

LA CONJONCTURE IN FRANCE

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Gradual revival

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The upturn in the French economy has begun. The recession of the winter of 1992-1993, shared by the whole of continental Europe, had amplified the cyclical adjustment of investment and stocks that had begun as early as 1991. The result was that growth in productive investment fell significantly below its long-term trend. Despite having substantial financing capacity at their disposal, firms were waiting for encouraging signals before starting to invest again and ending the massive run-down in stocks.

Signals of this kind have in fact been appearing in the past few months, both in France and in our main partner countries. The build-up of precautionary saving, which had affected household consumption - the demand component that is the least sensitive to cyclical fluctuations - seems to have levelled out in France and in our immediate neighbours, notably Germany. Export order books are filling up again in the most cyclical sectors such as intermediate and capital goods.

The two major uncertainties - household consumption behaviour and the European economic situation - which were still holding back the French economy six months ago are now less of a hindrance. The easing of European interest rates, however gradual it may have been so far, is now undoubtedly set to last. In France, it can be

taken further without re-kindling inflationary expectations, thanks to the firmness of the franc and the high degree of capacity under-utilization. The retail price rise should continue to decline, approaching 1.5%, year on year, by mid-1994.

The conditions for an upturn in production are now falling into place. GDP can be expected to grow at a quarterly rate of around 0.3% in the first half of 1994, accelerating as it goes. The favourable competitive situation enjoyed by firms as the result of the restraint in wage costs means that they should be able to respond quickly to the improvement in external demand, start to invest again and gradually reverse their tendency to run down stocks.

In this initial phase of the upswing, employment is expected to continue to decline, but not as fast as in 1993. The unemployment rate, standing at around 12% at the end of 1993, could rise by a further half point over the next six months.

Real household disposable income has been affected by the fall in employment and the slow wage growth in the private sector but should now receive some support not only from the continuing disinflation but also from social benefits and the redistribution of income by general government. Although insufficient to produce an upturn in the economy, consumption is not likely to hold back a progressive revival.

The economic situation at the end of 1993

The upturn in the French economy is now under way

Since the spring of 1993, recession has been replaced by a certain strengthening of economic activity in France. Even so, output at the end of the year was still a long way below its potential. Looking beyond the short-term fluctuations in supply and demand - slight rallies in industrial production in Q2 and in consumption in Q3 probably reversed in Q4 - this strengthening cannot yet be regarded as constituting genuine recovery. Despite satisfactory overall profitability, firms are still suffering from the lack of aggregate demand: a sharp fall in corporate investment, slack household consumption and weak growth of foreign demand.

According to the estimates contained in the quarterly national accounts, companies' profit ratios recovered in the first half of the year. Their financing capacity, which was already appreciable at the end of 1992, has probably increased still further since then, despite the fact that firms are structurally net borrowers. This abnormal situation stems from three factors. First, the shortage of demand has led firms to restrict their investment expenditure and to persist with the de-stocking that began at the end of 1992.

Second, the need to reduce their indebtedness has been felt more strongly in an economic and financial climate in which the average cost of the debt owed is substantially higher than the growth rate of income, which in turn - *ceteris paribus* - means an increase in the debt burden. Last, the slow growth in French unit wage costs by comparison with her foreign competitors has been helping to maintain company margins.

The combination of weak demand and a high financing capacity explains why, unlike in previous recessions, the adjustment on this occasion is being felt not only in terms of quantities (production and stocks) and factors of production (investment and employment) but also through prices, more rapidly and more intensely than in the past. As a consequence, underlying inflation has fallen from 3.2%, year on year, at the end of 1992 to around 2% at the end of 1993. Over the same period, the fall in employment was largely concentrated on the segment of the labour force which has in the past been the least sensitive to cyclical fluctuations: the number of job-seekers in the 25-49 age group rose by more than 20%. The downward pressures on wages in the private sector are reflected in the movement in the hourly wage rate, with the year-on-year increase falling from 3.8% in October 1992 to 2.5% a year later.

Concordant signs of improvement in industry

In cyclical terms, the extent and the abruptness of the adjustments at the end of 1992 and during 1993 make an upturn in industry in the next few months all the more probable, assuming that the recovery in demand expectations is confirmed. The latest business surveys in fact lend credence to this assumption. The capacity utilization rate in manufacturing industry has levelled out since Q2. The large-scale de-stocking movement seen since Q3 1992 seems to be tailing off, with both the November and December surveys confirming the tendency, first reported in July, to regard stocks as being less excessive than previously. Admittedly, stocks of final products are still seen as large, but in the intermediate goods branch, situated at the upstream end of the production process, the balance of business leaders' opinions is back to its mid-1991 level.

Expectations regarding the tendency in overall demand have recovered significantly in the second half of 1993, thanks apparently to foreign demand. Expectations regarding own-firm production are also gradually improving in manufacturing industry. There is therefore a convergent cluster of indicators sug-

gesting not only that the adjustment in investment and stocks to low demand is partly over but also that demand expectations are once more for an increase, probably at a moderate rate.

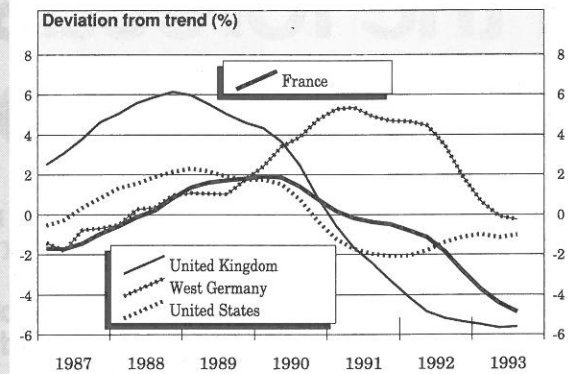
Household consumption is not the driving-force behind this turnaround. The slowdown in the purchasing power of income is likely to have brought consumption to a situation of virtual stagnation at the end of 1993. The decline in the saving ratio in Q3 partly reconciles the present behaviour of households with their expected long-term approach, the impact on consumption of the July rise in the CSG⁽¹⁾ being cushioned by a reduction in the saving ratio. That being said, and even if there is confirmation of this return to a more traditional type of behaviour in which changes in real income are only partially reflected in consumption, spending is likely to be limited by the low income growth. Nor was corporate investment a dynamic element of demand in the latter part of 1993. At best, its end-year stabilization may reduce the negative contribution to domestic demand resulting from the cutbacks in the past three years.

The reasons for the improvement in expectations therefore have to be sought rather on the side of foreign demand. The decline in the winter of 1992-1993 was entirely due to the recession in most of the continental European countries, which tended to mask the general improvement elsewhere in the world. In fact, since the middle of

The graph shows for each of the four countries concerned the gap between observed GDP in volume and what it would have been if the economies had maintained their long-term growth trends. A positive gap emerges when output exceeds what the long-term tendency in the factors of production would have implied. In that case, inflationary pressures are stronger, the reverse being true

when the gap is negative. This analysis is subject to two uncertainties: first, the choice of a period in the recent past when GDP can be considered to be at its true potential level; second, how to determine the long-term trend growth rate (estimated here to be 2.2% for the United States, 2.6% for France and the United Kingdom, 2.1% for Germany). For the West of Germany, allowance has been made for the one-off rise in the labour force represented by the wave of immigrations in the years 1989-1992. These calculations do not therefore claim to be

The output gap



very precise. Even so, it will be seen that French GDP is 4% below its potential level, while that of West Germany is only slightly below potential, despite the current recession there. This may provide an explanation for the slow pace of disinflation in Germany compared with that of France. The United Kingdom, after going through a period of overheating in 1987-8-9, followed by a marked recession, would seem to be still below its potential, and this may help to explain the low level of inflation, despite the depreciation of sterling.

1993 domestic demand in most of our leading European partners seems to have stabilized. As a result, total foreign demand is picking up again, driven by the strong growth in non-European markets and, to a smaller extent, in the United Kingdom. In addition, firms in the sectors involved in international competition are benefiting from the moderation shown by their unit wage costs and their

prices, as well as from an effective exchange rate which the appreciations in the dollar and the yen during 1993 have brought back almost to the levels seen before the devaluations of the pound sterling and the Italian lira.

(1) "Contribution Sociale Généralisée", a social contribution in the form of a levy on income.

The main lines of the forecast for the first half of 1994

With competitiveness remaining satisfactory, firms are able to profit from the foreign demand and have an incentive to start investing again; prices continue to slow down.

A more favourable external environment in which to exploit competitiveness advantages

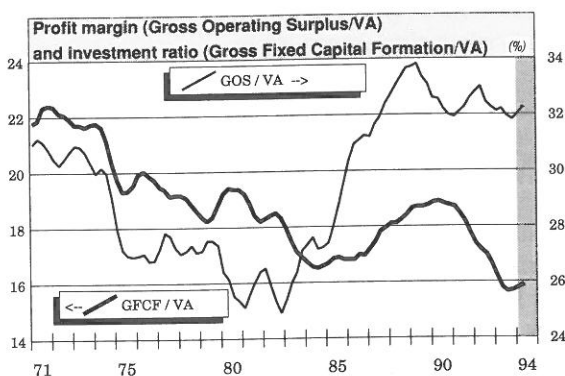
In the period up to the middle of 1994, the time-horizon for the present forecast, the upward tendency in foreign demand should be intensified. Among the major industrialized countries, the United States, Canada and the United Kingdom are all in a growth phase, with the rise in their activity driven mainly by domestic demand, principally household consumption, investment in housing and, in North America, corporate investment. The fears of a revival of inflationary pressures in the short term, reflected in the recent fall on the American bond market, seem exaggerated: despite a recent decline, the present unemployment rate in the United States is still holding down wage increases, while the rise in the utilization rate seems due to capacity reductions in the defence and aeronautics sectors rather than to any incipient pressures from the markets for goods. The Japanese economy, on the other hand, seems likely to remain in difficulty, as is shown by the failure of the public-spending-based stimulus plans to boost private demand at a time of general deflation.

In continental Europe, activity will remain heavily dependent on the economic situation in Germany. Although German industrialists seem to be showing greater optimism than at the beginning of 1992, thanks partly to

the growth in order books for exports of intermediate and capital goods, household consumption could well fall further in 1994. Households, already feeling the effects of the decline in the purchasing power of wages and of the increased job losses, are about to be further penalized by fiscal austerity in the form of rises in indirect taxes and social insurance contributions and by a freeze on civil service salaries. The only possibility of limiting the decline in consumption and so avoiding a fall in activity lies in a significant fall in the saving ratio, as has already occurred in the second half of 1993. Underlying inflation is likely to ease significantly, by reason of the fall in unit wage costs and the gradual slowdown in rents, but the overall price rise will feel the effects of the 1 January rise in taxes on fuels. All in all, activity is expected to level out in the first half of 1994 in the West of the country, with recovery continuing in the East. This would enable the countries most heavily dependent on the German economic situation (Belgium, the Netherlands, Austria, Switzerland) to resume limited growth.

Italy should continue to benefit from the competitiveness gains generated by the steep depreciation of the lira, thanks to the wage restraint, now enshrined in the latest wage agreements, which not only confirm the abandonment of the "scala mobile" indexation system but also specifically refer to productivity gains. Fiscal policy seems likely to be only moderately restrictive by comparison with 1993, with the spectacular fall in interest rates facilitating the management of the public debt. The regained competitiveness should incite Italian industry to start investing again.

France should therefore be able to benefit from this stabilization of the economic situation in continental Europe, with demand



Uses of GDP

At 1980 price levels, percent change

	Half-yearly averages					Annual averages			
	1992		1993		1994	1991	1992	1993	1994: Carry-over at end Q2*
	H1	H2	H1	H2	H1				
GDP (100 %)	0.9	-0.1	-0.8	0.4	0.5	-0.5	1.4	-0.7	0.8
Imports (28%)	2.4	-0.1	-3.9	1.6	1.5	2.9	3.1	-3.2	2.5
Household consumption (61 %)	0.8	1.1	-0.1	1.0	0.3	1.4	1.7	0.9	0.8
General government consumption (19 %)	1.4	1.2	0.1	0.7	0.9	3.4	2.7	1.1	1.3
Gross fixed capital formation (22 %)	-1.6	-0.7	-4.6	-1.0	1.0	-1.5	-2.1	-5.4	0.7
of which :									
non-financial enterprises (11 %)	-3.4	-1.7	-6.8	-1.8	1.1	-2.4	-5.2	-8.4	0.4
households (6 %)	-0.5	-0.3	-4.4	-0.8	0.7	-3.5	-0.3	-4.9	0.4
other (5 %)	1.9	0.9	0.5	0.3	1.2	3.0	3.8	1.1	1.6
Exports (27 %)	4.7	0.0	-2.9	1.1	1.6	3.9	7.0	-2.3	2.4
Contributions to growth									
Increase in stocks	0.0	-0.8	-0.1	0.0	0.0	-0.4	-0.7	-0.5	0.0
Net exports	0.6	0.0	0.3	-0.1	0.0	0.2	0.9	0.3	-0.1
Domestic demand, excluding stocks	0.4	0.7	-1.0	0.5	0.5	0.7	1.1	-0.4	0.9

* The statistical carry-over is the annual average growth rate that would result if growth were to be zero in Q3 and Q4 1994.

in French export markets no longer being dragged down, while demand in the United Kingdom and non-European markets, especially in the developing countries, is likely to remain very brisk. Growth of the order of 1% a quarter in demand in the overseas markets for French manufactures should enable French industrial exports to grow at a similar rate. The productivity gains achieved at this stage of the economic cycle, combined with the wage restraint, should lead to continued improvement in cost-competitiveness and enable price-competitiveness to be maintained, even if export margins are built up again.

Less inhibiting monetary and financial conditions

The fall in short-term and long-term interest rates that had already taken place by the end of 1993 (almost 200 basis points since the end of 1992) is likely to be prolonged into the first half of 1994 both in France and in the other continental European coun-

tries. According to the expectations of the financial markets, used as a conventional assumption in this Note, the 3-month rate (PIBOR) is set to fall from 6.5% at the end of 1993 to around 5% in June 1994, accompanied by a somewhat smaller fall in long rates. Firms' cash position would therefore be eased and the cost of borrowing continue to fall.

The relatively sympathetic monetary stance is likely to favour investment, as much through the growth expectations it generates (via a depreciation of the European currencies vis-à-vis the dollar and the yen, for example) as through the direct effect on profitability. Housing investment, which has in the past been sensitive to real long-term interest rates, would obviously be stimulated. The impact on household consumption, on the other hand, would be more equivocal, with the asset-income effect, which is negative when deposit rates are falling, opposed to the wealth effect generated by the rise in prices of financial assets⁽²⁾ and the stimulus from lower borrowing costs. Since these opposing effects seem to have cancelled each

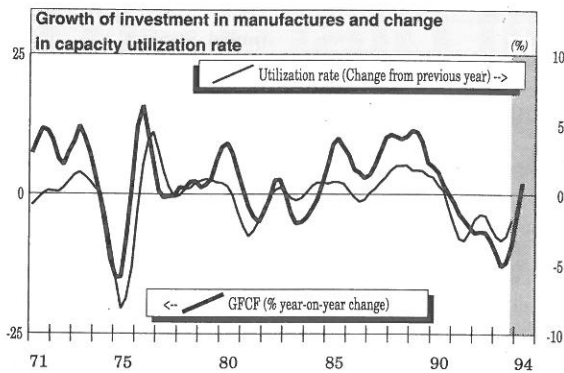
other out when interest rates were rising, it is assumed here that the same will be true of a period of falling rates.

In these circumstances, the somewhat firmer tendency in the French economy seen since the spring of 1993 is likely to be followed by a certain acceleration in activity in the first half of 1994, with GDP growing by around 0.3% a quarter.

Household consumption likely to remain slack

Household consumption is not likely to be the main driving-force in any revival of activity. Wage restraint in the private sector and the further decline in employment - admittedly, at a slower rate than in 1993 - is likely to continue to hold down household income. On the other hand, the wage increases and the stability of employment in the general government sector, and the similar tendency in social benefits, can be expected to cushion the impact of evolutions in the private sector, which are

(2) The increase in the value of the financial assets owned by households in the form of listed equities and bonds was equivalent to around 6% of their annual gross disposable income in 1993.



The low capacity utilization rate is not an obstacle to recovery in investment. Past experience shows that there is a correlation between investment growth and changes in the capacity utilization rate rather than with the absolute rate.

more sensitive to the economic cycle. Lastly, the continuing disinflation will help to improve purchasing power. The saving ratio seems likely to level out, following the appreciable fall recorded in the second half of 1993. This means that household consumption of goods and services should rise slightly, but not enough to trigger off a recovery in the economy. Housing investment is likely to benefit from government policies in its favour and from the lower interest rates, either through the direct impact on the cost of borrowing or through the reduced attractions of short-term financial investments.

Corporate spending to rise progressively

Firms should be able to take advantage of the recovery in foreign demand, thanks to their strong competitive position. Their financial situation would enable them to resume their investment growth, after three years of decline, against a background of lasting profit improvement. In the more immediate future, the de-stocking movement is likely to continue, given the continuing high levels of inventories in industry, but the tendency is likely to level out and therefore cease to hold back growth, as is usual in the beginnings of an upturn.

(3)CES: "contrats emploi-solidarité", jobs of benefit to the community (non-traded activity), financed out of the government budget.

Growth will be insufficient to stem the rise in unemployment

Growth is not expected to be strong enough to stem the job losses in the first half of the year. However, the large productivity gains achieved during 1993 have already brought productivity back close to its long-term trend. Wage employment in the non-farm traded sectors has in fact fallen by 260,000 in 1993, much the same figure as in 1992. With production picking up slightly in the tertiary sector and in industry, the rate of job losses will probably taper off in the first half of 1994 (amounting to 90,000 in the non-farm traded sector, or 0.6%, between December 1993 and June 1994) and the unemployment rate rise by 0.5 of a point to 12.5% in June 1994, on the conventional assumption of a neutral employment policy (no change in the number of CES⁽³⁾).

Disinflation set to continue

With GDP growth too weak to reduce the deviation from its long-term trend, the price rise seems likely to continue to slow down. Prices of manufactures, which normally rise more at the beginning of the year than at the end, could record a further slowdown in the first half of 1994 (to 0.9%, year on year, by the end of June, compared with 1.2% at the end of December 1993), because of the large productivity gains. In the private services sector, the factors contributing to the present moderation should still be present in the early part of 1994. Rents can be expected to continue to slow down, under the impact of the deceleration already seen in the construction cost index (widely used as the basis for periodical adjustments in rents). The slight increase in the cost of imported industrial raw materials is

not likely to have any substantial impact on retail prices. The increase in tobacco prices (13% in the first half of the year) and a further rise in the tax on petroleum products in January 1994 will slightly reduce the general tendency towards disinflation. On a year-on-year basis, the retail price index should show a rise of 1.7% at the end of June, possibly falling still further in later months.

The trade surplus likely to level off

With the main stimulus for total domestic demand coming from the corporate sector, where it has a higher import content than in the household sector, there is likely to be a levelling off in the trade surplus on a volume basis. This means that, unlike 1992 and 1993, foreign trade will probably not make any significant positive contribution to growth. During the first half of 1994, a certain tendency for exporters to rebuild their margins, against a background of more dynamic demand, will probably leave price-competitiveness more or less unchanged. In the absence of marked cyclical leads and lags, the surplus on manufactures should increase very slightly, under the impact of more rapid growth in trade. The surplus on agricultural and food products is likely to remain at about FRF 25 billion in each half-year, with the fall in agricultural exports to be expected as the result of CAP reform offset by a rise in exports by the food-processing industries. On the other hand, the energy deficit will probably narrow by FRF 2 billion in the first half of 1994, thanks to the lower oil price. In all, the trade surplus, estimated to have been FRF 70 billion in 1993, as measured in the quarterly national accounts, should stabilize at around FRF 37 billion in the first half of 1994, the same level as in the second half of 1993. ■


STATISTICAL SECTION
TABLE 1 : GROSS DOMESTIC PRODUCT BY TYPE OF EXPENDITURE

Period	Gross domestic product	Imports of goods and services	Households' final consumption	Government final consumption	Gross fixed capital formation		Exports of goods and services	Change in stocks
					Total	NFCU sector ⁽¹⁾		
(Billions of francs - current prices, s.a.)								
1983.....	4,006.5	907.4	2,424.1	793.5	809.6	421.2	900.7	- 14.1
1984.....	4,361.9	1,025.0	2,639.2	866.4	840.4	436.6	1,053.3	- 12.4
1985.....	4,700.1	1,092.6	2,858.4	923.0	905.3	477.4	1,123.9	- 17.9
1986.....	5,069.3	1,021.8	3,049.5	972.8	977.5	525.5	1,074.1	17.2
1987.....	5,336.6	1,094.4	3,235.6	1,018.6	1,054.8	571.1	1,101.4	20.7
1988.....	5,735.1	1,217.6	3,429.5	1,073.3	1,188.3	641.3	1,221.3	40.3
1989.....	6,159.7	1,403.1	3,655.8	1,122.0	1,314.6	717.8	1,411.1	59.3
1990.....	6,505.5	1,469.8	3,872.3	1,183.2	1,390.8	762.9	1,468.0	61.0
1991.....	6,746.9	1,511.4	4,043.9	1,249.5	1,409.0	764.1	1,532.4	23.6
1992.....	6,997.3	1,524.6	4,210.6	1,322.9	1,400.6	739.0	1,617.4	-29.6
1992 : 1.....	1,739.0	384.4	1,038.2	325.0	351.8	187.2	408.5	0.6
1992 : 2.....	1,745.3	381.3	1,044.5	328.7	349.4	184.6	406.9	-2.9
1992 : 3.....	1,754.8	384.7	1,057.8	332.2	352.1	185.8	405.9	-7.5
1992 : 4.....	1,758.1	357.4	1,070.0	337.0	347.3	181.4	396.2	-19.7
1993 : 1.....	1,762.9	357.4	1,067.6	340.8	340.0	174.6	391.0	-20.9
1993 : 2.....	1,778.1	356.9	1,081.3	343.3	336.3	171.9	389.5	-20.2
1993 : 3.....	1,788.3	359.2	1,094.9	345.8	337.5	171.5	395.4	-30.6

(1) Non financial corporate, quasi-corporate, and unincorporated enterprises.

(Constant 1980 prices s.a., percentage change from previous period, except last column, see ⁽²⁾)								
1983.....	0.7	- 2.7	0.9	2.1	- 3.6	- 4.4	3.7	- 0.9
1984.....	1.3	2.7	1.1	1.1	- 2.6	- 2.8	7.0	0.0
1985.....	1.9	4.5	2.4	2.3	3.2	4.3	1.9	- 0.1
1986.....	2.5	7.1	3.9	1.7	4.5	6.3	- 1.4	0.9
1987.....	2.3	7.7	2.9	2.8	4.8	5.9	3.1	0.1
1988.....	4.5	8.6	3.3	3.4	9.6	9.5	8.1	0.1
1989.....	4.3	8.1	3.1	0.5	7.9	9.0	10.2	0.3
1990.....	2.5	6.3	2.9	2.0	2.9	4.0	5.3	0.1
1991.....	0.7	2.9	1.4	2.5	- 1.5	- 2.4	3.9	- 0.4
1992.....	1.4	3.1	1.7	2.7	- 2.1	- 5.2	7.1	- 0.7
1992 : 1.....	0.8	4.5	0.4	0.8	- 0.6	- 1.9	5.0	0.5
1992 : 2.....	- 0.1	- 1.2	- 0.1	0.7	- 1.1	- 1.9	- 0.3	- 0.2
1992 : 3.....	0.1	2.1	0.8	0.8	0.6	1.0	0.9	- 0.3
1992 : 4.....	- 0.3	- 2.5	0.6	0.2	- 1.5	- 2.9	- 1.5	- 0.7
1993 : 1.....	- 0.7	- 3.2	- 0.8	0.0	- 3.2	- 4.6	- 1.7	0.0
1993 : 2.....	0.1	1.7	0.7	0.2	- 1.4	- 2.1	0.5	0.3
1993 : 3.....	0.3	0.5	0.7	0.4	- 0.0	- 0.3	2.1	- 0.7

(2) Change in stocks as % of previous period's GDP.

TABLE 2 : IMPLICIT GDP PRICE DEFLATORS

Period	Gross domestic product	Imports of goods and services	Households' final consumption	(pro.mem.) consumer price index ⁽¹⁾	Gross fixed capital formation NFCU sector ⁽²⁾	Exports of goods and services
(s.a., except column 4, change from previous period)						
1983.....	9.7	8.5	9.7	9.6	8.8	9.8
1984.....	7.5	10.0	7.7	7.4	6.6	9.4
1985.....	5.7	2.0	5.7	5.8	4.8	4.7
1986.....	5.2	-12.7	2.7	2.7	3.6	-3.0
1987.....	3.0	-0.7	3.2	3.1	2.6	-0.5
1988.....	2.8	2.5	2.6	2.7	2.5	2.6
1989.....	3.0	6.6	3.4	3.6	2.7	4.9
1990.....	3.0	-1.4	2.9	3.4	2.2	-1.2
1991.....	3.0	-0.1	3.0	3.2	2.6	0.5
1992.....	2.3	-2.2	2.3	2.4	2.0	-1.4
1992 : 1.....	0.6	-2.1	0.4	0.5	0.5	-1.0
1992 : 2.....	0.4	0.4	0.7	0.8	0.7	0.1
1992 : 3.....	0.5	-1.2	0.4	0.0	-0.1	-1.3
1992 : 4.....	0.5	0.0	0.5	0.6	0.3	-0.2
1993 : 1.....	1.0	-1.5	0.6	0.8	0.8	0.3
1993 : 2.....	0.7	-1.8	0.6	0.7	0.5	-0.2
1993 : 3.....	0.3	0.1	0.5	0.2	0.3	-0.6

(1) Consumer price index for urban households of headed by either a wage - or a salary-earner . All households since 1991.
(2) Non financial corporate, quasi-corporate and unincorporated enterprises.

TABLE 3 : PRICES, COSTS AND PRODUCTIVITY, BUSINESS SECTOR ⁽³⁾

Period	Producer prices	Total unit costs	Intermediate consumption costs	Unit labour costs	Compensation per employee	Labour productivity
(s.a., percentage change from previous period)						
1983.....	9.2	8.6	7.7	9.7	10.3	0.5
1984.....	7.8	7.6	8.6	5.1	8.1	2.9
1985.....	5.2	4.6	4.4	4.4	7.4	2.9
1986.....	1.2	-0.8	-2.6	1.7	4.2	2.5
1987.....	1.9	1.8	1.9	1.5	4.1	2.6
1988.....	2.9	1.9	2.6	0.8	4.6	3.7
1989.....	3.9	3.5	5.1	1.2	4.2	2.9
1990.....	2.3	1.9	0.8	4.1	5.3	1.2
1991.....	2.2	2.0	1.5	3.7	4.8	1.0
1992.....	1.1	0.1	-0.8	1.8	4.0	2.2
1992 : 1.....	0.3	-0.2	-0.1	-0.3	1.1	1.4
1992 : 2.....	0.3	0.3	-0.4	0.9	0.7	-0.2
1992 : 3.....	0.1	0.0	-0.7	1.0	1.1	0.1
1992 : 4.....	0.0	0.3	-0.6	1.1	1.0	-0.1
1993 : 1.....	0.6	0.0	-0.3	0.2	0.2	0.0
1993 : 2.....	-0.1	0.0	-0.5	0.2	1.0	0.8
1993 : 3.....	-0.2	0.1	-0.1	0.3	0.8	0.5

(3) Non financial corporate, quasi-corporate and unincorporated enterprises.

TABLE 4 : INCOME OF NON FINANCIAL ENTERPRISES

CORPORATE AND UNINCORPORATED SECTOR					CORPORATE SECTOR ONLY					
Period	Gross value added	Compensation of employees	Taxes linked to production (1)	Gross operating surplus	Current taxes on income and wealth	Gross disposable income	Compensation of employees	Gross operating surplus as % of Gross value added	Gross fixed capital formation	Saving as % of gross capital formation
(s.a., percentage change from previous period)										
1983.....	10.2	9.4	13.4	10.7	4.3	16.0	68.1	26.1	17.3	64.1
1984.....	8.1	6.5	13.6	10.1	10.6	21.2	66.6	27.5	16.6	74.4
1985.....	7.9	6.1	11.3	9.5	17.7	12.0	65.2	28.4	16.9	75.7
1986.....	8.5	4.4	8.4	14.0	16.9	35.8	62.6	31.0	16.9	94.0
1987.....	4.9	4.7	5.9	5.8	14.0	11.3	62.0	31.9	17.6	94.5
1988.....	8.4	6.1	7.1	9.9	10.9	24.8	60.2	33.2	18.2	104.2
1989.....	8.3	6.8	5.2	10.0	11.4	2.7	59.7	33.5	18.7	96.8
1990.....	6.0	7.5	8.6	3.6	2.3	-1.6	60.5	32.4	18.9	88.9
1991.....	3.2	4.7	2.8	1.6	-6.6	7.1	60.9	32.1	18.3	94.6
1992.....	3.2	2.6	3.2	4.3	-25.1	9.9	60.3	32.7	17.1	107.4
1992 : 1...	1.7	0.7	-0.6	3.4	-13.3	9.2	60.1	33.2	17.3	110.3
1992 : 2...	0.0	0.2	2.2	-0.5	-11.0	-2.1	60.3	32.8	17.1	109.5
1992 : 3...	0.5	0.7	0.3	0.3	6.5	-1.5	60.3	32.7	17.1	106.8
1992 : 4...	-0.3	0.4	3.5	-1.9	0.6	-6.3	60.7	31.8	16.7	102.7
1993 : 1...	0.3	-0.6	-1.7	1.9	11.2	2.7	60.0	32.5	16.1	109.4
1993 : 2...	0.2	0.3	4.5	-0.7	-8.1	-0.4	60.0	32.0	15.8	110.6
1993 : 3...	0.5	0.3	3.2	0.1	-1.8	0.8	59.9	31.8	15.7	111.5

(1) Excluding V.A.T.

TABLE 5 : APPROPRIATION ACCOUNT FOR HOUSEHOLDS (2)

Period	Gross operating surplus	Net wages and salaries (3)	Other current transfers (4)		Current taxes on inc. and wealth	Gross disposable income	Real disposable income (5)	Savings ratio (6)	Financial savings ratio (7)
			received	paid					
(s.a., percentage change from previous period)									
1983.....	10.2	9.9	12.1	13.3	15.9	9.0	-0.6	16.0	5.6
1984.....	7.8	7.3	10.1	10.5	13.1	6.9	-0.7	14.5	4.9
1985.....	7.8	6.4	9.3	8.0	3.9	7.6	1.8	14.0	4.8
1986.....	8.1	5.0	7.1	6.1	6.5	5.3	2.6	12.9	3.5
1987.....	4.1	4.3	3.7	6.5	4.6	3.7	0.5	10.8	1.6
1988.....	6.1	5.5	6.8	6.3	0.4	6.2	3.4	11.0	2.0
1989.....	11.1	6.4	5.7	8.2	5.8	7.4	3.9	11.7	1.9
1990.....	5.7	6.7	6.4	6.1	6.2	6.7	3.8	12.4	2.8
1991.....	2.6	4.9	6.8	4.4	17.7	5.0	2.0	12.8	4.2
1992.....	5.0	3.4	5.9	4.3	3.1	3.9	1.6	12.7	3.8
1992 : 1.....	1.4	0.6	1.3	1.7	-1.6	0.8	0.3	12.6	3.7
1992 : 2.....	1.5	0.6	1.1	-0.1	2.6	0.9	0.2	12.9	4.0
1992 : 3.....	0.9	0.3	2.1	1.5	2.7	0.6	0.2	12.3	3.3
1992 : 4.....	0.9	0.9	1.5	1.0	-9.3	2.0	1.5	13.0	4.3
1993 : 1.....	1.1	0.5	1.5	-0.7	10.8	0.2	-0.4	13.4	5.0
1993 : 2.....	0.9	0.0	1.8	1.4	-0.4	0.9	0.3	13.0	5.1
1993 : 3.....	0.8	0.5	1.6	0.9	4.2	0.5	0.0	12.4	4.5

(2) Unincorporated enterprises included.

(3) Gross wages and salaries less social contributions.

(4) Received : social benefits; paid : actual and imputed social contributions.

(5) Gross disposable income deflated by households' final consumption deflator.

(6) Gross saving as % of gross disposable income.

(7) Net lending as % of gross disposable income.

TABLE 6 : INCOME OF GENERAL GOVERNEMENT

Period	Current resources				Current uses				Net borrowing requirement	
	Total	Of which :			Of which :			Fixed capital formation	as % of GDP	
		Direct taxes (1)	Indirect taxes (2)	Social security contributions	Current transfers to households	to enterprises	Final consumption			
(Billions of francs - current prices, s.a.)										
1981.....	1,480.1	273.4	457.3	620.5	641.9	70.4	604.3	98.7	60.8	1.9
1982.....	1,726.6	320.0	531.1	732.1	769.9	79.5	711.8	114.9	100.4	2.8
1983.....	1,931.2	355.5	586.9	829.5	862.3	87.4	793.5	119.4	126.4	3.2
1984.....	2,147.1	406.6	653.8	918.2	949.6	107.3	866.4	126.1	120.2	2.8
1985.....	2,319.3	429.3	705.1	992.9	1,037.4	109.9	923.0	144.3	134.7	2.9
1986.....	2,467.4	469.8	736.5	1,051.1	1,110.9	118.6	972.8	152.4	138.4	2.7
1987.....	2,617.9	499.1	781.9	1,118.0	1,151.2	117.7	1,018.6	161.8	100.4	1.9
1988.....	2,773.9	514.2	829.4	1,190.5	1,228.4	102.0	1,073.3	188.6	94.9	1.7
1989.....	2,948.6	549.9	873.1	1,285.9	1,298.9	102.7	1,122.0	205.1	78.6	1.3
1990.....	3,141.7	581.8	923.1	1,364.0	1,382.0	100.9	1,183.2	215.4	98.7	1.5
1991.....	3,273.5	634.0	925.8	1,423.7	1,477.7	98.0	1,249.5	228.5	141.2	2.1
1992.....	3,356.6	618.2	947.1	1,487.7	1,565.0	107.1	1,322.9	238.4	273.2	3.9

(1) Current taxes on income and wealth.

(2) Taxes linked to production and imports, including V.A.T.

TABLE 7 : FOREIGN TRADE

CURRENT ACCOUNT

Period	Exports (FOB)	Imports (CIF)	Trade balance				Net trade (B.O.P. basis)	Net exports of services	Balance on current account	as % of GDP
			Agricultural and agro-industry products (FOB-CIF)	Energy (FOB CIF)	Manufactured products (FOB CIF)	Total (FOB-FOB)				
1983.....	722.5	805.9	20.9	- 168.2	63.9	- 49.1	- 62.6	29.5	- 36.6	- 0.9
1984.....	850.0	909.1	24.6	- 186.9	103.1	- 24.8	- 35.9	20.0	- 10.2	- 0.2
1985.....	906.2	967.6	30.0	- 180.4	89.1	- 30.5	- 48.2	35.6	- 3.0	- 0.1
1986.....	863.7	891.8	26.0	- 89.5	35.4	- 0.6	- 19.1	31.0	12.7	0.3
1987.....	889.0	949.8	29.2	- 82.1	- 8.0	- 31.5	- 55.5	25.2	- 30.0	- 0.6
1988.....	997.6	1,063.0	39.3	- 66.5	- 38.2	- 32.7	- 50.4	27.4	- 28.8	- 0.5
1989.....	1,142.3	1,230.3	48.2	- 83.3	- 51.3	- 45.9	- 64.3	45.5	- 29.8	- 0.5
1990.....	1,177.2	1,277.5	51.2	- 93.1	- 58.4	49.6	-70.3	23.1	-53.6	-0.8
1991.....	1,221.5	1,302.9	44.5	- 94.1	- 31.9	- 29.6	- 49.8	17.6	- 34.5	- 0.5
1992.....	1,248.9	1,268.6	53.2	- 79.5	6.7	31.0	14.8	11.4	19.3	0.3
1992 : 1..	315.5	323.0	12.0	-19.3	-0.2	5.4	0.6	-6.5	-9.4	-0.5
1992 : 2..	319.5	321.6	14.9	-21.7	4.7	10.8	7.3	6.3	10.9	0.6
1992 : 3..	308.8	315.4	13.3	-20.5	0.6	6.0	-0.4	6.2	3.1	0.2
1992 : 4..	305.1	308.6	13.0	-18.0	1.5	8.8	7.3	5.5	14.6	0.8
1993 : 1..	284.3	281.8	10.3	-18.1	10.4	14.3	13.1	-5.3	5.1	0.3
1993 : 2..	293.1	284.0	14.2	-18.9	14.0	21.0	19.7	1.2	20.6	1.2
1993 : 3..	298.0	285.8	16.7	-18.0	14.0	24.1	17.3	19.7	32.2	

TABLE 8 : MONEY, INTEREST RATES, EXCHANGE RATES

Period	Money supply				Interest rates			Exchange rate		
	M2	M3	M4	Debt of domestic non financial sectors	Interbank rates Call rate	3-month Pibor	Long term public sector bonds	\$/FF	DM/FF	Effective (1990 =100)
	(Billions of francs, last day of period)				(average value for each period, n.s.a.)					
1983.....	2,138.5	2,797.8	2,797.8	3,933.8	12.55	12.47	14.41	7.622	2.982	
1984.....	2,335.9	3,105.1	3,105.1	4,426.9	11.74	11.70	13.45	8.740	3.071	
1985.....	2,473.4	3,335.1	3,338.2	4,925.9	9.94	9.95	11.91	8.985	3.052	
1986.....	2,587.7	3,556.6	3,579.3	5,329.4	7.74	7.71	9.17	6.926	3.195	
1987.....	2,699.1	3,901.6	3,941.1	5,904.9	7.98	8.27	10.22	6.011	3.345	
1988.....	2,798.9	4,227.4	4,267.9	6,604.0	7.52	7.96	9.27	5.955	3.392	
1989.....	2,921.1	4,623.6	4,686.3	7,375.8	9.07	9.40	9.11	6.380	3.393	
1990.....	2,946.9	5,034.3	5,083.9	8,210.9	9.95	10.32	9.92	5.445	3.370	100.0
1991.....	2,848.2	5,160.3	5,209.4	8,701.4	9.49	9.61	9.03	5.642	3.401	97.1
1992.....	2,810.7	5,429.5	5,485.2	9,147.9	10.35	10.34	8.60	5.294	3.390	100.0
1993.....					8.75	8.59	6.91	5.663	3.425	98.6
1992 : 1 ...	2,700.2	5,189.6	5,238.0	8,871.8	9.97	10.05	8.52	5.511	3.403	97.7
1992 : 2 ...	2,726.6	5,295.0	5,342.6	9,013.9	9.90	10.04	8.69	5.440	3.370	98.7
1992 : 3 ...	2,701.3	5,307.6	5,359.1	9,087.3	11.16	10.55	8.87	4.960	3.390	101.8
1992 : 4 ...	2,810.7	5,429.5	5,485.2	9,147.9	10.37	10.74	8.31	5.264	3.395	101.9
1993 : 1 ...	2,676.1	5,473.5	5,529.6	9,232.7	11.49	11.82	7.73	5.546	3.392	101.1
1993 : 2 ...	2,701.3	5,450.9	5,505.2	9,419.2	8.48	8.02	7.21	5.457	3.373	100.1
1993 : 3 ...	2,676.5	5,335.6	5,392.5	9,460.0	8.19	7.77	6.59	5.812	3.467	96.3
1993 : 4 ...					6.83	6.74	6.09	5.836	3.467	97.0

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