,427
1979 .....	1,065	329	188	1,582	56	1	57	1,639

Source : Ministry of Finance, Treasury Administration.

- <sup>1</sup> Debt which has been issued by certain public organisations but in respect of which the interest and redemption are borne by the national debt budget.
- <sup>2</sup> Not including the inter-governmental debts resulting from the 1914-1918 war.
- <sup>3</sup> Including the debt taken over from the Republic of Zaïre and assumed by the Belgian Government under the Convention of 6th February 1965 between Belgium and the Republic of Zaïre, approved by the Law of 23rd April 1965.
- <sup>4</sup> The changes between the end of one period and the other may be partly of an accounting nature. Item 2 in Table 5 of this Annex indicates the changes in the national debt which have not given rise to movements of funds for the Treasury.

Table 5.

**National debt and funds  
used for meeting the Central Government's net financing requirements**

*(Changes in billions of francs)*

	1971	1972	1973	1974	1975	1976	1977	1978	1979
1. National debt <sup>1</sup> .....	+23	+67	+53	+56	+108	+130	+170	+198	+212
2. Transactions without movement of funds :									
a) Treasury certificates held by the International Monetary Fund <sup>2</sup> .....	(-11)	(+ 4)	(+ 1)	(-1)	(- 2)	(- 3)	(+ 2)	(+ 15)	(...)
b) The National Bank of Belgium's credit balance at the Postal Cheque Office for account of the Ministers of National Education <sup>3</sup> .....	(...)	(...)	(- 2)	(-)	(-)	(-)	(-)	(-)	(-)
c) Miscellaneous .....	(...)	(- 1)	(+ 3)	(...)	(...)	(...)	(...)	(...)	(...)
Total 2 ...	-11	+ 3	+ 2	- 1	- 2	- 3	+ 2	+ 15	...
3. Funds used to meet the Treasury's net financing requirements (= 1. - 2.) .....	+34	+64	+51	+57	+110	+133	+168	+183	+212
4. Other debts for the service of which the Central Government is responsible <sup>4</sup> .....	+18	+23	+21	+21	+ 24	+ 21	+ 20	+ 14	+ 28

<sup>1</sup> According to Table 4 of this Annex.

<sup>2</sup> The giving of Treasury certificates to the International Monetary Fund in part payment for the increases in Belgium's quota does not, by its very nature, lead to any receipt of funds by the Treasury; as for the other changes in the Fund's portfolio, connected with its transactions in Belgian francs, these are reflected, in accordance with the provisions of the existing laws and agreements, in receipts or payments for the National Bank of Belgium and not for the Treasury.

<sup>3</sup> Until November 1973, that is, during the period when the Government's liability corresponding to this credit balance was included in the national debt. Changes in this credit balance have as their exact counterparts movements of the balance held by the Ministers of National Education at the Bank.

<sup>4</sup> Changes in the debudgetised debt for the service of which the Treasury is responsible and in the net indebtedness of certain Central Government organisations other than the Treasury.

Table 6.

**Services transactions of the Belgian-Luxembourg Economic Union  
with foreign countries**

(Billions of francs)

	Freight and insurance for goods transport <sup>1</sup>	Other transport costs <sup>2</sup>	Foreign travel	Portfolio and investment income	Transactions of public authorities not included elsewhere <sup>3</sup>	Frontier workers	Contracting	Brokers' fees, commissions and miscellaneous commercial expenses	Other services <sup>4</sup>	Total
Average 1970-1973 .....	+ 3	...	-12	+ 6	+ 5	+ 5	- 2	+ 2	+ 2	+ 9
1974 .....	+ 3	...	-18	+12	+13	+ 5	- 2	+ 6	- 4	+15
1975 .....	+ 6	+ 1	-20	+16	+15	+ 6	- 3	+ 7	...	+28
1976 .....	+ 8	...	-23	+23	+17	+ 6	+ 4	+ 9	- 1	+43
1977 .....	+ 7	+ 2	-26	+19	+23	+ 6	+10	+ 7	- 2	+46
1978 .....	+ 9	...	-34	+19	+25	+ 5	+ 2	+ 8	- 4	+30
1978 First 9 months .....	+ 6	...	-29	+15	+19	+ 4	+ 2	+ 8	- 3	+22
1979 First 9 months ... p	+ 8	- 2	-33	+ 9	+18	+ 4	- 2	+ 5	- 3	+ 4

<sup>1</sup> This item only includes, on the receipts and expenditure sides, part of the freight and insurance received or paid for goods transport. The other part could not be dissociated from the exports and imports to which it relates and is therefore incorporated in the amounts in columns (a) and (b) of Table 8, p. 37.

<sup>2</sup> Costs of passenger transport, port and customs charges, rental costs and cost of maintenance and repair of ships and aircraft, purchases and sales of supplies for ships and aircraft.

<sup>3</sup> This item mainly consists, on the receipts side, of the operating expenditure of international institutions located in the Belgian-Luxembourg Economic Union and, on the expenditure side, of military expenditure.

<sup>4</sup> Technical assistance and management services, fees for cinematographic films, patents and copyright, subscriptions and contributions, insurance premiums and compensation payments (excluding insurance on goods transport, shown with freight, and life assurance and credit and capital-accumulation insurance, included in capital transactions), etc.

Table 7.

**Unit import and export values and terms of trade  
of the Belgian-Luxembourg Economic Union \***

(Indices 1970 = 100)

	Average unit values		Terms of trade <sup>1</sup>
	Imports	Exports	
Average 1970-1973 .....	102.1	102.0	99.9
1974 .....	136.9	134.7	98.4
1975 .....	144.4	139.8	96.8
1976 .....	153.9	147.8	96.0
1977 .....	156.2	150.5	96.4
1978 .....	155.9	150.0	96.2
1978 First 9 months .....	155.7	149.7	96.1
1979 First 9 months .....	166.9	162.1	97.1
1979 1st quarter .....	160.9	155.6	96.7
2nd quarter .....	165.3	162.2	98.1
3rd quarter .....	174.5	168.5	96.6

\* See the Bulletin of the National Bank of Belgium, Statistics, Table VIII-1.

Sources : National Statistical Institute. Calculations of the National Bank of Belgium.

$$^1 \text{ Terms of trade} = \frac{\text{average unit export values}}{\text{average unit import values}} \times 100.$$

Table 8.

**National Bank of Belgium : foreign exchange reserves \***  
(Billions of francs)

At end of	Gold holding	Assets held at the International Monetary Fund <sup>1</sup>	Net claims on or liabilities to (-) the European Monetary Cooperation Fund		Foreign currencies	Belgian francs <sup>2</sup>	Total	Annual changes in total <sup>3</sup>
			Ecus	Other				
1970 .....	73	30	—	—	39	- 1	141	
1971 .....	77	51	—	—	35	- 4	159	+ 14
1972 .....	75	52	—	—	53	- 2	178	+ 16
1973 .....	72	54	—	4	76	- 3	203	+ 36
1974 .....	72	53	—	...	95 <sup>4</sup>	- 3	217	+ 12
1975 .....	72	59	—	...	114 <sup>4</sup>	- 4	241	+ 18
1976 .....	72	59	—	...	90 <sup>4</sup>	- 3	218	- 25
1977 .....	72	58	—	- 23	108 <sup>4</sup>	- 4	211	- 9
1978 September .....	72	51	—	- 28	99	- 5	189	- 14 <sup>5</sup>
December .....	72	50	—	- 27	106	- 5	196	- 16
1979 September .....	58	51	67	- 40	85	- 4	217	- 24 <sup>5</sup>
December .....	58	49	61	- 27	75	- 6	210	- 31

\* See the Bulletin of the National Bank of Belgium, Statistics, Table XIII-5b.

<sup>1</sup> These comprise a) the rights which are held by the Belgian Government as a member of the International Monetary Fund and which the National Bank of Belgium has been authorised, first by the law of 19th June 1959 and then by that of 9th June 1969, to show in its accounts as its own assets in consideration of its assuming liability for the obligations incumbent on the Belgian Government in that connection and b) the advances granted by the Bank for its own account to the Fund, under the « oil facility », under an agreement concluded with the Fund and approved by the Government.

<sup>2</sup> Difference between claims on foreign countries (other than acceptances representing exports) and liabilities to foreign countries, particularly to the central banks.

<sup>3</sup> Not including the accounting changes, namely those resulting from a) the adjustments made to various assets and liabilities following the revaluation of the Swiss franc in 1971, the appreciation of the Belgian franc due to the decisions of the Washington Monetary Conference of 18th December 1971 and the devaluation of the U.S. dollar in 1973, b) the allocations of special drawing rights to Belgium in 1971, 1972 and 1979, c) the changes in exchange rates which, since January 1974, may have affected the countervalue in Belgian francs of the changes in the outstanding amounts in foreign currencies, and d) the entry into force of the European Monetary System on 13th March 1979.

<sup>4</sup> Including the medium-term financial assistance which the Belgian Government granted to Italy under the directive of the Council of the European Communities adopted on 17th December 1974 and which is financed by the National Bank of Belgium on behalf of the Government in accordance with the Convention concluded on that date between the Government and the Bank.

<sup>5</sup> Change in the first nine months.

Table 9.

National Bank of Belgium : foreign exchange reserves <sup>1</sup>*(Changes in billions of francs)*

	Gold holding	Assets held at the International Monetary Fund	Net claims on or liabilities to the E.M.C.F. <sup>2</sup>		Foreign currencies	Belgian francs	Total
			Ecus	Other			
Average 1970-1973 .....	- 1	+ 9	—	+ 1	+ 12	...	+ 21
1974 .....	...	- 1	—	- 4	+ 18	- 1	+ 12
1975 .....	...	+ 5	—	...	+ 14	- 1	+ 18
1976 .....	...	+ 1	—	...	- 26	...	- 25
1977 .....	...	- 1	—	- 24	+ 16	...	- 9
1978 .....	...	- 7	—	- 5	- 2	- 2	- 16
1979 .....	...	- 4	- 25	- 1	- 1	...	- 31
1978 First 9 months ...	...	- 5	—	- 4	- 3	- 2	- 14
1979 First 9 months ...	...	- 3	- 11	- 14	+ 2	+ 2	- 24

<sup>1</sup> Not including accounting changes. See Table 8 of this Annex, especially footnote <sup>3</sup>.

<sup>2</sup> The plus sign indicates an increase in net claims or a decrease in net liabilities; the minus sign indicates a decrease in net claims or an increase in net liabilities.

Table 10.

## Official rates of exchange fixed by the bankers meeting at the Brussels Clearing House

(Daily quotations in Belgian francs)

1970	1 U.S. dollar	1 German mark	100 Yens	1 French franc	1 pound sterling	1 Irish punt	100 Italian lire	1 Cana- dian dollar	1 Netherl. guilder	1 Swedish crown	1 Swiss franc	100 Pesetas	1 Danish crown	100 Austrian schill.	1 Norwe- gian crown	1 Finnish mark	100 escudos	1 zaire	
<b>January</b>																			
Highest	29.41	15.81	14.90	6.91	58.97		3.50	24.76	14.64	6.75	17.80	42.02	5.69	216.00	5.79	7.41	63.45		
Lowest	28.54	15.74	14.58	6.86	58.08	n.a.	3.47	24.05	14.58	6.69	17.22	41.03	5.67	215.00	5.72	7.33	62.10	5	
Mean	29.15	15.78	14.76	6.87	58.46		3.49	24.51	14.61	6.71	17.46	41.72	5.68	215.44	5.76	7.36	62.55		
<b>February</b>																			
Highest	29.63	15.81	14.80	6.86	59.18		3.50	24.75	14.63	6.72	17.56	42.52	5.69	215.80	5.76	7.41	62.40	18.93	
Lowest	29.03	15.72	14.44	6.83	58.37	n.a.	3.47	24.33	14.58	6.69	17.34	42.08	5.65	214.85	5.73	7.35	61.57	18.80	
Mean	29.27	15.77	14.61	6.85	58.66		3.49	24.50	14.60	6.71	17.48	42.28	5.68	215.40	5.74	7.37	61.91	18.84	
<b>March</b>																			
Highest	29.54	15.86	14.45	6.88	61.15		3.52	25.46	14.69	6.77	17.59	43.48	5.69	216.40	5.79	7.43	62.08	18.98	
Lowest	29.32	15.80	14.10	6.85	59.32	2	3.48	24.58	14.63	6.72	17.44	42.42	5.63	215.50	5.76	7.37	61.22	18.86	
Mean	29.43	15.82	14.26	6.86	59.97		3.50	25.07	14.66	6.74	17.51	42.68	5.67	215.89	5.77	7.40	61.59	18.93	
<b>April</b>																			
Highest	30.25	15.91	14.12	6.92	63.13	60.85	3.58	26.52	14.69	6.88	17.58	45.82	5.70	216.75	5.87	7.53	62.06	19.26	
Lowest	29.72	15.80	13.64	6.89	61.56	60.69	3.54	25.72	14.63	6.81	17.43	43.67	5.69	215.35	5.81	7.45	61.45	19.01	
Mean	30.03	15.86	13.90	6.90	62.26	60.75	3.56	26.19	14.67	6.84	17.51	44.18	5.69	216.10	5.84	7.50	61.68	19.17	
<b>May</b>																			
Highest	30.88	16.07	14.27	6.95	63.51	60.79	3.63	26.75	14.71	7.02	17.76	46.72	5.69	218.60	5.94	7.71	62.50	19.53	
Lowest	30.23	15.92	13.42	6.92	62.07	60.57	3.57	26.13	14.67	6.88	17.56	45.79	5.60	216.47	5.84	7.51	61.50	19.23	
Mean	30.54	16.01	14.02	6.93	62.85	60.65	3.59	26.43	14.70	6.95	17.69	46.24	5.67	217.61	5.89	7.63	61.99	19.39	
<b>June</b>																			
Highest	30.78	16.07	14.02	6.95	64.29	60.81	3.60	26.45	14.68	7.02	18.03	46.63	5.59	218.95	5.94	7.70	61.85	19.52	
Lowest	29.53	16.02	13.60	6.91	63.46	60.32	3.55	25.23	14.58	6.92	17.72	44.76	5.56	217.85	5.80	7.56	60.40	19.09	
Mean	30.25	16.06	13.84	6.93	63.87	60.56	3.58	25.82	14.64	6.97	17.81	45.81	5.57	218.17	5.87	7.64	61.27	19.34	
<b>July</b>																			
Highest	29.59	16.04	13.59	6.92	67.71	60.71	3.57	25.50	14.59	6.98	17.85	44.78	5.58	218.65	5.83	7.64	60.93	19.12	
Lowest	28.77	15.96	13.43	6.85	64.52	60.07	3.54	24.76	14.53	6.86	17.66	43.45	5.55	217.30	5.73	7.54	59.75	18.85	
Mean	29.21	16.01	13.50	6.88	66.00	60.48	3.56	25.12	14.55	6.92	17.74	44.20	5.57	218.15	5.79	7.60	60.26	19.03	
<b>August</b>																			
Highest	29.39	16.05	13.55	6.88	66.53	60.60	3.59	25.21	14.63	6.96	17.72	44.53	5.57	219.70	5.84	7.67	60.15		
Lowest	29.12	15.97	13.26	6.87	64.85	60.13	3.57	24.88	14.55	6.92	17.64	44.04	5.54	218.50	5.80	7.60	59.60	5	
Mean	29.29	16.01	13.45	6.88	65.56	60.29	3.58	25.04	14.59	6.94	17.69	44.35	5.56	219.10	5.82	7.63	59.78		
<b>September</b>																			
Highest	29.26		13.25	6.89	65.85	60.47	3.58	25.10	14.62	6.94	18.17	44.35			5.83	7.61	59.51	14.28	
Lowest	28.18	1	12.62	6.84	61.12	60.08	3.51	24.11	14.55	6.81	17.66	42.67	3	4	5.73	7.52	57.70	13.91	
Mean	28.85		12.99	6.87	63.42	60.32	3.56	24.76	14.60	6.88	17.88	43.70			5.79	7.57	58.74	14.13	
<b>October</b>																			
Highest	29.21	16.19	12.90	6.90	62.60	60.53	3.52	25.01	14.58	6.92	18.19	44.10	5.53	225.15	5.83	7.71	58.50	14.18	
Lowest	28.11	16.08	12.24	6.85	60.48	59.76	3.47	24.27	14.48	6.82	17.36	42.61	5.45	223.12	5.77	7.57	57.80	13.89	
Mean	28.85	16.13	12.55	6.87	61.93	60.19	3.50	24.57	14.54	6.86	17.73	43.65	5.52	224.14	5.81	7.64	57.97	14.04	
<b>November</b>																			
Highest	29.14	16.32	12.21	6.94	62.54	60.25	3.50	24.59	14.62	6.83	17.64	43.70		226.40	5.76	7.62	57.75	14.04	
Lowest	28.17	16.16	11.31	6.89	59.65	59.80	3.46	24.14	14.48	6.75	17.21	42.50	3	224.95	5.67	7.54	57.00	13.87	
Mean	28.73	16.22	11.71	6.91	61.36	60.02	3.48	24.37	14.56	6.80	17.44	43.28		225.51	5.72	7.59	57.32	13.96	
<b>December</b>																			
Highest	28.59	16.34	12.23	6.96	62.41	60.40	3.49	24.62	14.78	6.79	17.85	43.01	5.27	227.00	5.74	7.59	57.38	14.00	
Lowest	27.94	16.25	11.23	6.93	61.79	59.83	3.46	23.84	14.67	6.74	17.52	42.23	5.24	225.50	5.63	7.53	55.90	13.78	
Mean	28.22	16.28	11.77	6.94	62.09	60.12	3.48	24.16	14.73	6.76	17.66	42.52	5.26	226.34	5.68	7.56	56.71	13.88	
<b>Year</b>																			
Highest	30.88		14.90	6.96	67.71		3.63	26.75	14.78	7.02	18.19	46.72			5.94	7.71	63.45		
Lowest	27.94	1	11.23	6.83	58.08	2	3.46	23.84	14.53	6.69	17.21	41.03	3	4	5.63	7.33	55.90	5	
Mean	29.31		13.46	6.89	62.19		3.53	25.03	14.62	6.84	17.63	43.70			5.79	7.54	60.16		

1 German mark

	September		Year	
	1st to 21st	24th to 30th	1st Jan. to 21st Sep.	24th Sep. to 31st Dec.
Highest	16.05	16.17	16.07	16.34
Lowest	16.03	16.07	15.72	16.07
Mean	16.04	16.13	15.92	16.20

2 Irish punt

	March		Year	
	13th to 31st		13th March to 31st December	
Highest		60.90		60.90
Lowest		59.78		59.78
Mean		60.16		60.86

4 Austrian schilling

	September		Year	
	1st to 6th	7th to 30th	1st Jan. to 6th Sep.	7th Sep. to 31st Dec.
Highest	219.40	224.50	219.70	227.00
Lowest	219.25	222.70	214.85	222.70
Mean	219.35	223.33	217.04	224.86

3 Danish crown

	September		November		Year		
	1st to 21st	24th to 30th	1st to 29th	30th	1st Jan. to 21st Sep.	24th Sep. to 20th Nov.	30th Nov. to 31st Dec.
Highest	5.60	5.58	5.50	5.27	5.69	5.53	5.27
Lowest	5.55	5.52	5.45	5.27	5.54	5.45	5.24
Mean	5.57	5.53	5.48	5.27	5.63	5.50	5.26

5 Zaire

	January		August		Year		
	2nd	3rd to 31st	1st to 27th	28th to 31st	2nd Jan.	3rd Jan. to 27th Aug.	28th Aug. to 31st Dec.
Highest	28.57	18.93	19.09	14.30	28.57	19.58	14.30
Lowest	28.57	18.07	18.98	14.28	28.57	18.07	18.78
Mean	28.57	18.84	19.04	14.29	28.57	19.07	14.02

Table 11.

## Capital account of the economic sectors

(Billions of francs)

	1971	1972	1973	1974	1975	1976	1977	1978	1979 <sup>c</sup>	1978	1979
										First 10 months	
<b>A. Rest of the world :</b>											
1. Balance of current transactions with Belgium <sup>1</sup> .....	- 34	- 60	- 38	- 9	- 8	+ 2	+ 29	+ 35	+ 82	n.a.	n.a.
2. Net capital transfers from Belgium <sup>2</sup> .....	+ 3	+ 5	+ 4	+ 4	+ 7	+ 7	+ 7	+ 8	+ 13	n.a.	n.a.
3. Net lending to (+) or borrowing from (-) Belgium (= 1 + 2) <sup>3</sup> .....	- 31	- 55	- 34	- 5	- 1	+ 9	+ 36	+ 43	+ 95	+ 43	+ 82
<b>B. Public authorities :</b>											
1. Gross savings (= net savings and depreciation) .....	+ 28	+ 11	+ 15	+ 34	- 13	- 34	- 40	- 61	-120	n.a.	n.a.
2. Net capital transfers to other sectors <sup>2</sup> .....	- 30	- 33	- 39	- 47	- 54	- 60	- 66	- 75	- 85	n.a.	n.a.
3. Capital resources (= 1 + 2) ...	- 2	- 22	- 24	- 13	- 67	- 94	-106	-136	-205	n.a.	n.a.
4. Gross capital formation .....	+ 63	+ 70	+ 67	+ 74	+ 88	+102	+109	+112	+126	n.a.	n.a.
5. Net financing requirement (= 3 - 4) .....	- 65	- 92	- 91	- 87	-155	-196	-215	-248	-331	n.a.	n.a.
6. Statistical adjustment .....	+ 11	+ 13	+ 20	+ 7	+ 18	+ 25	+ 24	+ 27	+ 36	n.a.	n.a.
7. Net financial deficit (= 5 + 6) .....	- 54	- 79	- 71	- 80	-137	-171	-191	-221	-295	-197 <sup>7</sup>	-243 <sup>7</sup>
<b>C. Companies :</b>											
1. Gross savings (= net savings and depreciation) .....	+ 85	+ 98	+107	+102	+ 72	+106	+118	+147	+184	n.a.	n.a.
2. Net capital transfers from other sectors <sup>2</sup> .....	+ 19	+ 21	+ 26	+ 33	+ 38	+ 43	+ 48	+ 58	+ 63	n.a.	n.a.
3. Capital resources (= 1 + 2) ...	+104	+119	+133	+135	+110	+149	+166	+205	+247	n.a.	n.a.
4. Gross capital formation <sup>4</sup> .....	+179	+168	+197	+269	+237	+250	+252	+255	+305	n.a.	n.a.
5. Net financing requirement (= 3 - 4) .....	- 75	- 49	- 64	-134	-127	-101	- 86	- 50	- 58	n.a.	n.a.
6. Statistical adjustment .....	- 1	- 5	+ 13	+ 42	- 19	+ 36	- 43	- 37	n.a.	n.a.	n.a.
7. Net financial deficit (= 5 + 6) .....	- 76	- 54	- 51	- 92	-146	- 65	-129	- 87	n.a.	- 56	- 92
of which :											
Increase in liabilities .....	+ 80	+ 84	+104	+120	+137	+151	+135	+141	n.a.	+111	+116
Increase in claims .....	+ 4	+ 30	+ 53	+ 28	- 9	+ 86	+ 6	+ 54	n.a.	+ 55	+ 84
<b>D. Individuals :</b>											
1. Gross savings (= net savings and depreciation) .....	+246	+290	+315	+388	+449	+506	+508	+527	+566	n.a.	n.a.
2. Net transfers from other sectors <sup>2</sup> .....	+ 8	+ 7	+ 9	+ 10	+ 9	+ 10	+ 11	+ 9	+ 10	n.a.	n.a.
3. Capital resources (= 1 + 2) ...	+254	+297	+324	+398	+458	+516	+519	+536	+576	n.a.	n.a.
4. Gross capital formation <sup>5</sup> .....	+ 83	+101	+135	+172	+175	+228	+254	+281	+282	n.a.	n.a.
5. Net financing capacity (= 3 - 4) .....	+171	+196	+189	+226	+283	+288	+265	+255	+294	n.a.	n.a.
6. Statistical adjustment .....	+ 3	- 2	- 27	- 32	+ 19	- 38	+ 41	+ 14	n.a.	n.a.	n.a.
7. Net financial surplus (= 5 + 6) .....	+174	+194	+162	+194	+302	+250	+306	+269	n.a.	+208	+192
of which :											
Increase in liabilities .....	+ 28	+ 52	+ 65	+ 65	+ 77	+118	+143	+135	n.a.	+101	+112
Increase in claims .....	+202	+246	+227	+259	+379	+368	+449	+404	n.a.	+309	+304
E. Statistical adjustment <sup>6</sup> .....	- 13	- 6	- 6	- 17	- 18	- 23	- 22	- 4	n.a.	+ 2 <sup>8</sup>	+ 1 <sup>8</sup>
Pro memoria : Gross national product .....	(1,412)	(1,580)	(1,791)	(2,104)	(2,425)	(2,646)	(2,850)	(3,057)	(3,291)	(n.a.)	(n.a.)

Sources : 1971 to 1978 : National Statistical Institute; Statistical Office of the European Communities, National Accounts. Calculations of the National Bank of Belgium.

<sup>1</sup> A positive balance of current transactions (transactions relating to goods, services and income transfers) of the rest of the world (including the Grand Duchy of Luxembourg) with Belgium means a deficit of Belgium in its current transactions with foreign countries; a negative balance of the rest of the world means a surplus in Belgium's current transactions with foreign countries.

<sup>2</sup> Capital transfers are unrequited movements of funds for financing direct or portfolio investments.

<sup>3</sup> Net lending by the rest of the world (+) means a deficit in respect of the whole of Belgium's current transactions and capital transfers with foreign countries; net borrowing by the rest of the world (-) means a surplus of Belgium with foreign countries for these same transactions.

<sup>4</sup> Investment in fixed capital and stocks.

<sup>5</sup> Investment in fixed capital and stocks of enterprises not in company form, and house-building.

<sup>6</sup> An adjustment which has to be made to the net financial deficit or surplus of the domestic sectors (B.7 + C.7 + D.7) to make this equal, as it must be by definition, to the net lending or borrowing by the rest of the world (A.3).

<sup>7</sup> Excluding social security.

<sup>8</sup> Including social security.

Table 12.

## Financial assets in Belgian francs held by individuals and companies

(Changes in billions of francs)

	At up to one year						At over one year				Grand total
	Cash holdings	Deposits on ordinary deposit or savings books 1	Deposits at fixed date and at notice	Medium-term notes	Miscellaneous	Total	Medium-term notes and bonds 2	Deposits	Shares	Total	
1971 .....	+ 36	+ 54	+ 14	+ 10	+ 1	+115	+ 54	+ 11	+ 3	+ 68	+183
1972 .....	+ 65	+ 88	+ 9	+ 5	- 2	+165	+ 55	+ 8	+ 1	+ 64	+229
1973 .....	+ 32	+ 70	+ 61	+ 8	- 8	+163	+ 76	+ 4	+ 2	+ 82	+245
1974 .....	+ 34	+ 51	+ 82	+ 7	- 13	+161	+ 91	- 1	+ 6	+ 96	+257
1975 .....	+ 92	+137	- 24	+ 10	+ 21	+236	p + 95	+ 13	+ 4	p +112	p +348
1976 .....	+ 37	+106	+ 95	+ 4	+ 18	+260	p +146	+ 3	+ 2	p +151	p +411
1977 .....	+ 73	+103	+ 3	+ 6	+ 17	+202	p +206	+ 7	+ 10	p +223	p +425
1978 .....	+ 49	+106	+ 47	+ 18	+ 24	+244	p +161	+ 1	+ 10	p +172	p +416
1978 First 10 m. p	+ 11	+ 54	+ 50	+ 18	+ 44	+177	+141	+ 1	+ 10	+152	+329
1979 First 10 m. p	- 22	+ 23	+ 80	- 7	+ 64	+138	+180	+ 3	+ 4	+187	+325

<sup>1</sup> See Table 13 of this Annex.<sup>2</sup> See Tables 14, 15 and 16 of this Annex.

Table 13.

### Deposits on ordinary deposit or savings books

(Changes in billions of francs)

	Institutions receiving deposits				Total
	Banks	General Savings and Pensions Fund	Private savings banks	Public financial credit intermediaries	
1971 .....	+ 22	+ 16	+ 12	+ 4	+ 54
1972 .....	+ 35	+ 23	+ 23	+ 7	+ 88
1973 .....	+ 25	+ 19	+ 20	+ 6	+ 70
1974 .....	+ 13	+ 18	+ 13	+ 7	+ 51
1975 .....	+ 51	+ 36	+ 33	+ 17	+ 137
1976 .....	+ 33	+ 27	+ 29	+ 17	+ 106
1977 .....	+ 44	+ 24	+ 20	+ 15	+ 103
1978 .....	+ 39	+ 25	+ 27	+ 15	+ 106
1978 First 10 months .....	+ 24	+ 8	+ 13	+ 9	+ 54
1979 First 10 months .....	+ 12	<i>p</i> + 3	+ 6	<i>p</i> + 2	<i>p</i> + 23

Table 14.

### Bonds and notes at over one year in Belgian francs

Classified according to issuers

(Changes in billions of francs)

	Central Government 1	Other public authorities	Public financial intermediaries 2	Public operating organizations	Banks	Private savings banks, mortgage and capital accumulation companies 2	Others	Total
1971 .....	+ 79	+ 2	+ 40	+ 10	+ 5	+ 5	+ 9	+150
1972 .....	+ 95	+ 3	+ 28	+ 9	+ 5	+ 2	+ 26	+168
1973 .....	+ 79	+ 2	+ 37	+ 6	+ 6	+ 7	+ 19	+156
1974 .....	+ 66	- 1	+ 52	+ 10	+ 7	+ 12	+ 14	+160
1975 .....	+ 91	+ 6	+ 53	+ 5	+ 10	+ 11	<i>p</i> + 30	<i>p</i> +206
1976 .....	+ 91	+ 9	+ 67	+ 18	+ 16	+ 15	<i>p</i> + 13	<i>p</i> +229
1977 .....	+159	+ 10	+146	+ 13	+ 30	+ 15	<i>p</i> + 9	<i>p</i> +382
1978 .....	+157	+ 10	+ 49	+ 22	+ 21	+ 13	<i>p</i> + 8	<i>p</i> +280
1978 First 10 months ... <i>p</i>	+138	+ 8	+ 41	+ 22	+ 19	+ 10	+ 7	+245
1979 First 10 months ... <i>p</i>	+126	+ 18	+ 66	...	+ 21	+ 21	+ 8	+260

<sup>1</sup> Direct and indirect official debt of the Treasury and the other debts for the service of which the Central Government is responsible.

<sup>2</sup> Including savings bonds or certificates.

Table 15.

**Bonds and notes at over one year in Belgian francs**

Classified according to holders

*(Changes in billions of francs)*

	Mainly monetary institutions	Other financial intermediaries <sup>1</sup>	Public authorities	Foreign countries <sup>c</sup>	Others <sup>2</sup>	Total
1971 .....	+ 47	+ 46	+ 2	+ 1	+ 54	+ 150
1972 .....	+ 53	+ 58	+ 1	+ 1	+ 55	+ 168
1973 .....	+ 49	+ 27	+ 3	+ 1	+ 76	+ 156
1974 .....	+ 41	+ 26	+ 2	...	+ 91	+ 160
1975 .....	+ 49	+ 59	...	+ 3	<i>p</i> + 95	<i>p</i> + 206
1976 .....	+ 32	+ 40	+ 2	+ 9	<i>p</i> + 146	<i>p</i> + 229
1977 .....	+ 92	+ 80	...	+ 4	<i>p</i> + 206	<i>p</i> + 382
1978 .....	+ 53	+ 65	...	+ 1	<i>p</i> + 161	<i>p</i> + 280
1978 First 10 months <i>p</i>	+ 41	+ 62	...	+ 1	+ 141	+ 245
1979 First 10 months <i>p</i>	+ 40	+ 42	- 1	- 1	+ 180	+ 260

<sup>1</sup> Excluding the net acquisitions of certain financial intermediaries the amount of which is not known for 1979, namely those of life assurance companies and employers' liability insurance companies and those of pension funds.

<sup>2</sup> The figures in this column have been calculated as a difference and mainly represent the net acquisitions of individuals. See Table 16 of this Annex.

Table 16.

**Bonds and notes at over one year in Belgian francs held by individuals**

Classified according to issuers

*(Changes in billions of francs)*

	Central Government	Other public authorities	Public financial intermediaries	Public operating organisations	Banks	Private savings banks, mortgage and capital accumulation companies	Others	Total
1971 .....	+ 16	+ 1	+ 21	+ 2	+ 5	+ 5	+ 4	+ 54
1972 .....	+ 20	+ 1	+ 15	+ 1	+ 5	+ 2	+ 11	+ 55
1973 .....	+ 20	...	+ 30	+ 2	+ 6	+ 6	+ 12	+ 76
1974 .....	+ 25	- 2	+ 37	+ 4	+ 7	+ 11	+ 9	+ 91
1975 .....	+ 25	+ 3	+ 34	...	+ 9	+ 10	<i>p</i> + 14	<i>p</i> + 95
1976 .....	+ 48	+ 2	+ 45	+ 13	+ 16	+ 14	<i>p</i> + 8	<i>p</i> +146
1977 .....	+ 72	+ 4	+ 83	- 2	+ 30	+ 15	<i>p</i> + 4	<i>p</i> +206
1978 .....	+ 74	+ 4	+ 36	+ 7	+ 20	+ 13	<i>p</i> + 7	<i>p</i> +161
1978 First 10 months ... <i>p</i>	+ 64	+ 4	+ 30	+ 9	+ 18	+ 10	+ 6	+141
1979 First 10 months ... <i>p</i>	+ 67	+ 8	+ 58	- 1	+ 21	+ 21	+ 6	+180

Table 17.

## National Bank of Belgium's official scale of discount and advance rates \*

(Per cent)

	Discount 1		Advances in current account and loans against		
	Bills accepted payable at a bank, warrants and acceptances, bearing visa 2 or certified, representing foreign trade transactions	Other bills and promissory notes	Treasury certificates and Securities Regulation Fund certificates issued at up to 180 days 3	Treasury certificates issued at over 180 days and up to 374 days 3	Other public securities 4
At end of					
1970 .....	6.50	8.50	8.00	8.25	8.50
1971 .....	5.50	7.00	6.50	6.75	7.00
1972 .....	5.00	6.00	6.00		
1973 .....	7.75	8.50	8.50		
1974 .....	8.75	9.50	9.50		
1975 .....	6.00		6.00		
1976 .....	9.00		10.00		
1977 .....	9.00		9.00		
1978 .....	6.00		8.50		
1979 .....	10.50		12.50		
1979					
1st January - 17th January	6.00		8.50		
18th January - 31st January	6.00		8.00		
1st February - 7th March	6.00		7.50		
8th March - 2nd May .....	6.00		7.00		
3rd May - 30th May .....	7.00		7.00		
31st May - 13th June .....	8.00		8.00		
14th June - 28th June .....	9.00		9.00		
29th June - 3rd October ...	9.00		11.00		
4th October - 12th December	10.00		12.00		
13th December - 31st Dec.	10.50		12.50		

\* See the Bulletin of the National Bank of Belgium, Statistics, Table XIX.1a.

1 Rate for bills counted against the overall rediscount ceiling or against rediscount sub-ceiling A.

2 The visa was abolished on 1st April 1974.

3 Maximum proportion advanced : 95 p.c.

4 Maximum proportion advanced : 80 p.c.

Table 18

## National Bank of Belgium's special rates and weighted average rate \*

(Per cent)

At end of	Discounting of bills counted against sub-ceiling B 1	Rediscount and Guarantee Institute's rediscount facility for mobilisation of paper not counted against rediscount ceilings 2	Advances above monthly quota allotted to banks, private savings banks and public credit institutions 3	Weighted average rate 4
1973 .....	—	9.50	—	—
1974 .....	9.50	10.00	10.25	9.18
1975 .....	—	6.00	6.50	5.73
1976 .....	—	10.00	10.50	9.06
1977 .....	—	9.00	9.25	7.73
1978 June .....	—	5.50	5.75	5.50
December .....	8.50	9.00	9.50	6.89
1979 January .....	8.00	8.00	8.50	6.34
February .....	7.50	7.50	8.00	6.23
March .....	7.00	7.00	7.00	6.15
April .....	7.00	7.00	7.00	6.15
May .....	—	8.25	8.00	6.47
June .....	11.00	12.00	12.00	7.31
July .....	11.00	12.00	12.00	8.80
August .....	11.00	12.00	12.00	9.86
September .....	11.00	13.00	13.00	10.46
October .....	12.00	13.00	13.00	11.18
November .....	12.00	13.00	13.00	11.06
December .....	12.50	13.50	13.50	11.53

\* See the Bulletin of the National Bank of Belgium, Statistics, Tables XIX-1b and 1c.

<sup>1</sup> Rate which existed from 8th July 1974 to 31st March 1975, from 12th February to 16th June 1976, from 23rd July to 19th December 1976, from 12th October 1978 to 2nd May 1979 and existing since 29th June 1979.

<sup>2</sup> Rate existing since 21st December 1973.

<sup>3</sup> Rate existing since 8th July 1974.

<sup>4</sup> Average cost of recourse to the National Bank of Belgium for the financial intermediaries which directly or indirectly finance credits to enterprises and individuals; this cost is calculated by taking the mean of the different rates weighted by the outstanding amount of the financing obtained by these intermediaries at these rates.

Table 19.

## Money market rates \*

(Per cent)

	Call money <sup>1</sup>	Treasury Certificates at very short term (8 months) <sup>2</sup>	R.G.I. : Commercial bills counted against the rediscount ceilings at the National Bank of Belgium (up to 120 days) <sup>2 3</sup>		Bank acceptances not counted against the rediscount ceilings, traded on the market outside the National Bank (at about 90 days) <sup>2</sup>	Interbanks deposits (8 months) <sup>2</sup>
			against sub-ceiling A	against sub-ceiling B		
1970 .....	6.25	6.95	6.00		7.00	n.a.
1971 .....	3.70	4.80	4.45		5.65	n.a.
1972 .....	2.48	4.50	4.90		5.40	n.a.
1973 .....	4.81	7.65	7.65		9.50	10.16
1974 .....	9.25	10.50	8.65	10.00	10.90	11.25
1975 .....	4.63	6.05	5.25		5.80	6.50
1976 .....	8.38	10.00	8.90		9.65	10.00
1977 .....	5.58	9.25	8.75		9.50	9.75
1978 June .....	4.63 <sup>4</sup>	5.75	5.25		5.50	5.87
December .....	5.74 <sup>5</sup>	9.25	5.90	8.50	9.50	10.00
1979 January .....	6.33	8.50	5.90	7.75	8.15	8.62
February .....	6.40	7.90	5.90	7.25	7.60	8.06
March .....	5.37	7.90	5.90	6.75	7.30	7.69
April .....	5.25	7.90	5.90	6.75	7.45	8.00
May .....	4.81	9.00	6.90		8.70	9.25
June .....	7.64	11.25	8.90	11.00	9.40	11.50
July .....	9.59	12.00	8.90	11.00	11.40	12.19
August .....	9.34	12.00	8.90	11.00	11.40	12.13
September .....	8.91	13.00	8.90	11.00	11.80	13.13
October .....	11.32	14.00	9.90	12.00	13.35	14.31
November .....	10.06	14.30	9.90	12.00	13.60	14.75
December .....	10.58	14.40	10.40	12.50	13.75	14.69

\* See the Bulletin of the National Bank of Belgium, Statistics, Tables XIX-2, 3 and 4.

<sup>1</sup> Daily averages.<sup>2</sup> End of period.<sup>3</sup> Until 22nd October 1973 : rate for transactions at from 61 to 120 days; from 24th March to 11th October 1978 : rate for transactions at from 31 to 120 days.<sup>4</sup> First half-year.<sup>5</sup> Second half-year.

Table 20.

## Short-term creditor interest rates \* 1

(Per cent)

At end of	Time deposits at banks (3 months)		Deposits on ordinary savings books at the General Savings and Pensions Fund 3	
	Large deposits 2	Ordinary deposits	Effective rate	Gross fictitious rate
1970 .....	6.875	5.50	4.50	5.63
1971 .....	5.500	4.00	4.50	5.63
1972 .....	5.250	3.00	4.00	5.00
1973 .....	9.500	5.75	4.75	5.94
1974 .....	10.500	7.00	6.25	7.81
1975 .....	5.875	4.65	5.50	6.87
1976 .....	9.250	6.75	5.50	6.87
1977 .....	9.125	5.00	5.50	6.87
1978 June .....	5.250	4.50	5.00	6.25
December .....	9.375	4.50	5.00	6.25
1979 January .....	8.000	5.00	5.25	6.56
February .....	7.500	5.00	5.25	6.56
March .....	7.125	4.75	5.25	6.56
April .....	7.375	4.75	5.25	6.56
May .....	8.625	4.75	5.25	6.56
June .....	10.500	5.25	5.75	7.19
July .....	11.625	5.75	5.75	7.19
August .....	11.500	5.75	5.75	7.19
September .....	12.500	6.00	6.00	7.50
October .....	13.750	6.00	6.00	7.50
November .....	14.125	6.50	6.00	7.50
December .....	14.125	6.50	6.00	7.50

\* See the Bulletin of the National Bank of Belgium, Statistics, Tables XIX-5 and 6.

- <sup>1</sup> Rates for investments in Belgian francs accessible to the general public; rates before deduction of tax at source.
- <sup>2</sup> Indicative rates for deposits of from Fr. 5 to 20 million.
- <sup>3</sup> Rates credited on amounts up to Fr. 500,000. They include the fidelity premium paid on amounts that remained on deposit from 16th January to 31st December. Since up to a certain amount (at present Fr. 15,000 per year), the income from deposits on ordinary savings books is exempt from tax, their effective rate is not comparable with the rates shown in the table for other investments. The gross fictitious rate provides a valid basis of comparison in the case of an individual who pays, on the income from his other investments, neither more nor less than the tax deducted at source.

Table 21.

Belgian and foreign long-term yield rates on the secondary market <sup>1</sup>

(Per cent)

	Belgium : Government bonds at over 5 years <sup>2</sup>	International market : Dollar Euro- bonds at over 7 years	United Kingdom : Government bonds (20 years)	United States : Federal Government bonds (10 years and over)	Federal Republic of Germany : Public-sector bonds	Netherlands : Last three long-term government loans
1970 December .....	6.2	8.4	5.7	6.0	6.2	7.8
1971 December .....	5.7	7.7	4.9	5.6	5.9	7.8
1972 December .....	5.8	7.3	5.9	5.6	6.5	7.5
1973 December .....	6.3	8.4	8.8	6.4	7.2	9.0
1974 December .....	7.2	10.0	11.5	6.8	7.4	9.1
1975 December .....	7.0	9.0	9.6	7.2	6.2	8.6
1976 December .....	7.4	8.1	10.1	6.4	5.5	8.4
1977 December .....	7.0	8.3	7.4	7.2	4.3	8.1
1978 June .....	6.6	8.8	8.6	7.9	4.2	7.4
December .....	7.0	9.3	8.9	8.4	4.7	8.5
1979 January .....	7.2	9.3	9.2	8.4	4.8	8.3
February .....	7.1	9.4	9.3	8.4	5.1	8.4
March .....	7.1	9.4	8.3	8.5	5.2	8.5
April .....	7.2	9.4	8.2	8.4	5.3	8.6
May .....	7.4	9.5	8.4	8.6	5.7	8.8
June .....	7.5	9.4	8.9	8.3	5.9	9.0
July .....	7.7	9.5	8.6	8.4	5.9	9.0
August .....	7.8	9.8	8.6	8.4	5.6	8.7
September .....	7.9	10.1	8.8	8.7	5.6	8.8
October .....	8.5	11.2	9.2	9.4	5.9	8.8
November .....	8.8	11.0	10.2	9.8	6.1	9.2
December .....	8.9	11.0	10.1	9.6	5.9	9.3

Sources : International market : Bondtrade. United Kingdom : Bank of England. Calculations of the National Bank of Belgium. United States : Federal Reserve Bulletin. Federal Republic of Germany : O.E.C.D. Financial Statistics. Calculations of the National Bank of Belgium. Netherlands : Quarterly Report of the Netherlands Bank.

<sup>1</sup> Rates after any deduction of tax at source, i.e. for Belgium : preliminary tax on personal property of 20 p.c.; for the United Kingdom : variable basic rate of income tax; for the Federal Republic of Germany : coupon tax of 25 p.c.

<sup>2</sup> Rates at the beginning of the next month.

TABLE I	
Summary of the results of the experiments	
Experiment	Results
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## GLOSSARY OF NAMES AS USED IN THIS AND PREVIOUS REPORTS OF THE NATIONAL BANK

Agricultural Fund	Fonds Agricole
Agricultural Investment Fund	Fonds d'investissement agricole
Antwerp Port Administration	Administration du Port d'Anvers
Asian Development Bank	Banque Asiatique de Développement
Association of Local Authorities for the Building of Motorways	Association Intercommunale pour la Construction d'Autoroutes
Autonomous Funds	Fonds autonomes
Autonomous War Damage Fund	Caisse Autonome des Dommages de Guerre
Bank Control Commissioner (Luxembourg)	Commissaire au contrôle des banques (Luxembourg)
Bank for International Settlements	Banque des Règlements Internationaux
Bank of Issue	Banque d'Emission
Banking Commission	Commission Bancaire
Belgian Air Navigation Company (Sabena)	Société Anonyme Belge d'Exploitation de la Navi- gation Aérienne (Sabena)
Belgian Aluminium Syndicate	Syndicat Belge de l'Aluminium
Belgian Bankers' Association	Association Belge des Banques
Belgian Coal Mines Re-equipment Fund	Fonds de Rééquipement des Charbonnages Belges
Belgian-Congolese Amortisation and Management Fund	Fonds Belgo-Congolais d'Amortissement et de Gestion
Belgian-Luxembourg Economic Union (B.L.E.U.)	Union Economique Belgo-Luxembourgeoise (U.E.B.L.)
Belgian-Luxembourg Foreign Exchange Institute	Institut Belgo-Luxembourgeois du Change
Belgian Municipal Credit Institution	Crédit Communal de Belgique
Belgian National Railways Company (B.N.R.C.)	Société Nationale des Chemins de fer belges (S.N.C.F.B. ou S.N.C.B.)
Belgian Office for Increasing Productivity	Office Belge pour l'Accroissement de la Productivité
Belgian Petroleum Federation	Fédération pétrolière belge
Belgian Surveyors' Association	Association Belge des Experts
Benelux Economic Union	Union Economique Benelux

Benelux Intergovernmental Conference	Conférence intergouvernementale du Benelux
Board of Executive Directors (of I.M.F.)	Conseil d'Administration (du F.M.I.)
Board of Governors (of I.M.F.)	Conseil des Gouverneurs (du F.M.I.)
Board of Management (of E.M.A.)	Comité directeur (de l'A.M.E.)
Brussels Canal and Maritime Installation Company Limited	S.A. du Canal et des Installations Maritimes de Bruxelles
Brussels Entente	Entente de Bruxelles
Brussels Land Surveyors' Union	Union des Géomètres Experts de Bruxelles
Brussels Municipal Water Company	Compagnie Intercommunale Bruxelloise des Eaux
Brussels Universal and International Exhibition	Exposition Universelle et Internationale de Bruxelles
Budgetary Policy Committee (of the European Communities)	Comité de politique budgétaire (des Communautés Européennes)
Bulletin of the National Bank of Belgium (formerly Information Bulletin of the National Bank of Belgium)	Bulletin de la Banque Nationale de Belgique (précédemment Bulletin d'Information et de Documentation de la Banque Nationale de Belgique)
Centenary Fund	Fonds du Centenaire
Central Council of Economy	Conseil Central de l'Economie
Central Office for Mortgage Credit	Office Central de Crédit Hypothécaire
Central Office for Small Savings	Office Central de la Petite Epargne
Central Risks Office	Centrale des Risques
Chamber of Publicity Consultants' Bureaux	Chambre des Agences-Conseils en Publicité
Chamber of Representatives	Chambre des Représentants
Clearing House (at Brussels)	Chambre de Compensation (à Bruxelles)
Code of taxes payable by stamp or in similar ways	Code des taxes assimilées au timbre
Commercial Food Supply Office	Office Commercial du Ravitaillement (O.C.R.A.)
Commission of the European Communities	Commission des Communautés Européennes
Committee for the Study and Promotion of Exports of Small and Medium-sized Enterprises	Commission d'études pour la promotion des exportations de petites et moyennes entreprises
Committee of Control for Electricity	Comité de Contrôle de l'Electricité
Committee of Governors of the Central Banks	Comité des Gouverneurs des banques centrales
Committee of Management for Electricity	Comité de Gestion de l'Electricité
Committee of the Brussels Stock Exchange	Commission de la Bourse de Bruxelles
Consultation Committee for Creditor Interest Rates	Comité de concertation des taux d'intérêt créditeurs
Consultative Committee for Coordinating Medium-Term Export Financing, known as « Cofinex »	Comité Consultatif de Coordination du Financement à Moyen Terme des Exportations (Cofinex)
Consultative Council for External Trade	Conseil Consultatif pour le Commerce Extérieur
Council of Heads of Government	Conseil des Chefs de Gouvernement
Council of Public Credit Institutions	Conseil des Institutions Publiques de Crédit
Council of Regency	Conseil de Régence

Council of State	Conseil d'Etat
Council of the European Communities	Conseil des Communautés Européennes
Court of Justice	Cour de Justice
Creditexport Association	Association Creditexport
Currency Reform Loan	Emprunt de l'Assainissement monétaire
Department of Applied Economics at the Free University of Brussels	Département d'Economie appliquée de l'Université Libre de Bruxelles (D.U.L.B.E.A.)
Department of National Education	Département de l'Education Nationale
Deposit and Consignment Office	Caisse des Dépôts et Consignations
Direct Taxes Department	Administration des Contributions directes
Directing Committee (of N.B.B.)	Comité de Direction (de la B.N.B.)
General Division for Economics and Financial Affairs of the Commission of the European Communities	Direction générale des Affaires économiques et financières de la Commission des Communautés Européennes
Directorate General of Mines	Direction Générale des Mines
Directorate of the Coal Industry	Directoire de l'Industrie charbonnière
Discount Agency	Comptoir d'Escompte
Discount Committee	Comité d'Escompte
Economic and Social Committee	Comité Economique et Social
Commission (of the European Communities)	Commission (des Communautés Européennes)
Economic Expansion and Regional Reconversion Fund	Fonds d'Expansion Economique et de Reconversion Régionale
Economic Policy Committee (of the European Communities)	Comité de politique économique (des Communautés Européennes)
Economic Programming Office	Bureau de Programmation Economique
Economic Research Centre (of Louvain)	Centre de Recherches Economiques (de Louvain)
Economic Research Institute [formerly Economic, Social and Political Research Institute (of Louvain University)]	Institut de Recherches Economiques [précédemment Institut de Recherches Economiques, Sociales et Politiques (de l'Université de Louvain)]
Energy Board	Administration de l'Energie
European Agricultural Guidance and Guarantee Fund (of the European Communities)	Fonds Européen d'Orientation et de Garantie Agricole (des Communautés Européennes)
European Agricultural Markets Organisation	Organisation Européenne des Marchés Agricoles
European Assembly	Assemblée européenne
European Atomic Energy Community (Euratom)	Communauté Européenne de l'Energie Atomique (Euratom)
European Coal and Steel Community (E.C.S.C.)	Communauté Européenne du Charbon et de l'Acier (C.E.C.A.)
European Communities	Communautés Européennes
European Development Fund (of the European Communities) (formerly Fund for the Development of Overseas Countries and Territories)	Fonds Européen de Développement (des Communautés Européennes) (précédemment Fonds de Développement pour les Pays et Territoires d'Outre-mer)
European Economic Community (E.E.C.)	Communauté Economique Européenne (C.E.E.)

European Free Trade Association	Association Européenne de Libre Echange
European Fund	Fonds Européen = Fonds de l'A.M.E.
European Investment Bank	Banque Européenne d'Investissement
European Monetary Agreement (E.M.A.)	Accord Monétaire Européen (A.M.E.)
European Monetary Cooperation Fund (E.M.C.F.)	Fonds européen de coopération monétaire (FECOM)
European Nuclear Energy Agency	Agence Européenne pour l'Energie Nucléaire
European Parliamentary Assembly	Assemblée Parlementaire Européenne
European Payments Union (E.P.U.)	Union Européenne de Paiement (U.E.P.)
European Regional Development Fund	Fonds européen de développement régional
European Social Fund (of the European Communities)	Fonds social européen (des Communautés Européennes)
Excise Department (Ministry of Finance)	Service des Accises (Ministère des Finances)
Export Credit	Creditexport
External Trade Fund	Fonds du Commerce Extérieur
Federation of Belgian Enterprises (formerly Federation of Belgian Industries)	Fédération des Entreprises de Belgique (précédem- ment Fédération des Industries Belges)
Federation of Chemical Industries	Fédération des Industries chimiques
Federation of Enterprises in the Metal Manufacturing Industries	Fédération des entreprises de l'industrie des fabri- cations métalliques
Franco-Belgian Nuclear Energy Company of the Ardennes	Société Franco-Belge d'Energie Nucléaire des Ardennes
General Agreement on Tariffs and Trade (G.A.T.T.)	Accord Général sur les Tarifs douaniers et le Com- merce (G.A.T.T.)
General Arrangements to Borrow (I.M.F.)	Accords Généraux d'Emprunt (F.M.I.)
General Budget Statement	Exposé Général du Budget
General Savings and Pensions Fund (G.S.P.F.)	Caisse Générale d'Epargne et de Retraite (C.G.E.R.)
General Statistical Bulletin of the Statistical Office of the European Communities	Bulletin général de Statistiques de l'Office statisti- que des Communautés Européennes
Group of Twenty	Groupe des Vingt
High Authority (of E.C.S.C.)	Haute Autorité (de la C.E.C.A.)
Housing Fund of the Large Families' League	Fonds du Logement de la Ligue des Familles Nombreuses
Housing Institute	Institut du Logement
Industrial Promotion Office	Office de Promotion Industrielle
Information Bulletin of the Ministry of Finance	Bulletin de Documentation du Ministère des Finances
Inland Water Transport Regulating Office	Office Régulateur de la Navigation Intérieure
Interim Committee (of I.M.F.)	Comité intérimaire (du F.M.I.)
International Bank for Reconstruction and Development (I.B.R.D.)	Banque Internationale pour la Reconstruction et le Développement (B.I.R.D.)
International Energy Agency	Agence internationale de l'énergie
International Development Association	Association Internationale de Développement

International Finance Corporation	Société Financière Internationale
International Lead and Zinc Study Group	Groupe d'Etudes International du Plomb et du Zinc
International Materials Conference	Conférence Internationale des Matières Premières
International Monetary Fund (I.M.F.)	Fonds Monétaire International (F.M.I.)
International Sugar Agreement	Accord International du Sucre
International Sugar Conference	Conférence Internationale des Sucres
International Tin Council	Conseil International de l'Etain
International Wheat Agreement	Accord International du Blé
Joint Committee of Banks and Bank Employees	Commission paritaire des banques
London Metal Exchange	Bourses des Métaux de Londres
Medium-term Economic Policy Committee (of the European Communities)	Comité de politique économique à moyen terme (des Communautés Européennes)
Minister of National Education	Ministre de l'Education Nationale
Ministry of Economic Affairs	Ministère des Affaires Economiques
Ministry of Agriculture	Ministère de l'Agriculture
Ministry of Employment and Labour	Ministère de l'Emploi et du Travail
Ministry of Finance	Ministère des Finances
Ministry of National Defence	Ministère de la Défense Nationale
Ministry of Public Functions	Ministère de la Fonction Publique
Ministry of Public Works, Town Planning Board	Ministère des Travaux Publics, Administration de l'Urbanisme
Ministry of Social Security	Ministère de la Prévoyance Sociale
Monetary Committee (of the European Communities)	Comité Monétaire (des Communautés Européennes)
Monetary Fund	Fonds Monétaire
National Coal Mines Council	Conseil National des Charbonnages
National Committee for Economic Expansion	Comité National d'Expansion Economique
National Del Credere Office	Office National du Dueroire
National Employment Office (formerly National Employment and Unemployment Office)	Office National de l'Emploi (précédemment Office National du Placement et du Chômage)
National Foundation for Financing Scientific Research	Fondation Nationale pour le Financement de la Recherche Scientifique
National Fund for Credit to Trade and Industry	Caisse Nationale de Crédit Professionnel
National Fund for the Rehabilitation of Handicapped Persons	Fonds National pour le Reclassement des Handicapés
National Housing Company (formerly National Cheap Dwellings Company)	Société Nationale du Logement (précédemment Société Nationale des Habitations et Logements à Bon Marché)
National Industrial Credit Company (N.I.C.C.)	Société Nationale de Crédit à l'Industrie (S.N.C.I.)
National Institute for Agricultural Credit	Institut National de Crédit Agricole
National Investment Company	Société Nationale d'Investissement

National Labour Council	Conseil National du Travail
National Land Company (formerly National Smallholders' Company)	Société Nationale Terrienne (précédemment Société Nationale de la Petite Propriété Terrienne)
National Local Railways Company	Société Nationale des Chemins de fer Vicinaux
National Mixed Mines Commission	Commission Nationale Mixte des Mines
National Sickness and Disablement Insurance Institute	Institut National d'Assurance Maladie-Invalidité
National Social Insurance Office	Office National de Sécurité Sociale
National Statistical Institute (N.S.I.)	Institut National de Statistique (I.N.S.)
National Water Distribution Company	Société Nationale des Distributions d'Eau
North Atlantic Treaty Organisation (N.A.T.O.)	Organisation du Traité de l'Atlantique-Nord (O.T.A.N.)
Nuclear Energy Research Centre	Centre d'Etudes de l'Energie Nucléaire
Oil facility (of I.M.F.)	Mécanisme pétrolier (du F.M.I.)
Organisation for Economic Cooperation and Development (O.E.C.D.) [formerly Organisation for European Economic Cooperation (O.E.E.C.)]	Organisation de Coopération et de Développement Economiques (O.C.D.E.) [précédemment Organi- sation Européenne de Coopération Economique (O.E.C.E.)]
Organisation of Petroleum Exporting Countries	Organisation des pays exportateurs de pétrole
Overseas Social Security Office	Office de Sécurité Sociale d'Outre-Mer
Permanent Budget Equalisation Fund	Fonds Permanent d'Equalisation des Budgets
Planning Bureau	Bureau du Plan
Post Administration	Administration des Postes
Post Board	Régie des Postes
Postal Cheque Account (P.C.A.)	Compte de Chèques Postaux (C.C.P.)
Postal Cheque Office (P.C.O.)	Office des Chèques Postaux (O.C.P.)
Public Debt Sinking Fund	Fonds d'Amortissement de la Dette Publique
Public Social Assistance Centres	Centres publics d'aide sociale
Rediscount and Guarantee Institute (R.G.I.)	Institut de Réescompte et de Garantie (I.R.G.)
Regional Policy Committee	Comité de politique régionale
Research Department (of the National Bank of Belgium)	Département des Etudes (de la Banque Nationale de Belgique)
Road Fund	Fonds des Routes
Royal Society for Political Economy	Société Royale d'Economie Politique
Sabena (see Belgian Air Navigation Company)	Sabena (cf. Société Anonyme Belge d'Exploitation de la Navigation Aérienne)
Savings Bank of the Grand Duchy of Luxembourg	Caisse d'Epargne du Grand-Duché de Luxembourg
Savings Bank Section of the General Savings and Pensions Fund	Caisse d'Epargne de la Caisse Générale d'Epargne et de Retraite
Sea Transport Administration	Administration des transports maritimes
Sea Transport Board	Régie des transports maritimes
Securities Regulation Fund	Fonds des Rentes
Short-term Economic Policy Committee (of the European Communities)	Comité de politique conjoncturelle (des Commu- nautés Européennes)
Social Programming Agreement	Accord de programmation sociale

Solidarity Fund for Financing Early-Retirement Pensions	Fonds de solidarité de financement de la prépension
Special Agricultural Committee (of the European Communities)	Comité Spécial Agricole (des Communautés Européennes)
Special Council of Ministers (of E.C.S.C.)	Comité Spécial des Ministres (de la C.E.C.A.)
Special Municipalities Fund	Fonds spécial des communes
Staff Pensions Fund	Caisse de Pensions du Personnel
Statistical Office of the European Communities	Office statistique des Communautés européennes
Superior Finance Council	Conseil Supérieur des Finances
Telegraphs and Telephones Board	Régie des Télégraphes et des Téléphones
Textile Industry Federation	Fédération de l'Industrie Textile
Town Planning Board	Administration de l'Urbanisme
Treasury and Public Debt Administration	Administration de la Trésorerie et de la Dette Publique
Trust Fund (of I.M.F.)	Fonds fiduciaire (du F.M.I.)
Union of Non-Ferrous Metal Industries	Union des Industries des Métaux Non Ferreux
United Nations (Organisation of the)	Organisation des Nations Unies
Veterans' Endowment	Dotation des Combattants
Washington Monetary Conference	Conférence monétaire de Washington



## CONTENTS

	Pages
Report presented by the Governor in the name of the Council of Regency . . .	VII
 Economic and Financial Developments . . . . .	 1
1. International economic and monetary developments . . . . .	3
2. Developments in the major sectors of the Belgian economy . . . . .	12
a) Individuals . . . . .	12
b) Companies . . . . .	19
c) Public authorities . . . . .	28
3. Transactions of the Belgian-Luxembourg Economic Union with foreign countries . . . . .	36
4. Summary of economic developments in Belgium . . . . .	49
a) Production of goods and services . . . . .	49
b) Employment . . . . .	55
c) Prices . . . . .	62
5. Summary of financial developments in Belgium . . . . .	67
a) Financing capacities and requirements . . . . .	67
b) The meeting of the gross financing requirements and its effects on the position of the financial intermediaries . . . . .	71
c) Interest rates and monetary policy . . . . .	78
 Annual accounts . . . . .	 89
Balance Sheet. — Profit and Loss Account. — Memorandum Accounts. — Dividend declared for the year 1979 . . . . .	94

	Pages
Administration and supervision. — Departments and services. — Branches and agencies . . . . .	101
Administration and supervision . . . . .	103
Departments and services . . . . .	104
Branches and agencies . . . . .	109
Annexes . . . . .	113
1 Balance Sheets compared as at 31st December 1975 to 1979 . . . . .	114
2 Profit and Loss Accounts compared as at 31st December 1975 to 1979 . . . . .	116
3 Miscellaneous information . . . . .	119
4 Weekly returns published in the <i>Moniteur Belge</i> during 1979 . . . . .	—
5 Statement of the public long-term securities constituting, on 31st December 1975, the Bank's holdings . . . . .	121
6 Economic and financial statistics . . . . .	123
Glossary of names as used in this and previous reports of the National Bank . . . . .	145

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