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Cohesion policy – does it have a future?*

BY SÁNDOR RICHTER

On 19 April this year the European Commission published the ex-post evaluation of the period 2000-2006 (Objectives 1 & 2).¹ The 170-page document, which was elaborated with the participation of wiiw², provides a detailed overview of the projects called into being with the help of EUR 123 billion investment facilitated by the European Regional Development Fund (ERDF) between 2000 and 2006. The results achieved and mentioned in the headlines are impressive indeed: an estimated 1.4 million jobs were created during this period, 2000 km of motorways were built and 14 million people drink better water thanks to EU-supported projects. However, reading the detailed analysis of the costs and benefits of the Cohesion Policy in the period concerned helps to understand the current problems of the European Union related to Greece and some other Southern European member states.

One of the most important questions raised concerning the Cohesion Policy is to what extent (if at all) transfers from the EU budget have helped to diminish regional disparities in the economies of the beneficiary member states. In the period 2000-2006 the main beneficiaries of the Cohesion Policy were the 'old' cohesion countries (Greece, Ireland, Portugal and Spain); the ten new member states joined the EU only in 2004, in the middle of the seven-year period, and even after accession

they received only relatively modest transfers due to the practice of 'phasing in'. The results for the main beneficiaries are disappointing: despite the enormous sums spent there, regional disparities increased in Greece and Portugal, in the former country even quite significantly. In Ireland regional disparities remained practically unchanged, and only in Spain have they decreased unambiguously.³ As for the details of the results for Greece (as presented in a recent Austrian study⁴), the emerging picture is more than disappointing: Youth unemployment is over 30% in five regions of the country. Convergence is problematic in the following areas: age- and gender-specific employment rates; share of adult population with insufficient education; R & D expenditures at regional level; regional purchasing parity, productivity and the Lisbon indicators.⁵

In the Commission's report two independent econometric models were used to provide an answer to the question whether Cohesion Policy had a positive impact on the economic performance of the beneficiary member states. Calculating the impact in the period 2000-2009 the results show that Portugal received, within this ten-year period, annual Cohesion Policy transfers equalling 1.25% of its GDP. The country's GDP was, as a result of these transfers, about 16% higher than it would have been without them.⁶ This seems good news, however, with respect to Portugal's weak actual growth performance in this period, one might conclude that the only growth in that country was the one generated by the EU transfers. This raises the question whether it is really a good idea to subsidize a country which is unable, for a whole decade, to generate economic growth on its own.

* This comment is based on the author's contribution to a panel discussion at the Visegrad 4 High-Level Expert Meeting on the Cohesion Policy in the Member States' Economic Policies, organized by the National Development Agency of Hungary in Budapest, 29/30 April 2010.

¹ Ex-Post Evaluation of Cohesion Policy Programmes 2000-2006, co-financed by the ERDF (Objectives 1 & 2), prepared by Aplica, ISMERI EUROPA and wiiw, March 2010.
http://ec.europa.eu/regional_policy/sources/docgener/evaluation/expost_reaction_en.htm.

² Roman Römisch, the wiiw specialist for regional development, contributed to this publication.

³ Ex-Post Evaluation (2010), p. 61.

⁴ A. Tausch, 'Das EU-Budget und der Lissabon-Prozess. Eine empirische Effizienzanalyse aus konvergenzpolitischer und regionalpolitischer Sicht', *Materialien zu Wirtschaft und Gesellschaft*, No. 107, Vienna, November 2009.

⁵ *ibid.*, pp. 85-86.

⁶ Ex-Post Evaluation (2010), p. 156.

It is interesting to review the long-term effects (up to 2020) of the 2000-2006 Cohesion Policy on the economic growth of the member states. According to the models' results, GDP in the EU-25 will be altogether 4% higher at the end of the two-decade period than it would be without Cohesion Policy.⁷ In the 'old' cohesion countries, additional GDP growth will amount to 31.5%. Additional growth will be much smaller in the ten NMS, 15.9%, due to the much smaller transfers than in the 'old' cohesion countries in 2004-2006. The unpleasant side of the calculations is that of the 'net payer' member states: their GDP will be 5.3% lower in 2020 than it would have been without Cohesion Policy. With regard to the anyhow low average GDP growth rates in the affluent EU member states, the latter will lose more than two years' 'natural' economic growth due to the cross-member state redistribution in the EU. Is the 4% additional growth in the EU as a whole sufficient comfort to the net payer member states?

This question is all the more important as the negotiations on the next financial period (2014-2020) will soon enter their most intense phase. In order to preserve Cohesion Policy, the new member states will have to prove that they have had a better record in the utilization of Cohesion Policy resources in 2004-2009 than had Greece and Portugal and also that their future performance in this respect will be definitely better. Even apart from the question of efficient utilization, defending Cohesion Policy will not be an easy task. The net payer member states are preoccupied with their own exit strategies from crisis-related demand management which has inflated their general

government deficits. Reducing these deficits to 3% of GDP as required by the Stability and Growth Pact will necessitate great efforts and in this situation each fragment of the GDP which seems to be lost through the cross-member state redistribution in the EU will be seen as a much bigger sacrifice than in earlier years.

New member states pushing forward the case of Cohesion Policy will have to keep in mind that there are other important Community targets which are in direct or indirect competition with Cohesion Policy for securing EU resources – first of all the bailout of Greece, which requires EUR 120 billion,⁸ the approximate equivalent of one year's EU budget in the period 2007-2013. No one knows whether this is the final bill for Greece and whether Portugal, Spain and Italy may not soon be found in a position where Greece is today. Although the rescue package for Greece will increase the public debt but not the general government deficit of the donor countries (provided Greece is able to service its debt in the future) this burden on the affluent eurozone member states will definitely diminish their readiness for a relaxed position in the forthcoming negotiations on the EU budget. Finally, apart from the impact of the Greek crisis, proponents of the Cohesion Policy will be in direct competition with backward-looking beneficiaries of the Common Agricultural Policy and the more forward-looking supporters of transfers for promoting competitiveness and European value-added⁹. Defending Cohesion Policy will be a very hard task this time, and success is by no means guaranteed.

⁷ Ex-Post Evaluation (2010), p. 119.

⁸ Here we did not mention the EUR 750 billion 'umbrella' set up to regain the international markets' confidence in the fiscal stability of the Mediterranean member states.

⁹ Under the EU budget heading 'Competitiveness for Growth and Employment'.

The great crisis and the American response

BY JAMES K. GALBRAITH*

I want to talk this evening about the nature of the financial crisis in America. And about its relationship in particular to the role played over the last generation by the economics profession. The first theme of my remarks I've given a little subtitle to; and that is, The Grand Illusion of the Great Moderation – a characterization of the last, say, three decades in economic life, which gained a great deal of prominence partly because it was championed by the now incumbent Chairman of the Board of Governors in the Federal Reserve system, Mr. Bernanke, over the years.

The late 1970s and the early 1980s were an extraordinarily turbulent time. They were a time of sharply declining competitiveness of manufacturing and power of the trade unions, followed later in the decade by the collapse of the Soviet Union and associated governments, the opening of world commodity markets to a very significant degree, and the rise of labor intensive goods produced in China and their penetration in world markets. Consequently there was a global subsidence of the inflationary climate that had built up in the late 1960s and through the 1970s and into the early 1980s. At the same time, continuing financial instability including the crisis in Asia in 1997 and Russia in 1998 helped to promote the world wide holding of U.S. dollar reserves as a cushion against financial instability outside of the United States, with the result that for the United States itself this was a period of remarkable price stability and reasonably stable economic expansion.

The economics profession did not give these events the cosmopolitan interpretation that I just have. They rather reduced them to a story of the credibility of the central banks, specifically the Federal Reserve, of probity and responsibility on the part of the fiscal authorities of accelerating technological change, coupled with the changing demands on the labor market; all of which were, if you like, characterizations of causal relationships which very well could have happened inside of any closed economy. Thus the economists created a mental model of self-stabilizing free markets and hands-off policy makers motivated to do the right thing – let us say, full of good intentions and primarily dedicated to maintaining an overarching climate of price level stability so as to permit the forces of the free market to reach their maximum efficiency.

Arguments between economists largely resolve themselves to a debate between the purists, who held that essentially no government intervention in the economy was required, and those who professed a slightly more pragmatic bent and who argued that from time to time it might be useful also to have a stabilizing contribution from the fiscal authorities to offset external shocks and other forces that might, from time to time, cause a disturbance in labor markets. And this was the view that came, I think, to be a very widely held one in the economics profession right up into 2008, when the American Economic Association was sponsoring sessions with the broad and confident title, 'How Did The World Come To A Consensus On Monetary Policy'.

I find a little irony in this because one of the ostensible great contributors to the climate of the great moderation was the change in Federal Reserve reporting procedures instituted in the middle 1970s under what came to be known as the Humphrey-Hawkins process; whereby the Chairman of the Board of Governors reports every six months to both houses of Congress as to the goals and objectives of the Federal Reserve. And the irony for me is that I happen to be the young staff member on the Banking committee of the

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House of Representatives who drafted the statutory language that went into the Humphrey-Hawkins Act, requiring that testimony. And for seven or eight years I was the staff person who actually organized the hearings; wrote the questions and otherwise tried to antagonize the Federal Reserve to the extent that I could. And certainly as a young man in his middle twenties I did not think that I was contributing in any serious way to a revolutionary development in the stabilization of the global economy. But there were economists 30 years later who, if they would have known of my role, would have been obliged to give me some credit for it.

It is not to say that everybody in advance of the crisis accepted this world view. There was a line of criticism which, for the purposes of this meeting I will call the Marx-Lenin-Luxemburg critique. I choose that to honor of course two distinguished Germans and also I gather two former students of this university. Not the same two, by the way; I gather that Rosa Luxemburg did not study here or so I am advised.¹ But this is a view which pointed to the dark side of the great moderation. A view that focused on the alleged, and indeed reported, stagnation of the real wage in the United States, particularly in relationship to productivity growth, and the implied deterioration of the distribution of income to wages in favor of profits. It emphasized the highly measured and much remarked-upon increase in economic inequality. It also drew attention to the consequences of the deindustrialization of the 1980s; in particular the large and ever growing deficit in trade and current account, and ultimately to what Rosa Luxemburg would have described as a crisis in realization, otherwise known as the problem of imperial overstretch, of the search for markets and the cost of that search particularly vividly brought to the world's attention in 2003 at the time of the American invasion of Iraq.

¹ Rosa Luxemburg, was born 1870 in Poland, got secondary education in Warsaw, studied at the University of Zurich, became a German citizen only 1898 (editor's note),

This story formed the basis of a left critique in and outside of the United States. It implied that there would be a crisis, as the situation was intrinsically unstable. But the crisis would come first and foremost from a rejection of US financial hegemony as a whole, and of the instruments of that hegemony; namely that assets denominated in dollars held around the world. It would come in other words from a crash of the dollar and ostensibly the beneficiary of that crisis would have to be the Euro and the European Union. Europe was in this view considered to be a contrasting sociopolitical entity with largely solid social democratic virtues, a relatively low military burden – in fact a turning away from militarism – and a relatively balanced set of international accounts. So I think we did see a number of scholars who had misgivings about or indeed a radical dissent from the narrative of the great moderation.

But both of these views – the GM view and the MLL (or Marx-Lenin-Luxemburg) view – showcase what is essentially a real-economy analysis. It is an analysis rooted in deep phenomena. In a flexible labor market for example, for better or worse, one which could either be celebrated for its ability to deliver employment or castigated and criticized for its inability to sustain real wages. In an efficient capital market, which could be celebrated for bringing world production to its highest achievable level or castigated for its effects on American labour. In a process of class struggle and the search for realization of surplus in the MLL view. Neither of these perspectives focused intently on the financial sector; on monetary production, on the monetary aspects of the production process, or the relationship of credit to output. Nor did they focus on the relationship between the public and private sectors in the United States. Neither therefore came very close to having a truly useful and relevant analysis of what actually occurred.

There was, beyond these two broadly opposing and symmetric views, a third line of argument. A line I would associate as having been in descent from the ideas of John Maynard Keynes but in modern times largely articulated by two figures with

substantially different perspectives on the Keynesian tradition. One of which was Wynne Godley; a former senior advisor to the treasury in the UK, Professor of Applied Economics at the University of Cambridge, and a great gentleman actually who just passed away last week – and the other one was Hyman Minsky; a maverick economist to whom I shall return momentarily.

Godley's approach was articulated in a series of papers published by an institute with which I have an affiliation, the Levy Economics Institute of Bard College in New York. He argued above all that what was essential was to develop a macroeconomics in which the accounting relationships were consistently articulated so that their implications could not be ignored and so that the consequences of things happening in one part of the economy, for the balance sheets of other parts of the economy, would be fully taken account of in the analysis. One of the things that Godley's analysis pointed to, and I think very effectively, over this period was the unsustainability of surpluses in the government's budget. It is odd now to reflect on that, but in the late 1990s the United States government budget went into a very substantial surplus, and at the end of that decade, the end of the century, the then Secretary of the Treasury – the very same aforementioned Larry Summers – at a meeting which I attended, and on other occasions, was happily making the projection that if things continued the United States public debt would be totally eliminated in the space of 13 years or so.

The essence of the Godley analysis was that it was pointless to make such projections as things could not continue; the law once articulated by Herbert Stein, the Chair of the Council of Economic Advisors under Richard Nixon, would apply: Stein's Law famously states when a trend cannot continue it will stop. Why so? Because the accounting obverse of the surplus in the public sector shows a deficit in the private sector. A deficit which was manifested in the increasing accumulation of debts held by, in the late 1990s, mainly private corporations, mainly in the technology sector, that

is to say an obligation to make good by cash flow on financial commitments via increasingly improbable business plans. Obligations which in fact could not be honored and were not honored and were largely repudiated in the slump that followed the crash in the tech sector at the end – in the middle of – 2000, and of course government budgets went promptly back into deficit at that time.

A second proposition of the Godley analysis related to the events that then developed over the course of the decade of the 2000s in the housing sector. Now a different part of the private sector went increasingly into debt. That is to say households increasingly took on mortgage obligations, draining the equity from their homes in order to support their consumption patterns; generating construction and other forms of economic activity. And in so doing, they generated tax revenues which again narrowed (though they did not eliminate) the government budget deficit over this period, while sustaining economic growth through to around 2008. But the essential point was that this phenomenon, like the previous one, had definite limits. Because private parties, unlike governments, do have to repay their debts.

Hyman Minsky's analysis, although thoroughly compatible with Godley's, focused on the intrinsic instability of the financial sector. An instability from which the great moderation economists assiduously avert their eyes because it violates their notions of human economic rationality. But an instability which is nevertheless, in Minsky's view entirely the product of rational processes. Minsky's argument was that stability itself creates instability. A period of stable economic growth and low inflation generates increasing confidence on the part of economic players. They can come to believe that they are part of a new era; that things really have changed. They come to be discontented with the low rates of return that are available in ordinary investments and they therefore naturally seek the frontiers of greater risk. As they do that, they are seeking more and more to be on the tails of the distribution, trying to move the mean of the distribution, something which is quite

difficult to achieve, and they move from a position where their financial obligations are what Minsky called hedge positions, completely fundable on the basis of historic cash flows, to speculative positions which must be refinanced in uncertain conditions at some future time. Conditions which may well be favorable to refinancing, may well be sustainable for at least some time, but which are not guaranteed to be such depending upon basically unforeseeable macroeconomic circumstances at the time the debts come due.

And the problem is that as more and more players move into the speculative territory in Minsky's analysis there is a second phase boundary, another transition from what he called speculative to what he called Ponzi finance. That is to say a situation in which financial commitments can only be met by further borrowings – a situation which is intrinsically unsustainable for a private party because no one will lend to someone who must borrow in order to pay interest on previous debts.

There were those who saw Ponzi processes at work. Dean Baker was a remarkable example, the head of the Center for Economic Policy Research in Washington, D.C., calling attention from the early part of the last decade to, among other things, the sign of extraordinarily high price-rental ratios in the public housing sector, high and rising, and clearly more likely to fall at some time than to continue to rise forever. A great deal of credit has to go to those few people working in the Godley tradition, working in the Minsky tradition, who were brave enough to foresee the developments that had in fact occurred and whose framework was such that it put them quite close to the actual character of the disaster that unfolded from 2007 forward.

Yet, I don't think that either of these analyses gets quite to the heart of the issues. And so I would like to put before you a third line, which I think is broadly in descent from my father's work, in *The New Industrial State*, on the role of the great corporation and its relationship to financial authority. It's a theme I took up in general terms in application to the situation that we now face, in the

book that I published in 2008 which I entitled, *The Predator State*. The argument that I make was that it is fundamentally an illusion – an error – to view the United States economy as through the prism that was created in the Reagan period of free market principles, deregulation, privatization, and a detached benevolent government operating mainly through monetary stabilization. I would argue instead that when you examine the institutions of American economic growth you find a dominant role in many important areas of the public sector, of the government, usually in a kind of partnership with private institutions.

This is found for example in the Social Security system, which provides a bulwark against poverty for the elderly but is supplemented by many of them with private pensions and investments accumulated over the years in tax-sheltered private accounts. It's true of the health care system, which is a public system for very substantial parts of the population. Everybody over the age of 65 is covered by Medicare, a great many poor people are covered by Medicaid, veterans are covered by the Veterans Administration and public employees are covered. But the public sector in health care operates in a kind of antagonistic partnership, and a very difficult and inefficient partnership, with a private sector which continues to provide private health insurance largely through employers with, again, tax-favored programs. It's true of higher education, which in the United States has approximately equal weight with public and private sector institutions. A system of land-grant universities has produced some of the greatest achievements of American higher education over the years but there are also fine private institutions which depend very heavily on tax-favored philanthropic contributions. And it's true in the housing sector. In the financing of privately owned homes, institutions that were created in the New Deal and reinforced in the great society, that gave us 30-year fixed rate mortgages, that gave us public institutions Fannie Mae and Freddie Mac, that were later privatized, which refinanced those mortgages which created a structure in the 1930s through the 1970s and 1980s of savings and loan

institutions that were dedicated to housing finance and which operated under special interest-rate regulations which permitted them certain advantages in the financial market place.

By and large I argue that these public-private collaborations, while inefficient, defective in important respects and that's certainly true of our health care, have been very substantial successes. They are very robust politically and they achieve their stated objective, by and large, by facilitating very wide access to the services that they foster. In comparison with this system, particularly when one also considers the regulation of many other aspects of the economy, truly free markets are very small change. They barely exist. They are a fringe phenomenon. And while they hold a particular pride of place in American political rhetoric, practical people in political life understand this. That is to say they understand very well, conservatives and particularly in recent administrations have understood very well, that the true sources of American power lie in those who manage and control the public-private sectors; particularly the public institutions in those sectors.

The conservative objective in modern times has not been to privatize them completely nor to eliminate them; but to place them in sympathetic hands, and thus to permit small amounts of vast cash flows to be directed to politically favored groups. This is what I call the Predator State. It is a state which is not intent upon restructuring the rules in any idealistic way but a state which does use the existing institutions as a device for political patronage on a grand scale. Closely related to this has been the general reinterpretation – something that has troubled me ever since I first encountered it in graduate school in the 1970s – of the role of regulation in an economy. A reinterpretation of regulation not as a function of necessity but as a burden. Something that should be minimized to the extent possible. Something where the benefits should always be weighed against the costs. That is a view I suggest which is sufficiently familiar to all of you – probably a great many of you don't even think to question it – but I would suggest to you that

it is something which profoundly misconstrues what regulation is and does in an advanced society.

Now, in an advanced society in many sectors where there is the slightest complexity, with production processes using lengthy supply chains, regulation serves not as a burden on businesses but as a guarantee that the markets are viable. A guarantee that it's safe, reasonably safe, to participate in the commerce at hand. Safe to eat the lettuce; or buy the electric appliance; or to commit your savings to a financial institution. And that without the regulatory apparatus which pervades our lives most of the institutions in an advanced economic society, from airlines to banks, would not exist. Nobody would get on an airplane if they did not believe that the federal aviation authority was running the airplanes; that nobody was going to run into each other in the sky. And nobody would put their money into banks if they did not believe that the regulatory agencies would have some authority over management of their deposits and insurance to protect them in the case of a run.

What happened in the last decade or so it seems to me is that the predator state took root in an especially dramatic way in the financial sector. Very clear signals were sent that previous laws, regulations, supervisory standards would be relaxed. This was not a subtle business. In the first term of the second Bush presidency, the chief of the Office of Thrift Supervision came to a press conference with a stack of federal regulations pertaining to underwriting standards and a chainsaw. A chainsaw. This, as I say, was not subtle. His more subtle colleagues brought pruning shears. The message was unambiguous: The cop was off the beat.

The result was that this industry was largely overrun by the most aggressive practitioners of the art of originating questionable mortgages. I'll go further than that. Of the art of originating mortgages that were plainly fraudulent. And where the lenders knew – certainly knew – that the borrowers would not be in a position to continue to service those mortgages past, at most, three or four years.

Mortgages that were designed in fact to have that result. Mortgages that were made to people who could not document their incomes, with bad or nonexistent credit histories, against houses appraised by appraisers chosen by their willingness to inflate the value of those houses, and drafted in such a way that the initial rate was low enough to be serviced for a short period of time – so-called teaser rates – but with provisions that would cause the payments to double or triple in two or three years when the rates were reset to what was widely and accurately expected to be the prevailing higher interest rates imposed by the Federal Reserve.

But just to take one aspect of this: there is no non-fraudulent reason for a lender to knowingly accept an inflated appraisal on a house. There is no known explanation of that which can be construed as innocent. Why did they do it? The business model is no longer one of originating mortgages holding them, earning income as home owners paid off their debts; it was one of originating the mortgage, taking a fee, selling the mortgage to another entity and taking another fee. And to do that the mortgages had to be packaged; they had to be sprinkled with the holy water of quantitative risk management models, they had to be presented to ratings agencies and blessed and sanctified, at least in part, as AAA. So that they could legally be obtained and acquired by pension funds and other fiduciaries who have an obligation to look at the rating but no obligation to do any due diligence beyond the rating.

And as a result an alchemy was conducted. A great deal of lead was marketed as gold. I think it's fair to say that if it sounds to you like a criminal enterprise, that's because that's exactly what it was. There was a criminal language associated with it: Liars' loans. NINJA loans; no income, no job or assets. It sounds funny but in fact this is why the world financial system has melted down. Neutron loans; loans that would explode killing the people but leaving the buildings intact. Toxic waste; that part of the securitized collateral debt obligation which would take the first loss. These are terms

which are put together by people who know what they are doing and anybody close to the industry was familiar with those terms.

Again, there is no innocent explanation. I would argue that what happened here was an initial act of theft by the originators of the mortgage. An act exactly equivalent to money laundering by the ratings agencies who passed the bad securities through their process and relabeled them as good securities; literally leaving the documentation in the hands of the originators and never looking at it so computer files and underlying documents have never been examined except very, very sporadically. And a fencing operation, that is to say the passing of stolen goods, by the large banks and investment banks which turned them, marketed them, to the likes of IKB and RBS and of course pension funds and other investors across the world. The reward for being part of this was of course the extraordinary compensation of the banking sector which permitted them extraordinary results at a point in which 40% of reported profits in the United States were earned in the banking sector by enterprises which paid about half of their gross revenues out in compensation. Very, very good work if you can get it.

This is not an isolated occurrence. It is something which is part of a well established historical pattern. That pattern has its identifiable characteristics and those characteristics are known in the economics literature. They were laid out very carefully in 1993 by George Akerlof and Paul Romer in an article entitled, Looting: Bankruptcy for Profit. That article was based upon the experiences of a decade previously in the savings and loans industry and the work of a criminologist by the name of William K. Black who identified the patterns and whose work not only led to the early recognition that the savings and loan industry was being taken over by criminal enterprises but to later prosecutions which put about 1000 S&L insiders into federal prison in the early to mid-1990s; and about 3000 others including many commercial bankers.

The realization in the banking sector that this was the case occurred in August of 2007; everybody realized that their own assets were worth nothing and therefore they could not lend to each other without incurring the risk that they were lending to an insolvent party when the interbank loan market collapsed. The response of the government to that was and has been called the Paulson Put – after Henry Paulson who was Secretary of the Treasury at the time – an effort to defer realization of the losses if possible past the November 2008 elections. Thomas Ferguson and Robert Johnson in the *International Journal of Political Economy* lay this out in two very long articles. They show that Paulson looked for ways to refinance the toxic assets, and he found them in the federal housing agency and particularly by persuading the great secondary mortgage market makers Fannie Mae and Freddie Mac to increase their holdings of toxic securities, of subprime loans. Attempting, as I said, to keep the game going a little bit longer. He did not succeed in keeping it going past the election of course. It came to a great crash in September of 2008 with the failure of Lehman Brothers and the result of that was this extraordinary effort, in which I had a role actually, to persuade the Congress to pass the Troubled Asset Relief Program, TARP, in early October of 2008 effectively forcing the Democratic leadership of the Congress to validate a massive rescue effort for the financial institutions that was being undertaken and had been underway for a year in the Republican administration.

It was effective and largely successful, at least in some ways. It quelled a panic which might well have produced truly catastrophic results. But it achieved this success at the price of a larger failure: at the expense of forestalling a restructuring and reform that would get at the root of the financial crisis. It's also fair to say that the machinations at that particular moment – in particular the extraordinary willingness of the Republican caucus in the House of Representatives to take some advice that came out of right field and vote against the TARP in the first round had a decisive effect on the outcome of the presidential election.

With the arrival of the Obama administration there was a second opportunity to get them out of right. I have to tell you, I'm afraid to say, that that opportunity also was not taken. That the Obama administration was compelled by the same logic that the Bush administration had been following, that is to say to save, to prevent panic and to save institutions at the expense of pursuing the effective restructuring that would enable them to contribute any time soon to the processes of economic recovery. The result of that was of course a political disaster in that the banks very quickly realized that they were saved; they were saved by a relaxation of the accounting standards that permits them to this day to continue to fail to realize their losses, losses which will not be repaired. It permits them to operate profitably without making loans by borrowing from the central bank for practically nothing and then lending back to the government for 3% or 4% – very good work if you can get it, I advise you all to take out bank charters without delay. And to pay themselves bonuses, which the larger public did not appreciate.

At the same time, the great institutions which I spoke of earlier – the great public-private institutions that create obligations for the Federal Government – along with the progressive income tax among other things, cooperated through a process economists know as economic stabilization, fiscal stabilization, to put the Federal Government into deficit far beyond any prior predictions of what was sustainable or stable and creating, in exact Godley fashion, a corresponding financial surplus in the private sector. Savings went ahead of investment so that the savings rate has gone up just as the government deficit has. This is an accounting necessity as the two are exactly the same phenomenon simply recorded on opposite sides of the balance sheet. That was the principal reason why we didn't move to the great depression, Mark Two. We have a very large government sector which moved very rapidly to stabilized activity as a result of processes which were baked in the cake. And did not require new legislation.

There was an addition to that a very useful stimulus bill, the American Recovery and Reinvestment Act, which, while not as large as I would have liked it to have been, certainly is contributing now to preventing the complete meltdown of state and local governments and to providing construction jobs in the public sector.

That's roughly where we are at the present time. There are some successes. As I say things could have been worse. But the successes are marked by extreme limitations. And there are four of those. The first is in the housing sector. Remembering that housing is a source of financial wealth of what was once the American middle class. That middle class is largely lost. The equity that it built up over many decades in its homes is severely impaired. A very large part of it owes more on its mortgages than it could receive were its house on the market, if it could sell its housing at all. And those with very few other liquid assets are effectively financially insolvent. That is a problem which will only be resolved over a very long time horizon as people give up their homes and move into rentals, reversing, in effect, one of the greatest social projects of the twentieth century. It's a process which is underway but it will take a long time and be very painful.

A second broad area where we have not succeeded and are not succeeding is in the institutions that provide services at the state and local level higher education, public schools, libraries, parks, police, fire, all of which are intense pressure, as a result of a failure to fully fund state and local services. The failure of the Federal Government to completely fill the enormous gaps that have opened up particularly in states where the housing crisis is most intense, like California and Florida, is having dramatic effects. And the result of that is the functional dismantling of the major institutions of the American welfare state going on as we speak. The University of California has been the greatest public university ever **created**. What's going on there now is very sad. It's shameful. It is going on and it is hard to imagine how it will be reversed.

A third area where we have not succeeded is in front of us today. It's international and I want to come back to that momentarily because I think not enough has been made of the link between the American crisis peaking in 2008 and the European crisis peaking now. And I want to come back to that momentarily.

The fourth area is the financial sector. Mr. President, in your opening remarks you made use of a phrase which I could bring to bear here and the question was how to regain trust and build confidence. That is indeed exactly the problem. The problem however of trust is that it cannot simply be regained; it has to be earned. It has to be merited. And once reality sets in; once information is available, once people realize the extent of the problem, of the corruption and criminalization at the root of this problem, trust cannot be regained until the wheels of justice turn. I gave testimony to this effect to the Senate Judiciary Sub-Committee on Crime on the 4th of May. The issue has been raised in other Senate subcommittees. It's being raised by the Financial Crisis Inquiry Commission chaired by Phil Angelides. It's being raised by the Securities and Exchange Commission. It's being raised at the Justice Department. It's being raised by a Congresswoman named Marcy Kaptur who has a bill in to provide an extra thousand agents to the FBI. That process once started must be completed or trust cannot be restored. If it is circumscribed, if it is cut short, then the consequences will be roughly the same as the consequence to the airlines if we give up air traffic control. No one will use the institutions because the information about their lack of safety will be out there but the corrected actions will not have been taken. That's the challenge we'll have to face going forward.

Let me just say, in closing, a word about the connection between our crisis and yours. I think it's been customary to treat the events in Europe as a Greek crisis. As an event related to the particular profligacy of the Greek government over the years; a profligacy that was only revealed by but certainly not caused by the present socialist government.

And I think it's a profoundly misleading narrative. It is one very similar to blaming the crisis of states on localities on the misgovernment of the state of California and similar jurisdiction. It fundamentally misses the essential story. Let's ask at what time did the spreads on Greek government bonds begin to diverge from those on German government bonds? The answer is September-October of 2008 and those spreads have been diverging ever since.

Why was that? I think the answer is obviously not related to Greece but absolutely related to New York and Washington, to the crisis in the United States, and to a generalized flight to safety; moving out of anything that might be considered problematic. Movement which ultimately leads to a political game between the bond markets and the most powerful political entities available, the European Union and the European central bank, over whether those entities will take – relieve – the large financial institutions of the losses associated with a failure of the borrowers to refinance their debts. A game which is being resolved as we speak. And I think the only way it can be resolved which is with the capitulation of the authorities and the Europeanization of Mediterranean debts.

What this leaves you with is something very similar to what we have. A situation in which the banks have been effectively rescued but the economies have not been. And the price is paid by relentless rounds of fiscal austerity. And we may get more of this at the federal level in the United States in the months to come, leading to an essential inability of economies on both continents to move back to a pattern of constructive growth with balance between the public and private sector. Because there is nothing on the private side that will take up the losses being incurred on the public side. And so that raises a very deep question in my view. Going forward, is it possible to construct a world in which we have extraordinary power of private financial markets equipped with what Warren Buffet called financial weapons of mass destruction, Credit Default Swaps, greatly out-balancing the value the assets against which they are written and therefore the dominant features in the financial market? In

which these instruments determine the price of every bond issued by every public authority except perhaps by the government of the United States itself? In that environment, how is it possible to re-establish long-term corporate borrowing for entrepreneurial purposes or long-term government borrowing for capital improvements and improving the quality of life? And if it is not possible, what alternative institutions do we propose?

Last summer – my final words – I was at a very interesting small conference in Umbria sponsored by the Russian Academy of Sciences, and presided over by President Gorbachev. It was small, 13-15 people, I was the only American. And I gave my remarks at the opening session. I said, 'Mr. President, when Homer returns to write the history of this epoch he will no doubt say that the Russian mathematicians streamed forth from Muscovy in 1991 and presented themselves before the gates of Wall Street bearing the gift of quantitative risk management. And they were received with joy and in 20 years they had done their work and succeeded in destroying the whole place. It was the greatest Trojan Horse operation since Troy. So he will no doubt say, Mr. President, that you were responsible not only for the Soviet Communism but also for the demise of financial capitalism.' To which Gorbachev responded, 'I've been accused of worse'.

We do have to ask whether Marx, Lenin and Luxemburg may have the last laugh in this matter. And if we do not wish them to have the last laugh – and I do not; I would much rather it be John Maynard Keynes, Wynne Godley, and Hyman Minsky who have the last laugh – then we really have to get to work and change not only our thinking, but our actions at this stage. Because I think that the moment the issue will be decided is not very far away. Thank you very much.

Export-led growth and trade among developing countries: tendencies and prospects

BY OLEH HAVRYLYSHYN*

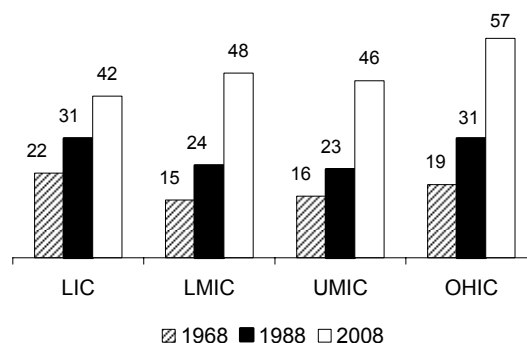
Trade among developing countries

It is generally accepted that trade among developing countries (DCs) as a share of their total trade has increased substantially since the issue was first discussed in the 1970s. The numbers vary among studies not because of data problems but because a common definition of such trade is not established. In this note it is proposed that the appropriate way to define this is to use the country designation in 1968, even though some of the most dynamic economies (Asian Tigers) have since 1968 reached income levels equal to or greater than the lowest-income EU economies (Greece, Spain, Portugal). This note uses World Bank income-group designations, with the 'High-Income' group further divided into Advanced Economies (AEs) and Other High-Income Countries (OHICs) – this last thus includes the Asian Tigers who in 1968 had much lower income levels.

Figure 1 tells the main story: the share of DC exports to other DCs has risen steadily and substantially for all income groups, though less so for the Low-Income Countries (LICs) where it has nearly doubled in twenty years, while for the others it has approximately tripled. While in 1968 it accounted for only 15-20% of DC exports, by 2008 this reached 42% for LIC exports, and 57% for the high-income group – which includes of course some like the Asian Tigers that had started in 1968 at much lower levels of income. A recent UNESCAP Report (2009) comes to broadly similar values using slightly different definitions and categories: exports from 'South-to-South' have reached 45%, and as much as 50% for Asian developing country exports.

Figure 1

Share of developing country exports to other developing countries by income group (% of total exports), 1968-2008



Note: Classification of income groups based on 1992 World Bank Analytical Classifications. Developing countries are defined as world minus advanced economies (AE). LIC = low-income countries, LMIC = lower-middle-income countries, UMIC = upper-middle-income countries, OHIC = high-income countries w/o AE.

Source: UN COMTRADE.

It has been observed by other studies of recent developments in Trade Among Developing Countries (TRADC) that the bulk of this expansion has been intra-regional, with the fastest growth in Asia¹, a fact consistent with the argument made below that TRADC growth will be greatest for economies that have seen the most dynamic movements up the ladder of comparative advantage.

Increased GDP share of developing countries explains only part of increased TRADC

What were the main drivers of this rapid expansion? The first and most obvious is that faster growth of DCs increased the relative size of DC markets, leading naturally in a gravity-effect to greater trade. The relative shifts in world GDP shares shown in Figure 2 broadly confirm this, with the share of AEs falling to 65% by 2008, and all DCs rising to 35%. Three points are worth noting: the LICs have not really caught up; for those that did the catch-up was strongest in the period 1988-2008; and China and less so India have seen a far sharper increase than others. But the increased relative size of DC markets from about

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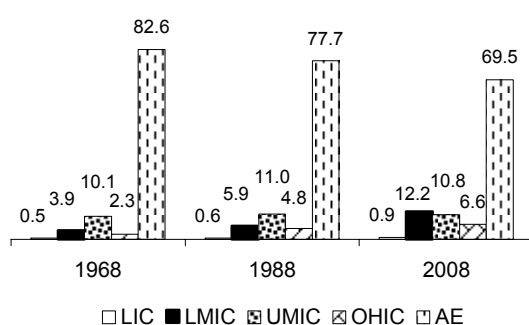
¹ Kowalski and Shepherd (2006) and UNESCAP (2009).

20% in 1968 to 30%+ in 2008, clearly can explain only part of the more than doubling of TRADC. During the 1985-2005 strong globalization period, the ratio for AEs rose from 26% to 46%, while in the more dynamic DCs it increased far more, from 28% to 78%. For others the ratio has remained at about 60%. In effect this means that the import-penetration ratios in DCs have been increasing even faster than in AEs, thus they have been able to absorb increasing proportions of the new DC exports seeking market outlets.

Systematic analysis of the factors behind the increased TRADC share has been done only by Kowalski and Sheperd (2006) using both gravity and general equilibrium models. Their main findings are that beyond the faster growth of DC economies, continued reductions in tariff barriers and a shift to more manufactures at higher levels of sophistication explain the share increase. The reduction of barriers is also noted by UNESCAP (2009).

Figure 2

**Real GDP by income group (% of world GDP),
1968-2008**



Note: Based on GDP in constant 2000 USD. Classification of income groups based on 2009 World Bank Analytical Classifications. LIC = low-income countries, LMIC = lower-middle-income countries, UMIC = upper-middle-income countries, OHIC = high-income countries w/o AE, AE = advanced economies.

Source: World Development Indicators.

Development and upward shift of comparative advantage in dynamic exporters

The most relevant dimensions of the upward shifts in comparative advantage are summarized in Table 1, showing World GDP share, relative per

capita income, structure of exports, and destination of exports for the main groups of countries that have 'emerged' and moved to much higher levels of development. Four Waves² of countries are selected here: Wave 1 – the four Asian Tigers that surged forward in the 1960s and 1970s; Wave 2 – the group of countries that saw export booms in the 1970s and 1980s; and Wave 3 – those emerging from the mid-1980s onwards, with China and India dominating the group. Wave 4 comprises a very different set of countries – the more successful exporters of manufactures for the post-communist group. Unlike the first three waves, their starting point was very different – most had a much higher level of development and industrialization, but production structures fraught with the inefficiencies of the central plan regime and needing radical restructuring.

It is clear from Table 1 that these dynamic exporters in Waves 1, 2 and 3 account for a considerable portion of the relative shift of world GDP to developing countries – for each that share doubles or triples. In the case of China the change is even more dramatic. The same can be said for the share of world exports. The catch-up in per capita income (measured as a per cent of Advanced Economy average) is striking for the Asian Tigers, from 15% to 60% within forty years, but more modest so far for the others – again with the exception of China, which in the period 1988-2008 saw its share in the world's GDP rise from 1.7% to 6.3%. Notably, the second-wave exporters have not all done so well, hence the relative income is only marginally higher after forty years. Nevertheless, their levels of development as measured by the other indicators have shifted upwards significantly.

The broad trend in comparative advantage shifts is also clearly upward. For all waves the export share of natural resource foods and low-tech

² Wave 1: Hong Kong, Singapore, South Korea, Taiwan; Wave 2: Brazil, Colombia, Indonesia, Israel, Malaysia, Mexico, Philippines, Sri Lanka, Thailand, Tunisia, Turkey; Wave 3: China, India, South Africa, Vietnam; Wave 4: Czech Republic, Hungary, Poland, Slovakia, Ukraine.

manufactures declines steadily, in some cases dramatically; thus for Wave 1 the sum of these two categories falls from 53.2% in 1968 to a mere 7.7% by 2008, while for Wave 3 the respective values are 73.8% and 31.8%. The flip side of this is of course that export shares of medium- and high-tech goods rise to levels that are in the case of Wave 1 much like those in advanced economies – 92.3% by 2008. Indeed, even for Wave 3, which of course lags in time, about two-thirds of exports were in these categories.

There is good evidence already in Table 1 that subsequent Waves repeat the forward progress of Wave 1, though perhaps even faster – thus the Wave 1 share of high-tech goods, already at 19.6% in 1968, saw this increase to 27.8% by 1988; Wave 3, which started an export boom 20-30 years later, began in 1988 with a share of 0.6% and leapt forward much faster within twenty years to 25.5%.

Table 1 clearly shows the considerable shift of export destination to other developing countries – indeed to much higher shares in 2008 than the relative GDP size of advanced and developing economies alone might suggest. While the GDP share of developing countries rose from less than 20% to about 30% (Figure 2), the share of exports increased far more sharply; for Wave 1, from 25.4% to 66.0%; Wave 2: 16.9% to 42.3%; and Wave 3: 23.3% to 41.4%. Why was this so? Because the rapid development of these dynamic exporters and consequent movement up the ladder of comparative advantage meant that the positioning on this ladder has changed dramatically over time. In the 1960s, most developing countries were similar to each other and located on the lower rungs of such a ladder; the advanced economies covered all the other rungs. By 2008 many emerging economies had moved well into the middle rungs and some even higher. Thus the comparative advantage story changes. In the 1960s it was still largely true that ‘industrial’ or advanced economies have a comparative advantage in most manufactures, while developing countries at a development level no higher than

15% of AEs have a comparative advantage in natural resources and a few very simple, very labour-intensive manufactures. Not surprisingly, developing countries did not trade that much with each other. By 2008 a completely different picture obtains: many developing countries have comparative advantages distributed across the labour and technology intensity spectrum, hence those lower down can export simpler goods to those higher up, while the latter send their very advanced goods to those lower down. In what follows we look more closely at the proposition that this upward shift occurs in regular waves or, as it is sometimes called, according to the ‘flying-geese pattern’.

Shifts in comparative advantage create more trade among developing countries

As each successive group of globalizers has moved forward on development and in its comparative advantage, this has created a much less bi-polar world of advanced-developing (or the old label North-South) countries, and the much wider spectrum of comparative advantage has contributed importantly to the increases of TRADC. As each of the Asian Tigers has moved up the ladder, their exports to other DCs have moved almost entirely away from natural resources, first to low- and medium-tech goods, and then to increasing shares of high-tech goods – just as in their total exports (Table 1).

What is even more interesting and revealing of the diversity of new opportunities is the change in the composition of their imports from DCs. In the more pessimistic trade-development paradigms one might expect that lower-income countries now become the source of natural resource inputs for the leading exporters – in fact the pattern is far more interesting. At first, the natural resources share actually declines, reflecting the complex intra-trade of manufactures and their components. This is product network effect, which also affects the shares of high-tech goods imports – they go up steadily as the more advanced exporters trade with each other.

Table 1

Dynamic changes in developing country incomes and exports, 1968-2008

	First wave			Second wave			Third wave			Fourth wave	
	1968	1988	2008	1968	1988	2008	1968	1988	2008	1998	2008
Share of World (%)											
Real GDP ¹⁾	0.9%	2.4%	3.8%	4.8%	6.4%	7.4%	2.2%	3.4%	9.1%	1.0%	1.2%
							0.6% ²⁾	1.8% ²⁾	6.5% ²⁾		
Exports	1.6%	7.3%	5.8%	4.7%	6.3%	8.7%	2.5%	3.1%	11.9%	1.8%	3.3%
							0.7% ²⁾	2.2% ²⁾	9.7% ²⁾		
Average Per Capita Income (% of Advanced Economies' Average)											
Average Per Capita Income ¹⁾	15.5%	34.8%	59.3%	9.7%	10.1%	10.9%	1.3%	1.7%	4.5%	9.9%	13.5%
							0.7% ²⁾	1.7% ²⁾	6.3% ²⁾		
Structure of Exports (% of Goods Exports)											
Natural Resources	6.6% ³⁾	3.0%	0.9%	57.4% ³⁾	33.6%	21.9%	36.1% ³⁾	22.6%	5.9%	6.2%	5.3%
Low-Tech Goods	46.6% ³⁾	33.1%	6.8%	24.4% ³⁾	27.1%	18.7%	37.7% ³⁾	43.4%	25.9%	23.0%	15.2%
Medium-Tech Goods	27.2% ³⁾	36.1%	52.0%	13.4% ³⁾	28.1%	38.0%	25.6% ³⁾	28.2%	42.7%	61.3%	65.1%
High-Tech Goods	19.6% ³⁾	27.8%	40.3%	4.9% ³⁾	11.1%	21.4%	0.6% ³⁾	5.8%	25.5%	9.4%	14.3%
Export Destination (% of Goods Exports)											
Advanced Economies	74.6%	71.7%	34.0%	83.1%	77.6%	57.7%	76.7%	61.9%	58.6%	68.0%	59.9%
Developing Countries	25.4%	28.3%	66.0%	16.9%	22.4%	42.3%	23.3%	38.1%	41.4%	32.0%	40.1%

Note: Developing countries are defined as world minus advanced economies (AE). Structure of exports based on ISIC Rev. 2 Classification following the OECD Science, Technology and Industry: Scoreboard 2007.

1) Based on GDP in constant 2000 USD. - 2) China only. - 3) 1978 instead of 1968.

Source: World Development Indicators, UN COMTRADE.

In later stages the share of natural resources rises again. A possible explanation for this is that with rapid industrialization, supply of domestic food products becomes more costly creating large opportunities for cheaper sourced production.

A similar story is told by numbers on specific manufactured product categories instead of the technology groups. Early on, 'other (miscellaneous) manufacturing' dominates in both direction for both the Asian Tigers (AT) and China. By 1988 a clear shift upward is seen especially in the Asian Tigers with a substantial share of electrical equipment and transport equipment in the AT, with China reaching a similar position by 2008 in keeping with its lag. The major difference between the two is that apparel and footwear is virtually non-existent in AT exports already in 1978, but remains a modest part of China's exports – again perhaps reflecting its lag.

What is most reflective of the fact that shifts in comparative advantage create large and diverse opportunities for TRADC are the import patterns:

they are not that very different from the export patterns, especially for the Asian Tigers. This is because the upward movement creates the possibilities of production network exchanges within the same product category, a fact also reflected in the increase intra-industry trade index. While China's imports of items in the machinery, apparel and footwear groups are still not as large a share as they are in its exports, the trend in China does follow that seen in the Asian Tigers with some lag, suggesting the underlying phenomena are the same.

To summarize, as the leading globalizers have shifted up the scale of comparative advantage to high-tech products and more sophisticated products such as transport equipment, they have not only made room in AE markets for lower-income followers to replace them on the lower end of the scale, they have also made room in their own markets for such products, hence more TRADC. Further, they have created room for raw material, intermediate parts and components, that

is, network imports to feed their new upscale products – again leading to more TRADC.

These patterns suggest an important conclusion: many DCs have implemented a generally outward-oriented export-led strategy aimed at exploiting current comparative advantage and this has not at all impeded DCs from increasing their intra-trade. There is no reason to think the trend would not continue.

Export-led growth after the crisis

The narrow purpose of this note was to assess in the post-crisis period the possibility that growing trade among developing countries can offset the likely slowdown in expansion of exports to advanced economies. In this note the facts on TRADC clearly show there are today much greater opportunities than in the pessimistic 1980s for DC exports, as was noted in the World Bank's *Global Economic Prospects 2010*: 'in the most recent boom period 2003-2008, one of the important factors behind DC export growth was ... rapidly expanding South-South trade, the share of which will almost certainly continue to increase.' That DC exports are now much less dependent on advanced economies is seen in Figure 1 above. But just how much does this offset the possible slowdown of imports by AE markets?

An earlier paper, Havrylyshyn (2010), concluded that it is too pessimistic to expect AE import growth to cease altogether, but that nevertheless the pace of DC import absorption by advanced economies is likely to be slower. Some broad calculations suggest that instead of annual growth of 10% or more seen earlier, a more realistic expectation would be about 5-6%, with 2-3% growth of market size, and another 2-3% from a modest continuation of import penetration. This, however, applies only to the 55-60% of DC exports that go to AEs; what is the growth potential for the remaining 40-55% which goes to other DCs? The growth of these DC markets itself is likely to be at least 5% and in some countries much more; and second, as the above analysis of the structure of intra-DC trade demonstrates, this trade will be more and more in

parts, components, intermediate goods – which means that the overall trade to GDP ratios will continue to increase. It is thus not unrealistic to expect that this trade could expand at rates closer to 10% or more. Thus total exports of DCs in both directions might then see growth rates of at least 7-8%, perhaps still lower than in the boom years of the past years, but high enough to contribute to very respectable output growth. This does not preclude some relative shift to domestic demand, but it does mean that the benefits of export-led growth remain very high. The current situation seems to represent the phase where DC export prospects are no longer dependent on AE markets, indeed other DC markets are about as large and growing even faster. Thus, the need to turn away from export-led growth is deflected by new, very large markets of the DCs themselves.

It may be useful here to summarize what is behind this dramatic increase in the importance of trade among developing countries. The first force was the relative decline of AE markets and increase in DC markets, a long-term trend that is part of the development catch-up process. For most developing countries over most of the last fifty years, growth has been higher than in the advanced economies – especially for aggregate GDP. But second – and in the long run perhaps more important – there has been a lot of 'development' occurring notwithstanding many disappointments and higher expectations. Per capita income for many DCs has increased considerably, thus they have moved up the ladder of comparative advantage scale with increased endowments of non-labour factors such as capital, skills, technological activities. This has not happened evenly for all, but in an irregular 'flying-geese pattern' with some leading, some following albeit irregularly. Those in the middle have a different comparative advantage and DCs do not simply compete with each other in advanced markets, but trade with each other in a complementary fashion just as the advanced economies do. As the leaders move to more sophisticated products, they create room for followers to export lower-rung goods to AEs as well as advanced DCs. Equally important,

moving up the ladder creates new opportunities for DCs to import and export to each other in a much more complex chain of production networks.

There is in all this a virtuous circle of globalization. As successive waves of economies move into global markets and experience rapid growth of exports and output, even more globalization is stimulated via three mechanisms. First, the increased size of markets in these rapidly expanding economies – i.e. the world share of GDP for DCs rises, that of AEs falls – means that in a simple gravity-model effect, more trade opportunities among developing countries are created and trade among developing countries expands quite naturally. Second, as the early waves move up the ladder of comparative advantage to less resource goods and less simple manufactures, this vacates room for export of the products to advance economies by low-income followers. Third, this same shift to more sophisticated goods provides additional opportunities for low-income countries to export to the advancing DCs. Fourth, the increased

sophistication of products generates trade among the advanced DCs, of the same intra-industry sort seen much earlier for expansion of trade among AEs. Trade among developing countries is an endogenous element of the export-led model; in early phases, as growth and development take place, this trade increases in parallel; at later stages it provides a market outlet equivalent to that of advanced economies facilitating continued export-led growth.

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STATISTICAL ANNEX

Selected monthly data on the economic situation in Central and Eastern Europe

NEW: As of March 2010, time series for the new EU member states previously taken from national sources have been replaced by Eurostat data and methodology (mostly from 2000 onwards). A detailed description of the changes is available online at <http://mdb.wiiw.ac.at>.

This change enables you to compare the wiiw monthly data with Eurostat data on other EU countries.

Conventional signs and abbreviations

used in the following section on monthly statistical data

.	data not available		
%	per cent		
PP	change in % against previous period		
CPPY	change in % against corresponding period of previous year		
CCPPY	change in % against cumulated corresponding period of previous year (e.g., under the heading 'March': January-March of the current year against January-March of the preceding year)		
3MMA	3-month moving average, change in % against previous year		
LFS	Labour Force Survey		
CPI	consumer price index		
HICP	harmonized index of consumer prices (for new EU member states)		
PPI	producer price index		
p.a.	per annum		
mn	million (10 ⁶)		
bn	billion (10 ⁹)		
avg	average		
eop	end of period		
ALL	Albanian lek	MKD	Macedonian denar
BAM	Bosnian convertible mark	PLN	Polish zloty
BGN	Bulgarian lev	RON	Romanian leu
CZK	Czech koruna	RSD	Serbian dinar
HRK	Croatian kuna	RUB	Russian rouble
HUF	Hungarian forint	UAH	Ukrainian hryvnia
EUR	euro (also the national currency for Montenegro, Slovakia and Slovenia)		
USD	US dollar		
M1	currency outside banks + demand deposits / narrow money (ECB definition)		
M2	M1 + quasi-money / intermediate money (ECB definition)		
M3	broad money		

Sources of statistical data: Eurostat, national statistical offices and central banks; wiiw estimates.

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BULGARIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009												2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
PRODUCTION																	
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-17.7	-16.9	-20.2	-22.0	-18.2	-18.7	-15.8	-21.1	-16.5	-10.8	-12.1	-2.0	-9.8	0.1	.	
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-18.1	-17.6	-18.3	-19.1	-18.9	-18.9	-18.5	-18.8	-18.6	-17.9	-17.4	-2.0	-6.0	-3.8	.	
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-17.6	-18.3	-19.7	-20.1	-19.6	-17.7	-18.6	-17.9	-16.2	-13.2	-8.8	-8.4	-3.8	.	.	
Construction, NACE Rev. 2 ²⁾	real, CPPY	-9.7	-4.1	-8.7	-14.9	-8.4	-14.4	-17.1	-19.4	-25.7	-21.9	-23.0	-29.2	-29.0	-20.2	.	
Construction, NACE Rev. 2 ²⁾	real, CCPY	-7.6	-6.4	-7.0	-8.6	-8.6	-9.5	-10.5	-11.5	-13.0	-13.8	-14.5	-29.2	-29.1	-25.9	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	.	3262.8	.	.	3300.1	.	.	3280.0	.	.	3171.6	.	.	3011.3	.	
Employed persons, LFS	CCPPY	.	-0.8	.	.	-1.5	.	.	-2.3	.	.	-3.2	.	.	-7.7	.	
Unemployed persons, LFS	th. pers., quart. avg	.	222.2	.	.	222.6	.	.	234.5	.	.	272.8	.	.	341.0	.	
Unemployment rate, LFS	%	.	6.4	.	.	6.3	.	.	6.7	.	.	7.9	.	.	10.2	.	
Productivity in industry, NACE Rev. 2	CCPPY	.	-11.4	.	.	-11.2	.	.	-10.6	.	.	-8.5	.	.	7.5	.	
WAGES, SALARIES																	
Total economy, gross	BGN	553	579	593	585	587	578	576	594	594	600	625	611	610	636	.	
Total economy, gross	real, CPPY	10.7	11.3	11.5	13.0	11.1	10.7	10.7	10.2	10.1	9.7	8.6	7.8	8.5	7.3	.	
Total economy, gross	EUR	283	296	303	299	300	296	295	304	304	307	320	312	312	325	.	
Industry, gross, NACE Rev. 2	EUR	276	294	290	296	299	294	294	298	302	302	312	305	304	323	.	
PRICES																	
Consumer - HICP	PP	0.4	-0.3	0.5	0.0	0.1	-0.1	0.1	-0.2	0.2	0.2	0.3	0.6	0.3	0.4	1.2	
Consumer - HICP	CCPY	5.4	4.0	3.8	3.0	2.6	1.0	1.3	0.2	0.3	0.9	1.6	1.8	1.7	2.4	3.0	
Consumer - HICP	CCPPY	5.7	5.1	4.8	4.4	4.1	3.7	3.4	3.0	2.7	2.5	2.5	1.8	1.7	1.9	2.2	
Producer, in industry, NACE Rev. 2 ³⁾	PP	-1.0	0.2	-0.6	0.8	0.5	-1.1	0.2	1.4	-0.9	0.5	1.2	1.8	0.0	1.3	.	
Producer, in industry, NACE Rev. 2 ³⁾	CCPY	-3.2	-5.7	-6.3	-6.9	-7.5	-10.8	-10.9	-8.9	-9.6	-5.9	0.9	2.9	4.0	5.2	.	
Producer, in industry, NACE Rev. 2 ³⁾	CCPPY	-2.3	-3.4	-4.2	-4.7	-5.2	-6.0	-6.7	-6.9	-7.2	-7.1	-6.5	2.9	3.5	4.0	.	
FOREIGN TRADE⁴⁾																	
Exports total (fob), cumulated	EUR mn	1715	2683	3516	4422	5423	6452	7435	8487	9701	10817	11797	917	1892	.	.	
Imports total (cif), cumulated	EUR mn	2539	4026	5398	6809	8225	9644	10954	12337	13895	15313	16727	1149	2317	.	.	
Trade balance, cumulated	EUR mn	-823	-1343	-1882	-2387	-2802	-3192	-3519	-3851	-4194	-4496	-4930	-232	-425	.	.	
Exports to EU-27 (fob), cumulated	EUR mn	1192	1792	2303	2879	3495	4223	4831	5530	6293	6996	7585	546	1163	.	.	
Imports from EU-27 (cif), cumulated	EUR mn	1510	2413	3215	4056	4938	5787	6535	7404	8345	9214	10082	643	1420	.	.	
Trade balance with EU-27, cumulated	EUR mn	-318	-621	-912	-1177	-1443	-1565	-1703	-1873	-2052	-2218	-2497	-97	-257	.	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	-1432	.	.	-2647	.	.	-2450	.	.	-3196	.	.	.	.
EXCHANGE RATE																	
BGN/USD, monthly average	nominal	1.530	1.499	1.483	1.433	1.395	1.388	1.371	1.343	1.320	1.311	1.338	1.370	1.429	1.441	1.459	
BGN/EUR, monthly average	nominal	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	1.956	
USD/BGN, calculated with CPI ⁵⁾	real, Jan07=100	111.6	113.3	114.8	118.4	120.4	121.0	122.4	124.4	126.7	127.4	125.5	122.6	117.9	116.7	116.4	
USD/BGN, calculated with PPI ⁵⁾	real, Jan07=100	104.7	107.8	107.7	111.2	112.6	113.0	112.9	117.5	117.7	117.5	116.2	113.1	109.1	108.5	.	
EUR/BGN, calculated with CPI ⁵⁾	real, Jan07=100	112.4	111.6	111.9	111.7	111.6	111.9	111.7	111.5	111.5	111.5	111.5	112.6	112.6	112.2	113.0	
EUR/BGN, calculated with PPI ⁵⁾	real, Jan07=100	104.3	105.0	105.3	106.1	106.4	105.9	105.6	107.4	106.0	106.2	107.5	108.5	108.2	108.8	.	
DOMESTIC FINANCE																	
Currency in circulation	BGN mn, eop	7283	7023	7064	6961	7012	7100	7086	6925	6839	6779	7115	6755	6718	6663	.	
M1	BGN mn, eop	17939	17749	17512	17555	17909	17684	17870	17686	17366	17739	18126	17686	18252	17395	.	
Broad money	BGN mn, eop	44913	44936	45067	45204	45578	45867	46233	46464	46595	46802	47798	47553	48527	48455	.	
Broad money	CCPY	7.7	6.4	5.2	4.7	3.7	1.7	1.0	1.6	4.3	6.4	4.3	5.5	8.0	7.8	.	
BNB base rate (p.a.)	%, eop	3.9	3.5	3.5	2.3	2.4	2.2	1.7	1.6	1.5	0.6	0.6	0.4	0.2	0.2	0.2	
BNB base rate (p.a.) ⁶⁾	real, %	7.4	9.7	10.4	9.8	10.7	14.6	14.1	11.5	12.2	7.0	-0.3	-2.5	-3.7	-4.7	.	
BUDGET																	
General gov. budget balance ⁷⁾ , cum.	BGN mn	.	126	.	.	-271	.	.	-997	.	.	-2570	.	.	.	.

1) Enterprises with 10 and more persons.

2) All public enterprises, private enterprises with 5 and more employees.

3) Data refer to industry total compared to previously published domestic producer prices.

4) From 2004 intra-/extra-EU trade methodology.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

C Z E C H REPUBLIC: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009												2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
PRODUCTION																	
Industry, NACE Rev. 2	real, CPPY	-23.0	-12.4	-21.6	-21.6	-12.2	-17.8	-8.8	-11.5	-7.7	-0.2	1.8	4.9	6.9	10.2	.	
Industry, NACE Rev. 2	real, CCPY	-22.5	-19.1	-19.7	-20.1	-18.8	-18.6	-17.6	-16.9	-16.0	-14.6	-13.5	4.9	5.9	7.5	.	
Industry, NACE Rev. 2	real, 3MMA	-19.1	-19.0	-18.6	-18.5	-17.1	-13.0	-12.8	-9.4	-6.7	-2.3	2.0	4.5	7.5	.	.	
Construction, NACE Rev. 2	real, CPPY	-14.3	-9.1	2.1	0.3	0.7	-3.7	0.1	3.5	-1.2	5.9	3.5	-25.4	-23.1	-43.8	.	
Construction, NACE Rev. 2	real, CCPY	-12.9	-11.4	-7.3	-5.5	-4.2	-4.1	-3.5	-2.5	-2.3	-1.4	-0.9	-25.4	-24.2	-32.1	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	.	4946.8	.	.	4941.3	.	.	4921.7	.	.	4927.3	.	.	.	.
Employed persons, LFS	CCPPY	.	-0.2	.	.	-0.7	.	.	-1.1	.	.	-1.4	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	302.8	.	.	333.9	.	.	387.0	.	.	385.0	.	.	429.3	.	
Unemployment rate, LFS	%	.	5.8	.	.	6.3	.	.	7.3	.	.	7.2	.	.	8.1	.	
Productivity in industry, NACE Rev. 2	CCPPY	.	-12.1	.	.	-9.8	.	.	-6.6	.	.	-2.4	.	.	.	.
WAGES, SALARIES																	
Total economy, gross	CZK, quart. avg.	.	22321	.	.	23067	.	.	23319	.	.	25752	.	.	.	.
Total economy, gross	real, CPPY	.	1.6	.	.	2.1	.	.	4.8	.	.	5.1	.	.	.	.
Total economy, gross	EUR, quart. avg.	.	808	.	.	864	.	.	911	.	.	993	.	.	.	.
Industry, gross, NACE Rev. 2 ¹⁾	EUR, quart. avg.	.	775	.	.	841	.	.	881	.	.	958	.	.	.	.
PRICES																	
Consumer - HICP	PP	0.1	0.2	-0.1	0.1	0.0	-0.4	-0.2	-0.4	-0.3	0.1	0.1	1.2	0.1	0.2	0.4	
Consumer - HICP	CCPY	1.3	1.7	1.3	0.9	0.8	-0.1	0.0	-0.3	-0.6	0.2	0.5	0.4	0.4	0.4	0.9	
Consumer - HICP	CCPPY	1.3	1.5	1.4	1.3	1.2	1.0	0.9	0.8	0.6	0.6	0.6	0.4	0.4	0.4	0.5	
Producer, in industry, NACE Rev. 2 ²⁾	PP	1.7	-2.5	-1.2	-0.8	-0.2	-1.2	-0.2	-0.7	0.6	0.2	0.4	0.4	-0.2	-0.3	.	
Producer, in industry, NACE Rev. 2 ²⁾	CCPY	3.5	0.8	-0.3	-1.6	-1.5	-2.2	-3.8	-4.9	-4.0	-2.9	-2.2	-3.4	-5.3	-3.1	.	
Producer, in industry, NACE Rev. 2 ²⁾	CCPPY	2.4	1.9	1.3	0.7	0.4	0.0	-0.5	-1.0	-1.3	-1.4	-1.5	-3.4	-4.4	-3.9	.	
FOREIGN TRADE ³⁾																	
Exports total (fob), cumulated	EUR mn	11866	19057	25706	31902	38910	45695	52037	59731	67332	74994	81329	6670	13761	22358	.	
Imports total (cif), cumulated	EUR mn	11364	17749	23844	29634	35917	42159	48077	55113	62109	69172	75408	6113	12646	20526	.	
Trade balance, cumulated	EUR mn	502	1308	1862	2268	2993	3535	3960	4618	5223	5822	5920	557	1115	1831	.	
Exports to EU-27 (fob), cumulated	EUR mn	10109	16217	21830	27103	32972	38708	44058	50577	57068	63559	68841	5713	11733	18943	.	
Imports from EU-27 (cif), cumulated	EUR mn	8534	13489	18240	22871	27845	32812	37429	42989	48514	54005	58780	4604	9619	15756	.	
Trade balance with EU-27, cumulated	EUR mn	1574	2728	3589	4231	5127	5896	6629	7588	8554	9554	10061	1109	2114	3187	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	904	.	.	-248	.	.	-1175	.	.	-1465	.	.	.	.
EXCHANGE RATE																	
CZK/USD, monthly average	nominal	22.26	20.87	20.30	19.58	18.94	18.31	17.97	17.41	17.46	17.31	17.85	18.31	18.98	18.82	18.88	
CZK/EUR, monthly average	nominal	28.46	27.23	26.77	26.73	26.55	25.79	25.65	25.35	25.86	25.81	26.09	26.13	25.98	25.54	25.31	
USD/CZK, calculated with CPI ⁴⁾	real, Jan07=100	100.5	107.2	109.8	113.5	116.0	119.9	121.5	124.7	123.9	124.6	121.2	118.9	114.8	115.3	115.3	
USD/CZK, calculated with PPI ⁴⁾	real, Jan07=100	98.1	102.7	103.8	105.7	107.0	110.4	110.5	113.9	113.6	113.2	109.9	105.3	102.0	101.6	.	
EUR/CZK, calculated with CPI ⁴⁾	real, Jan07=100	101.2	105.6	107.0	107.0	107.6	110.8	110.9	111.7	109.0	109.1	107.7	109.3	109.6	110.9	111.9	
EUR/CZK, calculated with PPI ⁴⁾	real, Jan07=100	97.8	100.1	101.5	100.9	101.1	103.4	103.4	104.1	102.3	102.4	101.7	101.0	101.2	101.9	.	
DOMESTIC FINANCE																	
Currency in circulation	CZK bn, eop	363.7	359.2	360.3	358.8	354.3	352.4	351.4	351.3	353.2	354.2	353.5	353.6	354.2	351.7	.	
M1	CZK bn, eop	1686.5	1692.2	1686.3	1691.5	1723.6	1702.2	1736.1	1722.2	1732.7	1781.7	1771.8	1765.0	1775.6	1803.9	.	
Broad money	CZK bn, eop	2728.8	2701.1	2719.3	2737.9	2680.9	2669.7	2659.5	2623.5	2651.0	2665.2	2709.1	2671.5	2666.7	2680.8	.	
Broad money	CCPY	13.3	12.2	11.2	10.6	9.1	6.4	4.5	3.2	2.6	1.7	0.3	-1.6	-2.3	-0.8	.	
Discount rate (p.a.)	%, eop	0.8	0.8	0.8	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Discount rate (p.a.) ⁵⁾	real, %	-2.7	0.0	1.0	2.2	2.0	2.8	4.3	5.4	4.5	3.3	2.5	3.8	5.8	3.4	.	
BUDGET																	
General gov. budget balance ⁶⁾ , cum.	CZK mn	.	-55024	.	.	-76250	.	.	-132602	.	.	-213744	.	.	.	.

1) Including E (electricity, gas, steam, air conditioning supply etc.).

2) Data refer to industry total compared to previously published domestic producer prices.

3) From 2004 intra-/extra-EU trade methodology.

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) Deflated with annual PPI.

6) According to ESA'95 excessive deficit procedure.

HUNGARY: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009												2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
PRODUCTION																	
Industry, NACE Rev. 2	real, CPPY	-28.9	-15.6	-27.1	-22.0	-18.7	-19.4	-19.6	-14.8	-12.9	-6.8	0.9	2.7	8.1	2.9	.	
Industry, NACE Rev. 2	real, CCPY	-25.8	-22.3	-23.5	-23.2	-22.5	-22.0	-21.8	-20.9	-20.1	-18.9	-17.6	2.7	5.4	4.5	.	
Industry, NACE Rev. 2	real, 3MMA	-22.3	-23.9	-21.6	-22.6	-20.0	-19.2	-17.8	-15.6	-11.6	-6.9	-1.6	3.8	4.5	.	.	
Construction, NACE Rev. 2	real, CPPY	-4.5	1.0	-7.2	-9.9	15.5	-3.7	-7.1	-1.5	-2.4	-14.2	-6.2	-15.4	-11.9	-5.7	.	
Construction, NACE Rev. 2	real, CCPY	-8.7	-5.0	-5.6	-6.7	-2.4	-2.6	-3.2	-3.0	-2.9	-4.1	-4.4	-15.4	-13.4	-10.3	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	.	3763.9	.	.	3797.1	.	.	3783.5	.	.	3782.8	.	.	.	.
Employed persons, LFS	CCPY	.	-2.1	.	.	-2.0	.	.	-2.5	.	.	-2.5	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	402.8	.	.	401.7	.	.	436.2	.	.	442.0	.	.	489.2	.	
Unemployment rate, LFS	%	.	9.7	.	.	9.6	.	.	10.3	.	.	10.5	.	.	11.6	.	
Productivity in industry, NACE Rev. 2	CCPY	-19.6	-14.9	-15.4	-14.4	-13.0	-12.0	-11.3	-10.2	-9.1	-7.9	-6.5	14.1	16.2	13.9	.	
WAGES, SALARIES																	
Total economy, gross ¹⁾	HUF th	191.9	201.3	200.4	200.0	201.6	197.2	190.3	190.9	193.4	215.8	220.5	206.9	193.5	220.3	.	
Total economy, gross ¹⁾	real, CPPY	-0.6	1.2	0.2	-1.3	-2.7	-3.3	-4.3	-3.9	-5.6	-7.9	-5.2	0.3	-4.5	3.5	.	
Total economy, gross ¹⁾	EUR	643	662	679	709	719	725	705	702	721	796	807	768	714	830	.	
Industry, gross, NACE Rev. 2 ¹⁾	EUR	606	641	670	697	716	722	708	717	730	821	796	723	717	804	.	
PRICES																	
Consumer - HICP	PP	0.8	0.5	0.9	1.5	0.0	1.4	-0.5	-0.2	-0.2	0.5	-0.2	1.5	0.2	0.6	0.9	
Consumer - HICP	CCPY	2.9	2.8	3.2	3.8	3.7	4.9	5.0	4.8	4.2	5.2	5.4	6.2	5.6	5.7	5.7	
Consumer - HICP	CCPPY	2.7	2.7	2.8	3.0	3.1	3.4	3.6	3.7	3.8	3.9	4.0	6.2	5.9	5.8	5.8	
Producer, in industry, NACE Rev. 2	PP	3.2	0.6	-1.9	-1.9	0.0	-1.5	-0.4	0.0	0.0	0.4	0.1	2.5	0.8	-0.2	.	
Producer, in industry, NACE Rev. 2	CCPY	8.3	8.8	6.8	5.9	6.3	5.2	4.1	3.0	-0.3	0.3	1.2	0.9	-1.4	-2.1	.	
Producer, in industry, NACE Rev. 2	CCPPY	7.0	7.6	7.4	7.1	6.9	6.7	6.4	6.0	5.3	4.9	4.6	0.9	-0.3	-0.9	.	
FOREIGN TRADE ²⁾																	
Exports total (fob), cumulated	EUR mn	8652	13932	18642	23354	28486	33585	37892	43567	49298	55162	60064	4866	10157	.	.	
Imports total (cif), cumulated	EUR mn	8525	13320	17640	21941	26739	31466	35564	40842	46117	51536	56047	4584	9494	.	.	
Trade balance, cumulated	EUR mn	126	612	1002	1414	1747	2119	2328	2726	3181	3626	4017	283	663	.	.	
Exports to EU-27 (fob), cumulated	EUR mn	7019	11151	14873	18555	22595	26570	29900	34357	38943	43610	47345	3887	8014	.	.	
Imports from EU-27 (cif), cumulated	EUR mn	5760	9080	12069	15141	18488	21829	24634	28332	31975	35640	38561	3143	6474	.	.	
Trade balance with EU-27, cumulated	EUR mn	1259	2071	2805	3414	4108	4741	5266	6025	6968	7969	8783	743	1541	.	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	-624	.	.	-486	.	.	-162	.	.	222	.	.	.	.
EXCHANGE RATE																	
HUF/USD, monthly average	nominal	233.3	233.1	223.9	206.5	200.1	193.1	189.3	186.7	181.2	181.7	187.0	188.8	198.2	195.6	198.1	
HUF/EUR, monthly average	nominal	298.3	304.1	295.3	281.9	280.5	272.1	270.1	271.8	268.5	270.9	273.2	269.4	271.2	265.4	265.5	
USD/HUF, calculated with CPI ³⁾	real, Jan07=100	88.6	88.9	93.1	102.1	104.3	109.8	111.1	112.1	115.2	115.2	111.9	111.9	106.9	108.3	107.7	
USD/HUF, calculated with PPI ³⁾	real, Jan07=100	91.9	93.2	94.6	99.6	100.9	103.9	103.9	105.9	108.5	107.2	103.9	103.3	99.9	100.0	.	
EUR/HUF, calculated with CPI ³⁾	real, Jan07=100	89.2	87.6	90.7	96.3	96.6	101.5	101.4	100.5	101.4	100.8	99.5	102.8	102.0	104.1	104.6	
EUR/HUF, calculated with PPI ³⁾	real, Jan07=100	91.6	90.8	92.6	95.1	95.3	97.3	97.2	96.8	97.6	96.9	96.1	99.1	99.0	100.3	.	
DOMESTIC FINANCE																	
Currency in circulation	HUF bn, eop	2124.0	2204.7	2170.1	2125.1	2089.8	2042.7	2030.2	2002.0	1996.0	2003.7	2039.2	2013.8	2024.8	1993.1	.	
M1	HUF bn, eop	6051.3	6240.3	6035.1	5923.9	5982.8	5812.2	5931.8	5921.5	5795.0	5900.7	6121.2	5853.6	5893.0	5941.4	.	
Broad money	HUF bn, eop	15727.9	15962.2	15918.3	15895.1	15878.9	15736.7	15930.1	15809.8	15772.1	15792.2	15976.4	15754.4	15886.9	15969.7	.	
Broad money	CCPY	7.2	8.6	8.3	10.3	11.9	7.0	9.3	7.5	5.9	4.7	3.4	0.9	1.0	0.0	.	
NBH base rate (p.a.)	%, eop	9.5	9.5	9.5	9.5	9.5	8.5	8.0	7.5	7.0	6.5	6.3	6.0	5.8	5.5	5.3	
NBH base rate (p.a.) ⁴⁾	real, %	1.1	0.7	2.5	3.4	3.0	3.1	3.8	4.4	7.3	6.2	5.0	5.0	7.3	7.8	.	
BUDGET																	
General gov. budget balance ⁵⁾ , cum.	HUF bn	.	-313	.	.	-507	.	.	-751	.	.	-1035	.	.	.	.

1) Enterprises with 5 and more employees.

2) From 2004 intra-/extra-EU trade methodology.

3) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

4) Deflated with annual PPI.

5) According to ESA'95 excessive deficit procedure.

POLAND: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009												2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
PRODUCTION																	
Industry, NACE Rev. 2 ¹⁾²⁾	real, CPPY	-14.6	-1.9	-12.2	-5.2	-4.4	-4.5	0.1	-1.2	-1.3	9.9	7.4	8.5	9.2	12.3	.	
Industry, NACE Rev. 2 ¹⁾²⁾	real, CCPPY	-14.9	-10.6	-11.0	-9.9	-9.0	-8.3	-7.4	-6.7	-6.1	-4.7	-3.8	8.5	8.9	10.1	.	
Industry, NACE Rev. 2 ¹⁾²⁾	real, 3MMA	-10.6	-9.6	-6.5	-7.4	-4.7	-3.0	-1.9	-0.8	2.2	5.0	8.6	8.4	10.1	.	.	
Construction, NACE Rev. 2 ²⁾	real, CPPY	1.9	1.2	0.5	0.3	0.6	10.6	11.0	5.7	2.7	9.9	3.2	-15.3	-24.7	-10.8	.	
Construction, NACE Rev. 2 ²⁾	real, CCPPY	4.4	3.1	2.4	1.8	1.6	3.2	4.3	4.5	4.3	4.8	4.6	-15.3	-20.3	-16.7	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	.	15714	.	.	15846	.	.	16026	.	.	15885	.	.	.	.
Employed persons, LFS	CCPPY	.	1.3	.	.	1.1	.	.	0.8	.	.	0.4	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	1413.8	.	.	1355.1	.	.	1404.3	.	.	1471.3	.	.	1683.5	.	
Unemployment rate, LFS	%	.	8.3	.	.	7.9	.	.	8.1	.	.	8.5	.	.	9.6	.	
Productivity in industry, NACE Rev. 2	CCPPY	-11.1	-6.1	-6.2	-4.8	-3.6	-2.7	-1.5	-0.6	0.1	1.5	2.5	12.7	12.7	13.6	.	
WAGES, SALARIES																	
Total economy, gross ²⁾	PLN	3196	3333	3295	3194	3288	3362	3269	3283	3312	3404	3652	3231	3288	3493	3399	
Total economy, gross ²⁾	real, CPPY	1.8	1.9	0.7	-0.2	-1.9	-0.4	-1.0	-0.4	-1.5	-1.3	2.9	-3.3	-0.5	1.9	0.5	
Total economy, gross ²⁾	EUR	688	721	743	724	729	782	791	790	786	817	881	794	819	898	876	
Industry, gross, NACE Rev. 2	EUR	688	717	736	720	737	779	788	789	769	836	907	787	837	908	870	
PRICES																	
Consumer - HICP	PP	0.8	0.8	0.6	0.6	0.2	0.3	-0.4	0.0	0.2	0.3	0.0	0.4	0.4	0.3	0.4	
Consumer - HICP	CPPY	3.6	4.0	4.3	4.2	4.2	4.5	4.3	4.0	3.8	3.8	3.8	3.9	3.4	2.9	2.7	
Consumer - HICP	CCPPY	3.4	3.6	3.8	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.7	3.4	3.2	
Producer, in industry, NACE Rev. 2	PP	2.6	0.0	-0.8	-0.3	0.6	-1.4	-0.4	-0.2	0.4	-0.3	-0.2	0.4	0.0	0.1	.	
Producer, in industry, NACE Rev. 2	CPPY	6.5	6.3	5.6	4.3	4.5	3.3	2.7	2.1	2.5	2.3	2.4	0.3	-2.2	-2.1	.	
Producer, in industry, NACE Rev. 2	CCPPY	5.5	5.8	5.7	5.4	5.3	5.0	4.7	4.4	4.2	4.0	3.9	0.3	-1.0	-1.4	.	
FOREIGN TRADE ³⁾																	
Exports total (fob), cumulated	EUR mn	14438	22761	30460	38072	46097	54232	61599	70778	80188	89022	96405	8018	16790	.	.	
Imports total (cif), cumulated	EUR mn	15953	25029	33534	41732	50529	59552	67785	77289	87222	96659	105124	8651	18117	.	.	
Trade balance, cumulated	EUR mn	-1515	-2268	-3074	-3660	-4432	-5320	-6186	-6512	-7034	-7637	-8718	-632	-1327	.	.	
Exports to EU-27 (fob), cumulated	EUR mn	11874	18456	24533	30567	36865	43154	48943	56253	63838	70771	76428	6470	13397	.	.	
Imports from EU-27 (cif), cumulated	EUR mn	11419	17959	24297	30321	36656	43086	48894	55868	63065	69902	75732	5989	12496	.	.	
Trade balance with EU-27, cumulated	EUR mn	455	497	236	246	209	68	49	385	773	869	696	481	900	.	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	-29	.	.	-1114	.	.	-2276	.	.	-5006	.	.	.	.
EXCHANGE RATE																	
PLN/USD, monthly average	nominal	3.635	3.541	3.361	3.231	3.217	3.050	2.895	2.856	2.845	2.792	2.836	2.852	2.933	2.867	2.893	
PLN/EUR, monthly average	nominal	4.647	4.621	4.433	4.410	4.508	4.297	4.131	4.158	4.215	4.165	4.144	4.070	4.014	3.891	3.878	
USD/PLN, calculated with CPI ⁴⁾	real, Jan07=100	85.2	88.0	93.0	97.0	96.5	102.2	107.0	108.3	108.8	110.8	109.3	108.6	106.0	108.0	107.3	
USD/PLN, calculated with PPI ⁴⁾	real, Jan07=100	87.4	90.3	93.8	96.3	95.5	100.2	103.6	105.4	105.5	105.7	103.6	101.3	99.1	100.4	.	
EUR/PLN, calculated with CPI ⁴⁾	real, Jan07=100	85.8	86.7	90.6	91.5	89.4	94.5	97.7	97.0	95.7	97.0	97.1	99.8	101.2	103.9	104.3	
EUR/PLN, calculated with PPI ⁴⁾	real, Jan07=100	87.1	88.0	91.8	91.9	90.2	93.9	96.9	96.3	95.0	95.6	95.9	97.2	98.3	100.7	.	
DOMESTIC FINANCE																	
Currency in circulation	PLN bn, eop	90.8	91.1	92.3	92.1	92.3	91.5	91.0	89.7	89.4	88.2	89.8	87.9	88.0	88.6	.	
M1	PLN bn, eop	347.6	356.9	352.0	359.9	370.6	363.7	371.1	372.8	378.6	381.5	388.8	381.3	383.4	389.6	.	
Broad money	PLN bn, eop	680.9	683.7	680.0	685.4	693.7	689.4	685.4	691.3	711.2	699.9	720.3	711.0	715.6	721.5	.	
Broad money	CCPY	17.8	17.5	14.4	14.2	14.4	11.9	9.0	9.6	11.9	8.0	8.1	6.3	5.1	5.5	.	
Discount rate (p.a.)	% eop	4.3	4.0	4.0	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	
Discount rate (p.a.) ⁵⁾	real, %	-2.1	-2.2	-1.5	-0.3	-0.7	0.5	1.0	1.6	1.2	1.4	1.3	3.4	6.1	6.0	.	
BUDGET																	
General gov. budget balance ⁶⁾ , cum.	PLN mn	.	-8628	.	.	-35661	.	.	-48397	.	.	-95728	.	.	.	.

1) Sold production.

2) Enterprises with 10 and more employees.

3) From 2004 intra-/extra-EU trade methodology.

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) Deflated with annual PPI.

6) According to ESA'95 excessive deficit procedure.

R O M A N I A: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009												2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
PRODUCTION																	
Industry, NACE Rev. 2 ¹⁾	real, CPPY	-14.5	-8.5	-10.0	-10.1	-4.5	-4.1	-5.7	-3.4	-2.7	5.3	11.6	6.1	-0.4	6.6	.	
Industry, NACE Rev. 2 ¹⁾	real, CCPY	-15.4	-13.0	-12.3	-11.8	-10.5	-9.6	-9.2	-8.5	-7.9	-6.7	-5.5	6.1	2.7	4.1	.	
Industry, NACE Rev. 2 ¹⁾	real, 3MMA	-13.0	-11.0	-9.5	-8.2	-6.2	-4.7	-4.3	-3.8	-0.4	4.0	7.5	5.6	4.1	.	.	
Construction, NACE Rev. 2	real, CPPY	6.4	-6.1	-16.0	-24.9	-4.4	-17.1	-24.6	-22.5	-26.2	-18.4	-6.9	-10.5	-27.7	-22.5	.	
Construction, NACE Rev. 2	real, CCPY	9.7	2.7	-3.4	-9.5	-8.4	-10.0	-12.5	-14.1	-15.7	-16.0	-15.1	-10.5	-19.8	-20.9	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	.	9038.6	.	.	9381.3	.	.	9527.1	.	.	9026.9	.	.	.	.
Employed persons, LFS	CCPPY	.	-0.9	.	.	-1.0	.	.	-1.0	.	.	-1.3	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	666.1	.	.	626.6	.	.	698.9	.	.	731.1	.	.	.	.
Unemployment rate, LFS	%	.	6.9	.	.	6.3	.	.	6.8	.	.	7.5	.	.	.	.
Productivity in industry, NACE Rev. 2	CCPPY	-6.5	-2.7	-0.9	0.5	2.6	4.3	5.2	6.5	7.7	9.3	11.0	27.0	21.8	22.1	.	
WAGES, SALARIES																	
Total economy, gross ¹⁾	RON	1836	1922	1930	1855	1887	1901	1845	1860	1881	1866	2023	1967	1940	2074	.	
Total economy, gross ¹⁾	real, CPPY	11.3	11.0	3.5	2.8	2.6	2.3	1.7	1.2	0.5	-3.3	-4.5	1.7	1.1	3.5	.	
Total economy, gross ¹⁾	EUR	428	449	459	445	448	451	437	438	439	435	478	475	471	508	.	
Industry, gross, NACE Rev. 2 ²⁾	EUR	374	394	422	409	414	431	419	425	419	419	469	430	431	479	.	
PRICES																	
Consumer - HICP	PP	0.8	0.5	0.3	0.0	0.2	-0.1	-0.2	0.4	0.4	0.7	0.3	1.7	0.2	0.2	0.3	
Consumer - HICP	CCPY	6.9	6.7	6.5	5.9	5.9	5.0	4.9	4.9	4.3	4.6	4.7	5.2	4.5	4.2	4.2	
Consumer - HICP	CCPPY	6.9	6.8	6.7	6.6	6.4	6.2	6.1	5.9	5.8	5.7	5.6	5.2	4.8	4.6	4.5	
Producer, in industry, NACE Rev. 2	PP	0.6	-0.6	0.2	0.4	0.6	-0.6	0.7	0.2	0.3	0.6	-0.2	1.0	0.2	1.0	.	
Producer, in industry, NACE Rev. 2	CCPY	6.2	3.8	2.9	1.3	-0.1	-1.7	-1.2	-1.3	-0.8	2.5	4.1	3.2	2.8	4.5	.	
Producer, in industry, NACE Rev. 2	CCPPY	6.6	5.7	5.0	4.2	3.5	2.7	2.2	1.8	1.5	1.6	1.8	3.2	3.0	3.5	.	
FOREIGN TRADE ³⁾																	
Exports total (fob), cumulated	EUR mn	4001	6595	8769	11091	13651	16460	18671	21282	24023	26783	29132	2338	4906	.	.	
Imports total (cif), cumulated	EUR mn	5546	8809	11902	15009	18322	21683	24648	28396	32047	35649	38892	2783	5974	.	.	
Trade balance, cumulated	EUR mn	-1545	-2214	-3134	-3919	-4672	-5223	-5977	-7115	-8025	-8866	-9761	-444	-1068	.	.	
Exports to EU-27 (fob), cumulated	EUR mn	3088	4970	6550	8289	10181	12256	13781	15785	17924	20017	21630	1766	3690	.	.	
Imports from EU-27 (cif), cumulated	EUR mn	4122	6569	8806	11087	13589	16011	18072	20838	23595	26247	28511	1962	4249	.	.	
Trade balance with EU-27, cumulated	EUR mn	-1033	-1599	-2256	-2798	-3409	-3755	-4291	-5053	-5671	-6230	-6880	-195	-559	.	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	-895	.	.	-2417	.	.	-3484	.	.	-5167	.	.	.	.
EXCHANGE RATE																	
RON/USD, monthly average	nominal	3.348	3.285	3.178	3.055	3.004	2.994	2.958	2.911	2.890	2.874	2.895	2.900	3.007	3.011	3.076	
RON/EUR, monthly average	nominal	4.286	4.283	4.204	4.170	4.213	4.218	4.218	4.242	4.287	4.290	4.228	4.138	4.120	4.087	4.131	
USD/RON, calculated with CPI ⁴⁾	real, Jan07=100	86.1	88.1	91.0	94.3	95.1	95.5	96.2	97.9	98.9	99.9	99.7	100.7	97.3	96.8	94.8	
USD/RON, calculated with PPI ⁴⁾	real, Jan07=100	92.1	94.0	96.8	100.1	100.5	101.1	101.6	103.9	104.3	104.1	102.8	101.5	98.7	98.6	.	
EUR/RON, calculated with CPI ⁴⁾	real, Jan07=100	86.5	86.7	88.3	88.8	87.9	88.1	87.7	87.6	86.8	87.2	88.5	92.4	92.7	92.9	91.8	
EUR/RON, calculated with PPI ⁴⁾	real, Jan07=100	91.5	91.5	94.3	95.4	94.8	94.6	94.9	94.8	93.7	93.9	95.1	97.2	97.6	98.7	.	
DOMESTIC FINANCE																	
Currency in circulation	RON mn, eop	24838	23935	24385	24171	24204	24455	24430	23865	23731	23762	23952	23800	24650	24230	.	
M1	RON mn, eop	84884	81426	80462	79911	81649	81430	82871	80538	78286	78652	79299	76535	76900	76405	.	
Broad money	RON mn, eop	176308	175228	176332	177409	180207	181320	184128	183732	184185	185579	189469	185794	187745	189839	.	
Broad money	CCPY	17.6	15.5	12.3	12.7	11.5	12.4	13.5	10.6	13.3	12.6	8.8	5.5	6.5	8.3	.	
Discount rate (p.a.) ⁵⁾	%, eop	10.3	10.1	10.1	10.0	9.7	9.5	9.0	8.5	8.5	8.0	8.0	8.0	7.5	7.3	7.0	
Discount rate (p.a.) ⁵⁾⁶⁾	real, %	3.8	6.1	7.0	8.6	9.9	11.4	10.3	9.9	9.3	5.3	3.7	4.6	4.5	2.6	.	
BUDGET																	
General gov. budget balance ⁷⁾ , cum.	RON mn	.	-8183	.	.	-17591	.	.	-28423	.	.	-40791	.	.	.	.

1) Enterprises with 4 and more employees.

2) Including E (electricity, gas, steam, air conditioning supply etc.).

3) From 2004 intra-/extra-EU trade methodology.

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) Reference rate of RNB.

6) Deflated with annual PPI.

7) According to ESA'95 excessive deficit procedure.

SLOVAK REPUBLIC: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009												2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
PRODUCTION																	
Industry, NACE Rev. 2	real, CPPY	-25.3	-12.4	-20.6	-25.2	-18.9	-21.7	-7.9	-7.6	-7.3	2.3	12.3	20.0	20.5	20.1	.	
Industry, NACE Rev. 2	real, CCPPY	-27.6	-22.6	-22.0	-22.7	-22.0	-22.0	-20.4	-19.0	-17.8	-16.0	-14.3	20.0	20.3	20.2	.	
Industry, NACE Rev. 2	real, 3MMA	-22.6	-19.4	-19.4	-21.6	-21.9	-16.5	-12.6	-7.6	-4.4	1.2	10.6	17.6	20.2	.	.	
Construction, NACE Rev. 2	real, CPPY	-11.0	-5.7	-13.9	-3.9	-0.3	-5.6	0.1	-16.9	-21.9	-13.3	-18.2	-8.1	-19.7	-12.9	.	
Construction, NACE Rev. 2	real, CCPPY	-18.1	-13.6	-13.7	-11.4	-9.2	-8.6	-7.4	-8.7	-10.3	-10.6	-11.3	-8.1	-14.6	-13.9	.	
LABOUR																	
Employed persons, LFS	th. pers., quart. avg	.	2390.3	.	.	2378.5	.	.	2366.9	.	.	2329.6	.	.	.	.
Employed persons, LFS	CCPPY	.	0.0	.	.	-0.6	.	.	-1.8	.	.	-2.8	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	277.3	.	.	302.4	.	.	339.2	.	.	374.9	.	.	393.0	.	
Unemployment rate, LFS	%	.	10.4	.	.	11.3	.	.	12.5	.	.	13.9	.	.	14.5	.	
Productivity in industry, NACE Rev. 2	CCPPY	-21.3	-13.9	-12.1	-11.9	-10.1	-9.3	-6.9	-4.6	-2.6	-0.3	2.0	41.5	39.6	36.9	.	
WAGES, SALARIES																	
Industry, gross, NACE Rev. 2 ¹⁾	EUR	694	725	723	739	775	752	728	743	761	874	839	757	748	791	.	
Industry, gross, NACE Rev. 2	real, CPPY	-0.2	1.1	1.1	-1.8	2.2	0.3	1.7	1.7	2.5	4.9	6.4	5.8	7.9	8.9	.	
PRICES																	
Consumer - HICP	PP	0.0	-0.3	-0.1	0.1	0.0	-0.1	-0.2	-0.1	0.2	0.3	-0.1	0.1	0.0	0.1	0.4	
Consumer - HICP	CPPY	2.4	1.8	1.4	1.1	0.7	0.6	0.5	0.0	-0.1	0.0	0.0	-0.2	-0.2	0.3	0.7	
Consumer - HICP	CCPPY	2.5	2.3	2.1	1.9	1.7	1.5	1.4	1.2	1.1	1.0	0.9	-0.2	-0.2	0.0	0.2	
Producer, in industry, NACE Rev. 2 ²⁾	PP	0.8	-1.1	-0.7	-0.9	0.1	-0.5	-0.1	-0.1	0.0	0.6	-0.2	-1.0	-0.7	0.7	.	
Producer, in industry, NACE Rev. 2 ²⁾	CPPY	-4.8	-5.9	-6.5	-8.3	-7.5	-8.3	-8.2	-7.9	-8.2	-5.4	-3.7	-3.0	-4.5	-2.7	.	
Producer, in industry, NACE Rev. 2 ²⁾	CCPPY	-4.7	-5.1	-5.4	-6.0	-6.3	-6.6	-6.8	-6.9	-7.0	-6.9	-6.6	-3.0	-3.7	-3.4	.	
FOREIGN TRADE³⁾																	
Exports total (fob), cumulated	EUR mn	5700	9068	12431	15479	18760	21860	25024	28768	32933	36860	40135	3119	6547	.	.	
Imports total (fob), cumulated	EUR mn	6066	9473	12567	15532	18866	21991	24991	28556	32393	36246	39648	3078	6524	.	.	
Trade balance, cumulated	EUR mn	-366	-405	-137	-53	-105	-131	34	212	540	614	487	41	24	.	.	
Exports to EU-27 (fob), cumulated	EUR mn	4987	7947	10712	13292	16070	18655	21344	24602	28225	31670	34441	2709	5563	.	.	
Imports from EU-27 (fob), cumulated	EUR mn	4594	7090	9367	11614	14115	16448	18708	21377	24270	27172	29621	2150	4678	.	.	
Trade balance with EU-27, cumulated	EUR mn	393	857	1345	1678	1955	2207	2636	3226	3955	4498	4820	559	885	.	.	
FOREIGN FINANCE																	
Current account, cumulated	EUR mn	.	-602	.	.	-948	.	.	-1266	.	.	-2023	.	.	.	.
EXCHANGE RATE¹⁾																	
EUR/USD, monthly average	nominal	0.7820	0.7660	0.7580	0.7330	0.7130	0.7100	0.7010	0.6870	0.6750	0.6710	0.6840	0.7010	0.7310	0.7370	0.7460	
USD/EUR, calculated with CPI ⁴⁾	real, Jan07=100	114.8	116.6	117.4	121.0	123.0	123.6	124.6	126.8	129.2	129.9	127.6	124.1	119.0	117.5	116.2	
USD/EUR, calculated with PPI ⁴⁾	real, Jan07=100	108.8	110.5	110.3	111.9	113.1	114.0	113.7	116.5	117.8	117.6	114.8	108.6	104.0	102.9	.	
EUR/EUR, calculated with CPI ⁴⁾	real, Jan07=100	115.5	114.8	114.3	114.1	113.9	114.3	113.7	113.6	113.6	113.7	113.3	114.0	113.6	112.9	112.9	
EUR/EUR, calculated with PPI ⁴⁾	real, Jan07=100	108.3	107.6	107.8	106.9	106.7	106.9	106.3	106.5	106.0	106.4	106.1	104.1	103.1	103.2	.	
DOMESTIC FINANCE																	
Currency in circulation ¹⁵⁾	EUR mn, eop	6303	6485	6586	6635	6645	6724	6690	6665	6697	6770	6984	6798	6819	6927	.	
M1 ¹⁵⁾	EUR mn, eop	22432	22677	22617	23304	23495	23326	22926	23121	22883	23570	24478	23500	23783	24052	.	
Broad money ¹⁵⁾	EUR mn, eop	39911	39522	39338	39631	38668	38295	38245	37795	37558	37871	38872	38256	38874	39044	.	
Broad money ¹⁵⁾	CCPY	.	.	.	.	.	.	.	.	.	.	.	-5.2	-2.6	-1.2	.
Discount rate (p.a.) ⁶⁾	%, eop	2.0	1.5	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Discount rate (p.a.) ⁶⁾⁷⁾	real, %	7.2	7.9	8.3	10.2	9.2	10.2	10.0	9.7	10.1	6.7	4.8	4.1	5.7	3.8	.	
BUDGET																	
General gov. budget balance ¹⁸⁾ , cum.	EUR mn	.	-610	.	.	-1694	.	.	-2502	.	.	-4289	.	.	.	.

1) Slovakia has introduced the Euro from 1 January 2009.

2) Data refer to industry total compared to previously published domestic producer prices.

3) From 2004 intra-/extra-EU trade methodology.

4) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

5) From January 2009 Slovakia's contributions to EMU monetary aggregates.

6) From January 2009 ECB official refinancing operation rate.

7) Deflated with annual PPI.

8) According to ESA'95 excessive deficit procedure.

SLOVENIA: Selected monthly data on the economic situation 2009 to 2010

(updated end of May 2010)

		2009											2010			
		Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
PRODUCTION																
Industry, NACE Rev. 2	real, CPPY	-21.4	-15.9	-29.7	-22.2	-21.4	-20.8	-17.6	-16.6	-19.4	-1.7	4.8	-8.4	-1.0	9.0	.
Industry, NACE Rev. 2	real, CCPY	-19.3	-18.1	-21.2	-21.4	-21.4	-21.3	-20.9	-20.4	-20.3	-18.7	-17.3	-8.4	-4.7	0.1	.
Industry, NACE Rev. 2	real, 3MMA	-18.1	-22.4	-22.7	-24.5	-21.5	-20.1	-18.3	-17.9	-13.2	-7.0	-1.9	-1.7	0.1	.	.
Construction, NACE Rev. 2 ¹⁾	real, CPPY	-22.7	-9.7	-20.5	-20.8	-15.9	-20.8	-19.5	-32.0	-28.3	-18.3	-9.5	-11.4	-24.2	-19.7	.
Construction, NACE Rev. 2 ¹⁾	real, CCPY	-24.7	-19.2	-19.5	-19.9	-19.1	-19.4	-19.4	-21.2	-22.1	-21.8	-21.0	-11.4	-18.3	-18.9	.
LABOUR																
Employed persons, LFS	th. pers., quart. avg	.	961.6	.	.	980.5	.	.	998.3	.	.	982.2	.	.	.	.
Employed persons, LFS	CCPY	.	-0.9	.	.	-1.0	.	.	-1.4	.	.	-1.6	.	.	.	.
Unemployed persons, LFS	th. pers., quart. avg	.	53.8	.	.	57.7	.	.	65.3	.	.	67.1	.	.	66.4	.
Unemployment rate, LFS	%	.	5.3	.	.	5.6	.	.	6.1	.	.	6.4	.	.	6.5	.
Productivity in industry, NACE Rev. 2	CCPY	.	-12.5	.	.	-14.5	.	.	-12.5	.	.	-8.2	.	.	.	.
WAGES, SALARIES																
Total economy, gross	EUR	1382	1425	1423	1415	1429	1424	1415	1434	1448	1571	1488	1448	1431	1499	.
Total economy, gross	real, CPPY	2.1	3.7	4.0	3.5	4.6	4.4	0.6	2.4	1.5	-0.5	0.0	0.4	2.0	3.4	.
Industry, gross, NACE Rev. 2	EUR	1165	1218	1207	1195	1231	1236	1223	1252	1280	1430	1319	1285	1263	1395	.
PRICES																
Consumer - HICP	PP	0.6	0.8	0.2	0.6	0.5	-0.8	0.1	-0.1	0.1	0.8	-0.4	-0.6	0.3	1.0	1.1
Consumer - HICP	CCPY	2.1	1.6	1.1	0.5	0.2	-0.6	0.1	0.0	0.2	1.8	2.1	1.8	1.6	1.8	2.7
Consumer - HICP	CCPPY	1.7	1.7	1.5	1.3	1.1	0.9	0.8	0.7	0.6	0.8	0.9	1.8	1.7	1.7	2.0
Producer, in industry, NACE Rev. 2 ²⁾	PP	0.2	-0.7	-0.6	-0.6	0.3	-0.2	0.1	0.3	0.0	-0.3	-0.2	0.1	0.4	0.3	.
Producer, in industry, NACE Rev. 2 ²⁾	CCPY	1.0	0.3	-0.5	-1.7	-2.4	-3.1	-3.4	-2.9	-2.4	-2.1	-1.4	-1.7	-1.5	-0.4	.
Producer, in industry, NACE Rev. 2 ²⁾	CCPPY	1.5	1.1	0.7	0.2	-0.2	-0.7	-1.0	-1.2	-1.3	-1.4	-1.4	-1.7	-1.6	-1.2	.
FOREIGN TRADE³⁾																
Exports total (fob), cumulated	EUR mn	2916	4603	6154	7675	9300	10921	12202	13951	15726	17440	18905	1449	3028	.	.
Imports total (cif), cumulated	EUR mn	2936	4630	6179	7666	9195	10799	12188	13902	15680	17425	18973	1440	3036	.	.
Trade balance total, cumulated	EUR mn	-20	-27	-25	10	105	122	14	48	46	16	-68	9	-8	.	.
Exports to EU-27 (fob), cumulated	EUR mn	2085	3243	4284	5334	6467	7555	8402	9638	10873	12069	13032	1099	2250	.	.
Imports from EU-27 (cif), cumulated	EUR mn	2014	3185	4251	5308	6419	7587	8576	9790	11069	12301	13427	971	2031	.	.
Trade balance with EU-27, cumulated	EUR mn	71	59	32	26	47	-33	-175	-153	-197	-232	-395	128	219	.	.
FOREIGN FINANCE																
Current account, cumulated	EUR mn	.	-267	.	.	-125	.	.	-245	.	.	-340	.	.	.	.
EXCHANGE RATE																
EUR/USD, monthly average ⁴⁾	nominal	0.7822	0.7663	0.7582	0.7326	0.7135	0.7098	0.7009	0.6867	0.6749	0.6705	0.6843	0.7007	0.7307	0.7370	0.7459
USD/EUR, calculated with CPI ⁵⁾	real, Jan07=100	101.9	104.6	105.7	109.6	111.9	111.8	113.0	115.0	117.0	118.3	115.7	111.8	107.5	107.0	106.7
USD/EUR, calculated with PPI ⁵⁾	real, Jan07=100	100.8	102.9	102.8	104.7	105.7	107.0	106.9	110.0	111.3	110.1	107.3	102.8	99.5	98.0	.
EUR/EUR, calculated with CPI ⁵⁾	real, Jan07=100	102.6	103.1	102.9	103.4	103.8	103.4	103.1	103.0	102.9	103.5	102.8	102.7	102.7	102.9	103.7
EUR/EUR, calculated with PPI ⁵⁾	real, Jan07=100	100.4	100.2	100.6	99.9	99.9	100.3	99.9	100.6	100.1	99.5	99.3	98.6	98.7	98.3	.
DOMESTIC FINANCE																
Currency in circulation	EUR mn, eop	3061	3075	3102	3136	3131	3166	3147	3151	3172	3182	3288	3228	3235	3276	3273
M1	EUR mn, eop	6712	6838	6839	7184	7419	7135	7279	7340	7224	7330	7419	7449	7429	7617	7663
Broad money	EUR mn, eop	17949	18401	18161	18606	18652	18244	18237	18241	18077	18115	18185	18250	18001	18168	18127
Broad money	CCPY	9.3	11.8	10.1	13.6	12.4	9.3	9.4	6.9	7.4	3.7	0.7	0.8	0.3	-1.3	-0.2
Discount rate (p.a.) ⁶⁾	%, eop	2.0	1.5	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Discount rate (p.a.) ⁶⁾⁷⁾	real, %	0.9	1.2	1.8	2.7	3.5	4.2	4.6	4.0	3.5	3.2	2.4	2.7	2.5	1.4	.
BUDGET																
General gov. budget balance ⁸⁾ , cum.	EUR mn	.	-494	.	.	-1121	.	.	-1463	.	.	-1915	.	.	.	.

1) Enterprises with 20 and more employees or turnover limits and output of some non-construction enterprises.

2) Data refer to industry total compared to previously published domestic producer prices.

3) From 2004 intra-/extra-EU trade methodology.

4) Reference rate from ECB.

5) Adjusted for domestic and foreign (US resp. EU) inflation. Values more than 100 mean real appreciation.

6) From January 2007 ECB official refinancing operation rate.

7) Deflated with annual PPI.

8) According to ESA'95 excessive deficit procedure.

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