

Economic Trends

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Contents

	Page
Introduction	4
Symbols and definitions used	4
Economic Update	6
Tables and charts	
Main economic indicators for the United Kingdom	9
National accounts aggregates	10
Gross domestic product: by category of expenditure	12
Personal disposable income and consumption	14
Real consumers' expenditure - component categories	14
Retail sales, new registrations of cars and credit business	16
Gross domestic product and shares of income and expenditure	18
Income, product and spending per head	18
Gross domestic fixed capital formation	20
Indicators of fixed investment by manufacturing industry	22
Indicators of fixed investment in dwellings	24
Value of physical increase in stocks and work in progress at 1990 market prices	26
Stock ratios	26
Inland energy consumption	28
Index of output of the production industries	30
Index numbers of output at constant factor cost	32
Engineering and construction: output and orders	34
Motor vehicle production and steel production and consumption	36
Output per person employed	38
National employment and unemployment	40
Regional unemployment rates	42
Labour force survey economic activity	44
Labour force survey economic activity by age	46
Labour force survey economic activity by age: not seasonally adjusted	47
Average earnings	48
Prices	50
Visible trade	52
Measures of UK competitiveness in trade in manufactures	54
Balance of payments: current account	56
Sterling exchange rates and UK official reserves	58
Monetary aggregates	60
Counterparts to changes in M4	62
General government receipts and expenditure	64
Financial transactions of the public sector	64
Summary capital accounts and financial surplus or deficit	66
Appropriation account of industrial and commercial companies	68
Capital account and financial surplus/deficit of industrial and commercial companies	70
Financial transactions including net borrowing requirement of industrial and commercial companies	70
UK banks' lending to UK residents	72
UK banks' loans, advances and acceptances to UK residents	72
Interest rates, security prices and yields	74
A selection of asset prices	76
Number of property transactions in England and Wales	77
Cyclical indicators for the UK economy	78
Measures of variability of selected economic series	90
Articles	
International economic indicators	91
Regional economic indicators	98
Regional Accounts 1992: part I	105
The Budget: 30 November 1993	119
The economy: recent developments and prospects	126
Charities' contribution to gross domestic product	134
Index of sources	142
Release dates of economic statistics as at 31 December 1993	148
Other	

INTERNATIONAL ECONOMIC INDICATORS

(includes data up to 16 December 1993)

INTRODUCTION

The series presented here are taken from the Organisation of Economic Co-operation and Development's (OECD) Main Economic Indicators, except for the United Kingdom where several of the series are those most recently published. The series shown are for each of the G7 economies (United Kingdom, Germany, France, Italy, United States, Japan and Canada) and for the European Communities (EC) and OECD countries in aggregate.

2. The length and periodicity of the series have been chosen to show their movement over a number of years as well as the recent past. There is no attempt here to make cross country comparisons across cycles. Further, because the length and timing of these cycles varies across countries, comparisons of indicators over the same period should be treated with caution.

COMMENTARY

3. Gross Domestic Product (GDP) at constant market prices grew between 1993 Q2 and 1993 Q3 in France, Germany and Japan. In

France there was growth of 0.3 per cent, the second quarterly rise. This suggests the French economy may be emerging from recession. In Germany GDP grew by 0.7 per cent, while in Japan it grew by 0.4 per cent. It is too early to say whether GDP growth in Germany and Japan indicates the beginning of sustained recoveries.

4. Inflationary pressures in the world remain subdued. The annual change in the consumer price index in November remained unchanged on the previous month in the United Kingdom at 1.4 per cent, and in France at 2.2 per cent. The rate fell to 3.6 per cent in Germany and 4.2 per cent in Italy. In the United States it was 2.7 per cent.

5. There was no additional data for standardised unemployment rates available at the time of writing this article.

1 Gross domestic product at constant market prices: index numbers

1985 = 100

	United Kingdom ¹	Germany ²	France	Italy	EC	United States	Japan ³	Canada	Major 7	OECD
	FNAO	GABI	GABH	GABJ	GAEK	GAEH	GAEI	GAEG	GAEO	GA EJ
1980	90.5	94.4	92.7	93.3	93.0	88.2	83.2	86.7	88.7	88.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	104.4	102.3	102.5	102.9	102.9	102.9	102.7	103.3	102.9	102.9
1987	109.3	103.7	104.8	106.1	105.9	106.1	106.8	107.6	106.2	106.3
1988	114.8	107.5	109.5	110.5	110.3	110.3	113.5	113.0	111.0	111.0
1989	117.3	111.4	114.2	113.7	114.2	113.0	118.8	115.7	114.5	114.5
1990	117.8	118.0	117.1	116.1	117.7	114.4	124.6	115.6	117.2	117.4
1991	115.2	123.4	117.9	117.6	119.5	113.6	129.9	113.6	118.1	118.4
1992	114.5	124.9	119.5	118.7	120.3	116.5	131.4	114.4	120.1	120.3
1990 Q1	118.5	115.7	116.6	115.7	116.8	114.5	122.6	116.4	116.8	116.8
Q2	119.1	116.7	117.0	115.6	117.4	114.9	124.6	116.0	117.3	117.5
Q3	117.8	119.1	117.5	116.9	118.3	114.6	125.9	115.5	117.6	117.9
Q4	116.7	120.4	117.3	116.4	118.4	113.7	127.1	114.3	117.3	117.7
1991 Q1	115.8	122.7	117.1	116.9	118.9	113.0	129.1	112.5	117.4	117.8
Q2	115.2	123.9	117.7	117.5	119.5	113.5	129.9	113.7	118.0	118.3
Q3	115.1	123.4	118.4	117.6	119.6	113.9	131.0	114.0	118.3	118.6
Q4	115.3	123.7	118.6	118.3	120.0	114.0	131.8	114.2	118.6	118.9
1992 Q1	114.2	125.4	119.6	119.0	120.5	115.0	132.6	114.2	119.5	119.8
Q2	114.5	125.4	119.6	119.3	120.5	115.8	132.2	114.2	119.9	120.1
Q3	114.9	124.9	119.7	118.5	120.3	116.8	132.1	114.3	120.2	120.4
Q4	115.3	123.7	119.2	117.9	119.9	118.4	132.0	115.0	120.8	120.9
1993 Q1	115.9	121.7	118.4	117.7	119.3	118.7	133.0	116.0	120.9	121.0
Q2	116.6	122.4	118.6	118.6	..	119.2	132.1	117.0	121.2	..
Q3	117.2	123.2	118.9	..	..	120.1	132.6	117.7	..	..
Percentage change, latest quarter on corresponding quarter of previous year										
1993 Q2	2.0	-2.4	-0.8	-0.6	..	2.9	-0.1	2.5	1.1	..
Q3	2.0	-1.4	-0.7	..	..	2.8	0.4	3.0	..	..
Percentage change, latest quarter on previous quarter										
1993 Q2	0.6	0.6	0.2	0.8	..	0.4	-0.7	0.9	0.2	..
Q3	0.6	0.7	0.3	..	..	0.8	0.4	0.6	..	..

1 Estimates due to rebasing to 1990

2 Western Germany (Federal Republic of Germany before unification)

3 GNP

2 Consumer prices¹ Percentage change on year earlier

	United Kingdom	Germany ²	France	Italy	EC	United States	Japan	Canada	Major 7	OECD
1980	18.0	5.5	13.8	21.0	13.7	13.5	8.0	10.1	12.7	13.7
1985	6.1	2.2	5.8	8.6	6.2	3.5	2.0	4.0	4.0	4.8
1986	3.4	-0.1	2.7	6.1	3.7	1.9	0.4	4.2	2.1	3.0
1987	4.2	0.2	3.1	4.6	3.4	3.6	-0.2	4.3	2.9	3.6
1988	4.9	1.3	2.6	5.0	3.6	4.1	0.5	4.0	3.3	4.3
1989	7.8	2.8	3.7	6.6	5.2	4.8	2.3	5.0	4.6	5.4
1990	9.5	2.7	3.4	6.0	5.6	5.5	3.1	4.8	5.0	5.8
1991	5.9	3.5	3.2	6.5	5.0	4.2	3.3	5.6	4.3	5.2
1992	3.7	4.0	2.4	5.3	4.3	3.0	1.6	1.5	3.1	4.1
1992 Q3	3.6	3.4	2.1	5.3	4.1	3.1	1.6	1.3	3.0	3.9
Q4	3.0	3.6	1.9	4.8	3.8	3.0	0.7	1.7	2.8	3.7
1993 Q1	1.8	4.3	2.1	4.3	3.5	3.2	1.2	2.0	2.8	3.7
Q2	1.3	4.2	1.9	4.1	3.3	3.2	0.7	1.7	2.7	3.8
Q3	1.7	4.2	2.2	4.3	3.4	2.7	1.7	1.7	2.7	3.9
1992 Nov	3.0	3.7	1.6	4.7	3.8	3.0	0.4	1.7	2.7	3.7
Dec	2.6	3.7	1.9	4.7	3.6	2.9	0.9	2.1	2.7	3.6
1993 Jan	1.7	4.4	2.1	4.2	3.5	3.3	1.1	2.1	2.9	3.8
Feb	1.8	4.2	2.0	4.4	3.4	3.3	1.3	2.3	2.9	3.8
Mar	1.9	4.2	2.2	4.2	3.4	3.1	1.3	1.9	2.8	3.7
Apr	1.3	4.3	2.0	4.2	3.3	3.2	0.6	1.8	2.7	3.8
May	1.3	4.2	2.0	4.0	3.3	3.2	0.7	1.8	2.7	3.8
Jun	1.2	4.2	1.9	4.1	3.2	3.0	0.9	1.6	2.6	3.8
Jul	1.4	4.3	2.1	4.4	3.5	2.8	1.9	1.6	2.7	4.0
Aug	1.7	4.2	2.2	4.5	3.4	2.7	1.8	1.7	2.7	4.0
Sep	1.8	4.0	2.3	4.2	3.4	2.7	1.3	1.9	2.6	3.9
Oct	1.4	3.9	2.2	4.3	..	2.8	1.3	1.9	2.6	..
Nov	1.4	3.6	2.2	4.2	..	2.7	..	..	..	..

1 Components and coverage not uniform across countries

2 Western Germany (Federal Republic of Germany before unification)

3 Standardised unemployment rates: percentage of total labour force¹

	United Kingdom	Germany ²	France	Italy	EC ³	United States	Japan	Canada	Major 7	OECD
	GABF	GABD	GABC	GABE	GADR	GADO	GADP	GADN	GAEQ	GADQ
1980	6.4	2.9	6.2	7.5	6.4	7.0	2.0	7.4	5.5	5.8
1985	11.2	7.1	10.2	9.6	10.8	7.1	2.6	10.4	7.2	7.8
1986	11.2	6.4	10.4	10.5	10.8	6.9	2.8	9.5	7.1	7.7
1987	10.3	6.2	10.5	10.9	10.6	6.1	2.8	8.8	6.7	7.3
1988	8.6	6.2	10.0	11.0	9.9	5.4	2.5	7.7	6.1	6.7
1989	7.2	5.6	9.4	10.9	9.0	5.2	2.3	7.5	5.7	6.2
1990	6.8	4.8	8.9	10.3	8.4	5.4	2.1	8.1	5.6	6.1
1991	8.7	4.2	9.4	9.9	8.6	6.6	2.1	10.2	6.3	6.8
1992	9.9	4.6	10.3	10.5	9.5	7.3	2.2	11.2	6.9	7.5
1992 Q3	10.1	4.6	10.4	10.1	9.5	7.4	2.2	11.5	6.9	7.5
Q4	10.4	4.9	10.7	9.3	9.7	7.2	2.3	11.5	6.9	7.6
1993 Q1	10.5	5.3	11.0	9.0	10.1	6.9	2.3	10.9	6.8	7.6
Q2	10.3	5.6	11.4	10.6	10.6	6.9	2.4	11.3	7.0	7.9
Q3	10.3	5.9	11.7	10.2	10.8	6.7	2.5	11.3	7.0	7.9
1992 Sep	10.2	4.7	10.5	..	9.5	7.4	2.2	11.3	6.9	7.5
Oct	10.2	4.8	10.6	9.3	9.6	7.3	2.3	11.3	6.9	7.5
Nov	10.4	4.9	10.7	..	9.7	7.2	2.3	11.7	6.9	7.6
Dec	10.6	5.0	10.9	..	9.8	7.2	2.4	11.4	6.9	7.6
1993 Jan	10.7	5.2	10.9	9.0	10.0	7.0	2.3	11.0	6.8	7.6
Feb	10.5	5.3	11.0	..	10.2	6.9	2.3	10.8	6.8	7.7
Mar	10.4	5.5	11.2	..	10.4	6.9	2.3	11.0	6.9	7.7
Apr	10.3	5.6	11.4	10.6	10.5	6.9	2.3	11.3	6.9	7.8
May	10.2	5.6	11.5	..	10.6	6.8	2.5	11.3	7.0	7.8
Jun	10.2	5.7	11.6	..	10.7	6.9	2.5	11.3	7.0	7.9
Jul	10.3	5.8	11.7	10.2	10.7	6.8	2.5	11.5	7.0	7.9
Aug	10.3	5.9	11.7	..	10.8	6.7	2.5	11.3	7.0	7.9
Sep	10.2	6.0	11.8	..	10.8	6.6	2.6	11.1	6.9	7.8

1 Uses an ILO based measure of those without work, currently available for work, actively seeking work or waiting to start a job already obtained

2 Western Germany (Federal Republic of Germany before unification)

3 Excludes Denmark, Greece and Luxembourg

4

Balance of payments current account as percentage of GDP

	United Kingdom	Germany ^{1,2}	France	Italy	United States ¹	Japan ¹	Canada
1980	1.2	-1.7	-0.6	-2.3	0.1	-1.0	-0.6
1985	0.8	2.7	-0.1	-0.9	-2.9	3.6	-0.6
1986	-	4.5	0.3	0.4	-3.5	4.3	-2.3
1987	-1.1	4.1	-0.8	-0.2	-3.6	3.6	-2.1
1988	-3.4	4.2	-0.5	-0.7	-2.6	2.7	-2.6
1989	-4.2	4.9	-0.5	-1.2	-1.9	2.0	-3.6
1990	-3.1	3.1	-0.8	-1.3	-1.7	1.2	-3.9
1991	-1.1	-1.3	-0.5	-1.9	-0.1	2.1	-4.3
1992	-1.9	-1.4	0.3	-2.2	-1.1	3.2	-4.0
1992 Q2	-2.0	-0.4	0.2	-0.5	-1.2	3.2	-3.9
Q3	-1.5	-0.5	-	-0.5	-1.2	3.2	-3.1
Q4	-2.6	-0.3	0.2	-0.4	-1.5	3.4	-3.3
1993 Q1	-2.0	-0.3	..	-0.3	-1.4	3.7	-4.5
Q2	-1.7	-0.2	..	..	-1.7	2.9	-3.3

1 Balance as percentage of GNP

2 Western Germany (Federal Republic of Germany before unification)

5

Total industrial production: index numbers

1985 = 100

	United Kingdom ¹	Germany ²	France	Italy	EC	United States	Japan ³	Canada ⁴	Major 7	OECD ⁵
	DVZI	HFGA	HFFZ	HFGB	GACY	HFGD	HFGC	HFFY	GAES	GACX
1980	92.6	97.3	101.9	103.6	97.2	89.1	84.4	86.2	91.0	91.1
1985	100.0	100.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986	102.4	102.3	100.9	103.6	102.2	100.9	99.8	99.3	101.1	101.2
1987	106.5	102.6	102.8	107.6	104.7	105.9	103.3	104.1	104.9	104.9
1988	111.6	106.3	107.7	114.1	109.1	110.6	113.7	109.6	110.7	110.6
1989	114.0	111.4	112.1	117.6	113.0	112.3	120.3	109.5	113.8	113.9
1990	113.6	117.2	114.2	117.6	115.1	112.3	125.4	106.0	115.4	115.6
1991	109.2	120.7	114.1	115.4	115.1	110.2	127.8	102.2	114.8	114.9
1992	108.6	118.4	113.0	114.8	113.9	112.8	120.4	102.6	114.2	114.3
1992 Q3	109.4	118.5	113.7	112.8	113.7	112.9	120.3	102.6	114.0	114.3
Q4	110.1	112.9	110.6	112.0	111.1	114.7	117.2	104.1	113.5	113.4
1993 Q1	110.2	109.5	108.5	113.3	109.9	116.3	117.8	106.0	114.0	113.8
Q2	111.4	109.5	..	109.9	109.4	116.9	115.9	106.9	113.7	113.5
Q3	112.5	109.5	..	..	..	117.4	115.4	..	..	..
1992 Nov	109.9	113.2	109.6	114.6	111.2	114.8	116.8	104.1	113.6	113.5
Dec	109.2	110.1	108.0	107.6	108.6	115.4	116.3	104.6	112.8	112.6
1993 Jan	109.7	109.8	108.0	113.4	109.1	115.8	115.9	104.8	113.3	112.9
Feb	111.0	108.4	110.8	114.1	110.4	116.4	117.2	106.0	114.1	113.9
Mar	110.1	110.4	109.8	112.4	110.4	116.6	120.3	107.3	114.8	114.5
Apr	110.5	109.0	109.2	107.6	108.6	116.9	117.1	106.5	113.7	113.4
May	112.3	109.9	109.3	112.3	110.2	116.7	114.3	106.2	113.6	113.5
Jun	111.3	109.6	109.2	109.7	109.4	117.1	116.2	108.0	113.9	113.6
Jul	112.6	108.8	109.9	112.3	110.2	117.3	115.6	106.8	114.0	114.2
Aug	112.5	111.1	109.9	110.2	..	117.5	114.6	107.4	..	..
Sep	112.5	108.6	109.9	..	..	118.0	117.0	..	..	..
Oct	113.3	..	109.5	..	..	118.9	111.1	..	..	..
Nov	..	..	..	..	..	119.9	..	..	..	..

Percentage change: average of latest three months on that of corresponding period of previous year

1993 Oct	..	..	-3.9	..	..	4.5	-4.3	..	..	..
Nov	..	..	..	..	..	4.6	..	..	..	..

Percentage change: average of latest three months on previous three months

1993 Oct	0.6	..	0.3	..	..	0.9	-1.0	..	..	..
Nov	..	..	..	..	..	1.4	..	..	..	..

1 Estimates due to rebasing to 1990

2 Western Germany (Federal Republic of Germany before unification)

3 Not adjusted for unequal number of working days in a month

4 GDP in industry at factor cost and 1986 prices

5 Some countries excluded from area total

6 Producer prices (manufacturing) Percentage change on a year earlier

	United Kingdom	Germany ¹	France ²	Italy	EC	United States	Japan	Canada	Major 7	OECD
1980	12.8	7.1	9.2	..	..	13.5	14.8	13.3	..	..
1985	5.3	1.9	4.4	7.8	5.0	0.9	-0.8	2.8	1.9	3.0
1986	4.2	-2.4	-2.8	0.2	-0.8	-1.4	-4.7	0.9	-1.5	-1.1
1987	3.7	-0.4	0.6	3.0	1.3	2.1	-2.9	2.8	1.1	1.5
1988	4.3	1.6	5.1	3.5	3.5	2.5	-0.2	4.4	2.5	3.5
1989	4.7	3.4	5.4	5.9	5.1	5.1	2.1	1.9	4.4	5.4
1990	5.8	1.5	-1.1	4.2	2.3	5.0	1.6	0.3	3.4	3.9
1991	5.4	2.0	-1.3	3.3	2.3	2.1	1.0	-1.1	2.0	2.6
1992	3.5	1.6	-1.6	1.9	1.0	1.2	-0.8	0.5	0.6	1.7
1992 Q3	3.3	1.4	-0.9	1.9	1.0	1.5	-0.8	1.6	0.9	1.9
Q4	3.2	1.0	-1.5	2.3	1.0	1.5	-1.1	3.2	0.8	2.0
1993 Q1	3.2	0.7	-2.3	3.1	1.1	2.0	-1.1	4.0	1.2	2.5
Q2	3.7	0.0	-3.3	3.9	0.9	2.0	-1.5	3.2	1.1	2.6
Q3	3.9	-0.3	..	..	..	0.8	-1.8	2.9	..	..
1992 Oct	3.1	1.0	..	2.0	0.8	1.7	-1.1	3.0	0.9	2.1
Nov	3.2	1.0	..	2.2	0.9	1.4	-1.1	3.2	0.8	2.0
Dec	3.3	1.0	..	2.5	1.0	1.5	-1.2	3.6	0.9	2.1
1993 Jan	3.3	1.0	..	2.8	1.2	2.0	-1.1	4.4	1.3	2.5
Feb	3.2	0.7	..	2.9	1.1	2.0	-1.0	3.8	1.2	2.5
Mar	3.2	0.6	..	3.5	1.1	2.0	-1.2	3.8	1.2	2.6
Apr	3.5	0.3	..	3.7	0.9	2.5	-1.3	3.9	1.4	2.8
May	3.7	-0.1	..	3.9	0.9	2.1	-1.5	3.2	1.1	2.7
Jun	3.8	-0.3	..	4.1	0.9	1.4	-1.5	2.9	0.8	2.4
Jul	4.0	-0.2	..	4.2	1.4	1.3	-1.7	2.8	0.8	2.7
Aug	3.9	-0.2	..	..	1.4	0.6	-1.8	3.3	0.5	2.5
Sep	4.0	-0.5	..	..	..	0.5	-2.0	2.8	..	..
Oct	4.0	..	..	..	..	..	..	..	..	..

1 Western Germany (Federal Republic of Germany before unification).

2 Producer prices in intermediate goods

7 Total employment: index numbers¹

1985 = 100

	United Kingdom ²	Germany ^{3,4}	France ⁴	Italy	EC	United States ⁴	Japan	Canada ⁴	Major 7	OECD
	DMBC	GAAR	GAAU	GAAS	GADW	GADT	GADU	GADS	GAEU	GADV
1980	103.6	102	101.1	100	..	93	95	95	..	..
1985	100.0	100	100.0	100	100	100	100	100	100	100
1986	100.2	101	100.5	101	101	102	101	103	101	101
1987	102.0	102	100.9	100	102	105	102	106	103	103
1988	105.2	103	102.0	102	104	107	104	109	105	105
1989	107.8	104	103.5	101	106	109	106	111	107	107
1990	108.6	107	104.6	103	107	110	108	112	108	109
1991	105.5	109	104.8	104	108	109	110	110	108	108
1992	102.7	110	104.3	103	106	110	111	109	108	108
1992 Q2	103.9	110	104.7	105	107	110	112	109	109	109
Q3	102.6	110	104.7	104	106	111	112	112	109	109
Q4	101.6	110	103.4	102	105	110	111	109	108	108
1993 Q1	101.3	108	103.2	100	104	109	109	107	107	107
Q2	101.4	108	103.5	98	104	111	112	111	109	108
Q3	..	..	..	99	..	..	112	113	..	..
1993 May	..	108	..	..	104	111	112	111	109	108
Jun	..	108	103.5	..	104	113	113	114	109	109
Jul	..	107	..	99	103	113	112	114	109	109
Aug	..	107	..	..	..	113	112	114	109	109
Sep	..	..	..	..	..	..	112	112	..	..

Percentage change, latest quarter on that of corresponding period of previous year

1993 Q2	-2.4	-1.8	-1.1	-6.7	-2.8	0.9	0.0	1.8	0.0	-0.9
Q3	..	..	..	-4.8	..	..	0.0	0.9	..	..

Percentage change latest quarter on previous quarter

1993 Q2	0.1	0.0	0.3	-2.0	0.0	1.8	2.8	3.7	1.9	0.9
Q3	..	..	..	1.0	..	..	0.0	1.8	..	..

1 Not seasonally adjusted except for the United Kingdom

2 Estimates due to rebasing to 1990

8

1 Definitions of coverage and treatment vary among countries
2 Figures for Great Britain refer to weekly earnings; others are hourly
3 Western Germany (Federal Republic of Germany before unification)

9

1985 = 100

Percentage change average of latest three months on that of corresponding period of previous year

Percentage change average of latest three months on previous three months

10

Chart I: Gross domestic product

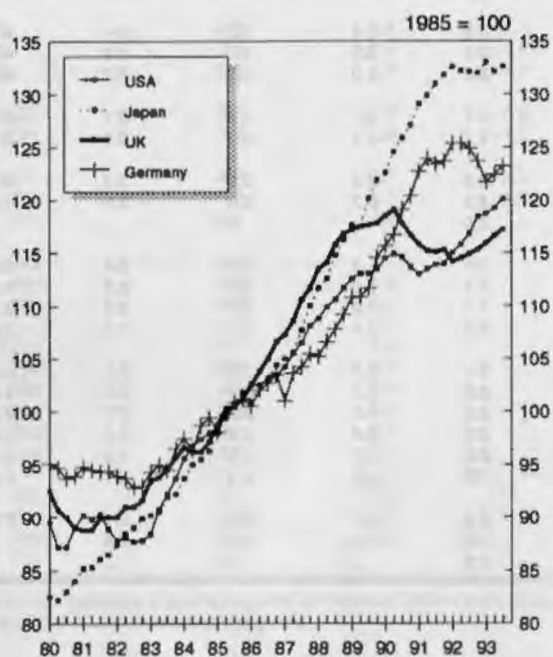


Chart II: Consumer price index

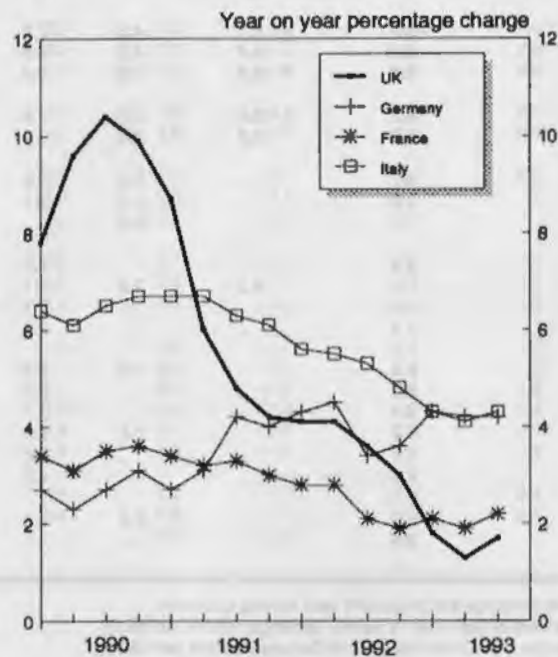


Chart III: Standardised unemployment

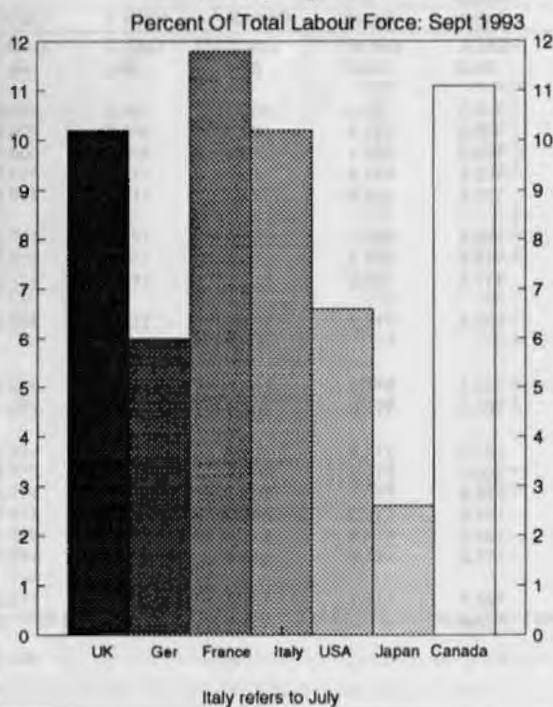


Chart IV: Current account balance - percentage of GDP at market prices

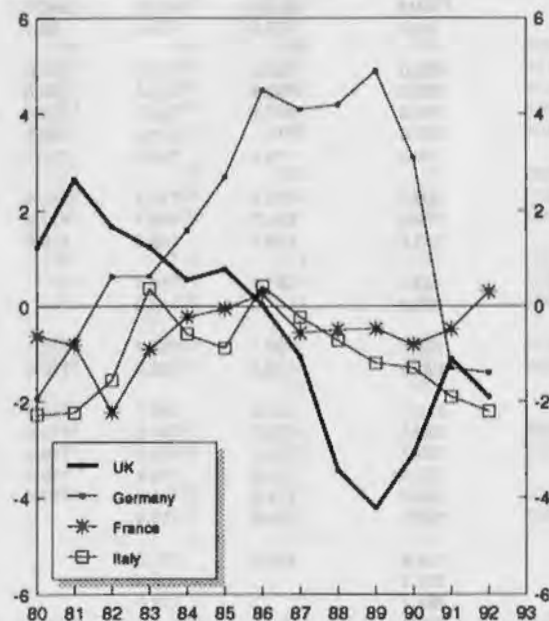


Chart V: Industrial production

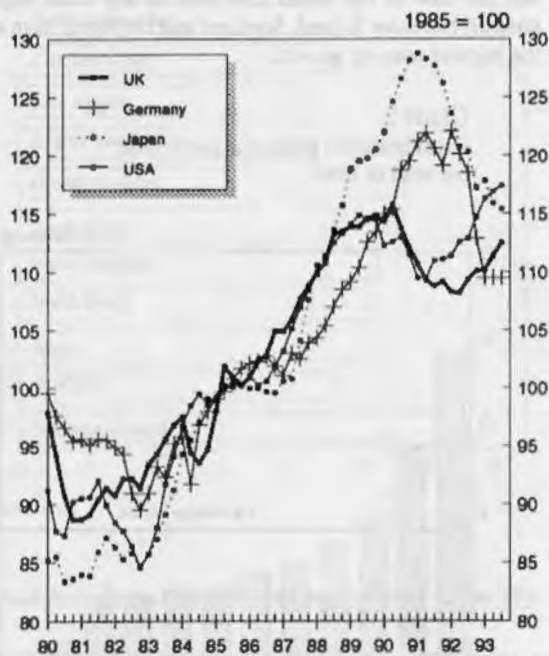


Chart VI: Producer price inflation

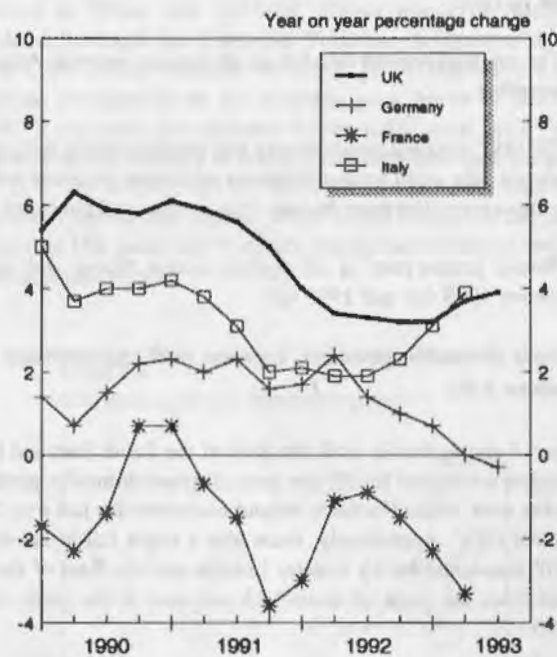


Chart VII: Employment

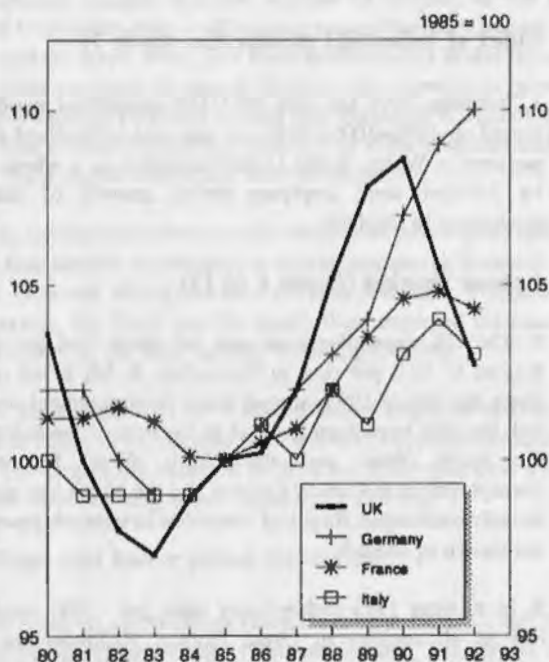
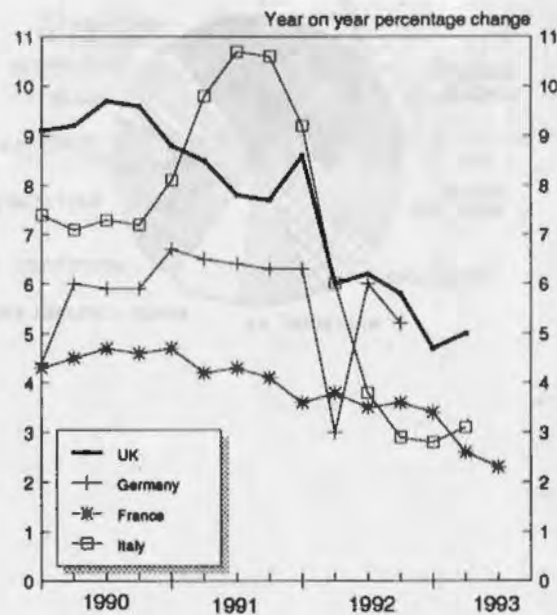


Chart VIII: Wage earnings (manufacturing)



REGIONAL ECONOMIC INDICATORS

(includes data up to 16 December)

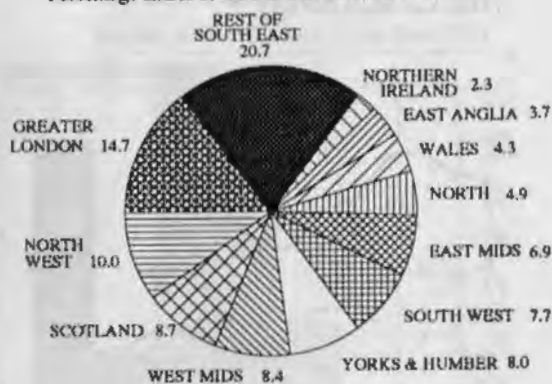
Summary

- Greater London and the Rest of the South East, combined, accounted for over a third of **gross domestic product at factor cost** in 1992.
- The **unemployment rate** fell in all regions between August and November.
- CBI/BSL regional trends survey into manufacturing indicates that between July and October **business optimism** declined across all regions except Northern Ireland, East Anglia and the North West.
- **House prices** rose in all regions except Wales and Scotland between 1993 Q2 and 1993 Q3.

Gross domestic product, income and expenditure (tables 1-6)

Chart 1 shows that in 1992 the Rest of the South East and Greater London accounted for 35 per cent of **gross domestic product at factor cost**, while Northern Ireland accounted for just over 2¼ per cent of GDP. Accordingly, there was a slight fall in the share of GDP accounted for by Greater London and the Rest of the South East from the peak of around 36 per cent in the years 1988 to 1990.

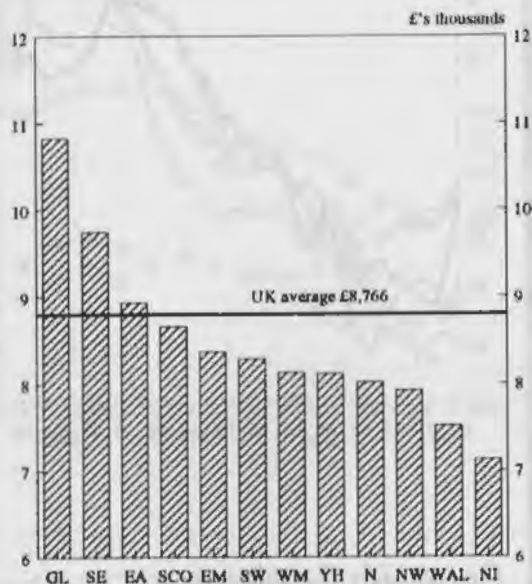
Chart 1
Percentage shares of GDP at factor cost in 1991



2. **Gross domestic product at factor cost per head** in 1992, shown in chart 2, remained highest in Greater London, the Rest of the South East and East Anglia. However growth in GDP per head, since 1990, has been slower in Greater London and the Rest of the South East than in any other region. By contrast Northern Ireland, Scotland and the North have enjoyed the highest rates of growth.

Chart 2

Gross domestic product at factor cost:
per head in 1992



Index of industrial production (table 7)

3. Between 1993 Q1 and 1993 Q2, **industrial production** (based on 1990=100) fell by 2.1 per cent in Scotland and 0.5 per cent in Wales. In the United Kingdom as a whole it rose by 1.0 per cent, implying strong growth of industrial production in England.

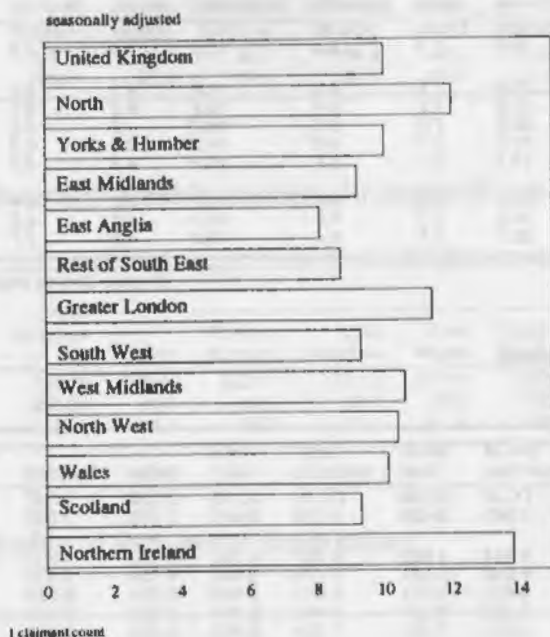
Labour market (tables 8 to 12)

4. The UK **unemployment rate** fell from 10.4 per cent in August to 10.0 per cent in November. It fell in all regions. Since the turn of 1993, around when unemployment started to fall, the falls have been greatest in the Rest of the South East, the South West and the North West. By contrast unemployment in Greater London and the North has remained broadly unchanged. Regional variations in unemployment rates are shown in chart 3.

5. In summer 1993 **redundancy rates**, per 1,000 employees, fell in all regions in Great Britain. Redundancies, as a proportion of employees, was highest in Wales and lowest in Scotland.

Chart 3

Unemployment¹ as a percentage of total workforce in November 1993



Regional trends in manufacturing (tables 13 to 17)

6. The CBI/BSL regional trends survey into manufacturing, in the four months to October, showed **business optimism** declined across most regions. The largest fall occurred in the North. Optimism rose in Northern Ireland, East Anglia and the North West.

7. Responses suggest that the **volume of output**, in the four months to October, rose in all regions except Northern Ireland, the North and the South West. The West Midlands and Wales reported the highest increases in output. **Output** was expected to grow in all regions except Northern Ireland and Yorkshire & Humberside, in the four months following October. The West Midlands and the North West expect the largest rises in output.

8. Firms reported reductions in the **volumes of new export orders**, in the four months to October, in all regions except Scotland and Wales. However all regions save the East Midlands, Yorkshire & Humberside, the North and the South West expected increases in export orders in the four months following October.

9. The percentage of firms **working below capacity** in October 1993 has fallen in all regions from the levels reported in January 1993. The largest fall occurred in Scotland where just over a third of firms were working below capacity in October.

Dwellings and house prices (tables 18-20)

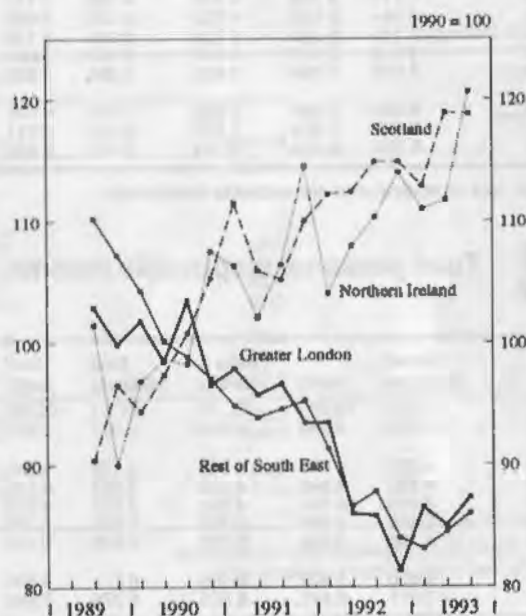
10. The numbers of **dwellings started** between 1993 Q2 and 1993 Q2 fell in all regions except Northern Ireland. The largest falls were in Scotland, the North, Greater London and the North West.

11. Between 1993 Q2 and 1993 Q3 the number of **dwellings completed** in the UK fell by 1.8 per cent. Falls in completions in the North West, Greater London, Rest of the South East and Northern Ireland more than offset rises in East Anglia, the East Midlands and the West Midlands.

12. The Department of the Environment's all dwellings **house prices** index for the UK rose 2.8 percentage points between 1993 Q2 and 1993 Q3. House prices increased in all regions except in Wales and Scotland. House prices in Northern Ireland, Scotland, the North and Yorkshire & Humberside are above the levels recorded in 1990. These regions did not feature prominently in the property price boom of the late 1980's and were less affected by the subsequent price falls. Chart 4 shows changes in house prices between from the peak in 1989 Q3 to 1993 Q3 for the Rest of the South East and Greater London (the regions where house prices fell the most since the UK peak) and Northern Ireland and Scotland (where house prices rose).

Chart 4

UK house prices in selected regions



1 Gross domestic product at factor cost: current prices

£ million and percentages

	United Kingdom ¹ (£m)	Percentage of the UK ¹											
		North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCIX	DCJF	DCJD	DCJC	DCIZ	DCPK	DCWH	DCJA	DCJB	DCJE	DCJG	DCJH	DCJI
1981	218 011	5.2	8.1	6.8	3.2	15.5	19.7	7.3	8.4	10.8	4.2	8.9	2.1
1985	289 515	5.0	8.1	6.7	3.5	14.8	20.3	7.5	8.5	10.5	4.1	8.7	2.2
1986	320 374	4.9	8.1	6.7	3.5	15.0	20.5	7.6	8.4	10.4	4.2	8.5	2.2
1987	351 254	4.9	8.0	6.7	3.5	15.1	20.6	7.6	8.4	10.3	4.2	8.5	2.1
1988	394 623	4.8	7.9	6.7	3.6	15.0	21.0	7.7	8.5	10.3	4.3	8.3	2.1
1989	434 974	4.8	7.9	6.7	3.6	15.0	21.1	7.7	8.4	10.2	4.3	8.3	2.1
1990	472 102	4.7	7.8	6.7	3.6	15.0	21.1	7.7	8.4	10.1	4.3	8.4	2.1
1991	488 971	4.8	7.9	6.8	3.6	14.8	20.9	7.7	8.4	10.0	4.3	8.5	2.2
1992	508 436	4.9	8.0	6.7	3.7	14.7	20.7	7.7	8.4	10.0	4.3	8.7	2.3

1 UK less continental shelf and statistical discrepancy.

Source: Central Statistical Office

2 Gross domestic product at factor cost: per head

	United Kingdom ¹	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCJJ	DCJR	DCJP	DCJO	DCJL	DCWS	DCJK	DCJM	DCJN	DCJQ	DCJS	DCJT	DCJU
1981	3 882	3 438	3 381	3 555	3 539	4 700	3 985	3 420	3 329	3 460	3 070	3 542	2 882
1985	5 113	4 726	4 773	4 993	5 144	6 347	5 646	4 822	4 724	4 782	4 193	4 920	4 098
1986	5 644	5 096	5 322	5 500	5 687	7 077	6 250	5 341	5 170	5 246	4 729	5 331	4 520
1987	6 170	5 590	5 730	5 991	6 133	7 846	6 852	5 854	5 670	5 685	5 219	5 813	4 789
1988	6 915	6 145	6 312	6 650	6 901	8 772	7 820	6 538	6 413	6 366	5 955	6 419	5 299
1989	7 600	6 799	6 925	7 339	7 666	9 641	8 641	7 165	7 003	6 950	6 459	7 054	5 809
1990	8 223	7 266	7 480	7 893	8 326	10 407	9 339	7 783	7 643	7 460	6 968	7 752	6 328
1991	8 481	7 675	7 777	8 239	8 511	10 656	9 501	7 999	7 837	7 664	7 218	8 123	6 882
1992	8 766	8 016	8 113	8 370	8 927	10 824	9 745	8 284	8 129	7 922	7 515	8 652	7 126

1 UK less continental shelf and statistical discrepancy.

Source: Central Statistical Office

3 Total personal disposable income: per head

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCSD	DCSM	DCSK	DCSJ	DCSG	DCSF	DCWI	DCSH	DCSI	DCSL	DCSN	DCSO	DCSP
1981	3 154	2 983	2 958	3 027	2 976	3 985	3 356	3 087	2 857	2 982	2 815	3 004	2 673
1985	4 324	4 019	4 076	4 133	4 245	5 349	4 649	4 341	3 964	4 050	3 750	4 098	3 712
1986	4 683	4 249	4 430	4 462	4 535	5 866	5 049	4 779	4 257	4 312	4 025	4 467	4 032
1987	5 043	4 591	4 761	4 837	4 910	6 303	5 390	5 096	4 638	4 659	4 395	4 832	4 329
1988	5 606	4 995	5 166	5 275	5 496	7 038	6 257	5 507	5 160	5 165	4 865	5 209	4 800
1989	6 186	5 380	5 737	5 910	6 114	8 070	6 751	6 036	5 689	5 700	5 322	5 667	5 383
1990	6 656	5 927	6 150	6 271	6 509	8 836	7 122	6 355	6 196	6 162	5 537	6 382	5 642
1991	7 071	6 441	6 575	6 779	6 943	9 079	7 388	6 710	6 489	6 746	6 052	7 092	6 108

Source: Central Statistical Office

4 Consumers' expenditure: per head

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCVD	DCVM	DCVK	DCVJ	DCVG	DCVE	DCWD	DCVH	DCVI	DCVL	DCVN	DCVO	DCVP
1981	2 758	2 517	2 453	2 588	2 621	3 463	2 974	2 742	2 598	2 649	2 510	2 802	2 285
1985	3 867	3 374	3 429	3 513	3 859	4 784	4 423	3 845	3 486	3 573	3 512	3 699	3 150
1986	4 281	3 813	3 753	3 794	4 319	5 396	4 882	4 349	3 808	3 998	3 800	3 986	3 542
1987	4 699	4 120	4 150	4 170	4 663	5 978	5 301	4 860	4 207	4 460	4 061	4 340	3 821
1988	5 293	4 551	4 698	4 730	5 276	6 803	5 897	5 417	4 806	5 028	4 572	4 930	4 319
1989	5 775	4 962	5 134	5 340	5 795	7 354	6 412	5 852	5 339	5 480	5 045	5 272	4 747
1990	6 104	5 232	5 334	5 777	6 127	7 674	6 750	6 250	5 648	5 778	5 450	5 595	5 133
1991	6 381	5 468	5 580	5 948	6 395	7 974	7 068	6 552	5 904	6 112	5 755	5 821	5 349

Source: Central Statistical Office

5 Average weekly disposable household income

£ and percentages

	United Kingdom (£)	Percentage of the UK average											
		North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCXQ	DCXR	DCXS	DCXT	DCXU	DCXV	DCXW	DCXX	DCXY	DCXZ	DCYA	DCYB	DCYC
1991	275.15	82.4	90.8	94.4	93.3	118.4	120.6	104.4	91.5	92.3	85.2	90.0	82.2
1992	280.04	86.5	89.5	100.1	100.6	111.6	119.7	102.3	90.1	92.9	87.6	91.8	78.8

Source: Family Expenditure Survey, Central Statistical Office

6 Average weekly household expenditure

£ and percentages

	United Kingdom (£)	Percentage of the UK average											
		North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCYD	DCYE	DCYF	DCYG	DCYH	DCYI	DCYJ	DCYK	DCYL	DCYM	DCYN	DCYO	DCYP
1991	256.94	82.8	86.5	97.1	96.3	115.0	119.7	111.8	92.4	94.4	89.6	84.4	90.0
1992	271.83	86.6	88.7	100.4	102.1	109.0	123.0	99.5	87.1	93.1	92.4	87.4	94.4

Source: Family Expenditure Survey, Central Statistical Office

7 Index of industrial production

Seasonally adjusted

	1990=100 ¹			1985=100	
	United Kingdom	Wales	Scotland	Northern Ireland	
	DVZI	DEOL	DEOM	DCXC	
1981	78.9	..	..	95	
1985	88.0	..	..	100	
1986	90.1	93.0	88.9	100	
1987	93.7	100.1	89.0	99	
1988	98.2	103.8	94.4	102	
1989	100.3	102.2	97.5	110	
1990	100.0	100.0	100.0	113	
1991	96.0	97.0	99.5	111	
1992	95.6	100.1	98.1	113	
1992 Q3	96.0	101.5	98.0	114	
Q4	96.6	100.3	100.8	115	
1993 Q1	96.7	99.4	99.7	118	
Q2	97.7	98.9	97.6	118	
Q3	98.7	..	..	..

1 These indices incorporate 1990 weights and changes in methodology to the measurement of manufacturing output. They are not comparable with the index for Northern Ireland based on 1985=100.

Sources: Central Statistical Office; Welsh Office; The Scottish Office; Northern Ireland Office

8 Unemployment (claimant count) as a percentage of total workforce

Seasonally adjusted

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DKKH	DKKP	DKKN	DKKM	DKKJ	DKRA	DEOB	DKCK	DKKL	DKKO	DKKQ	DKKR	DKPL
1988	8.1	11.9	9.3	7.1	5.2	6.6	4.3	6.2	8.9	10.4	9.8	11.2	15.6
1989	6.3	9.9	7.4	5.4	3.6	5.1	2.9	4.5	6.6	8.5	7.3	9.3	14.6
1990	5.8	8.7	6.7	5.1	3.7	5.0	3.1	4.4	5.8	7.7	6.7	8.1	13.3
1991	8.1	10.3	8.7	7.3	5.9	8.1	6.0	7.1	8.5	9.4	8.9	8.6	13.4
1992	9.8	11.3	10.0	9.1	7.8	10.6	8.3	9.4	10.6	10.8	10.0	9.4	14.2
1992 Dec	10.6	12.1	10.6	9.8	8.6	11.6	9.3	10.2	11.4	11.1	10.5	9.8	14.3
1993 Jan	10.6	12.1	10.7	9.9	8.7	11.6	9.5	10.2	11.4	11.2	10.6	9.8	14.3
Feb	10.6	12.1	10.6	9.8	8.6	11.6	9.4	10.1	11.3	11.0	10.4	9.8	14.3
Mar	10.5	12.0	10.5	9.6	8.5	11.6	9.3	10.0	11.2	10.9	10.3	9.6	14.2
Apr	10.5	12.1	10.5	9.6	8.5	11.6	9.2	10.0	11.2	11.0	10.3	9.7	14.1
May	10.4	12.1	10.4	9.6	8.4	11.6	9.1	9.9	11.1	10.9	10.2	9.6	13.9
Jun	10.4	12.2	10.3	9.5	8.5	11.6	9.1	9.8	11.0	10.8	10.3	9.6	14.0
Jul	10.4	12.2	10.3	9.6	8.5	11.6	9.1	9.8	11.0	10.8	10.4	9.7	14.0
Aug	10.4	12.3	10.4	9.6	8.4	11.6	9.1	9.8	11.1	10.8	10.4	9.7	14.1
Sep	10.3	12.2	10.3	9.6	8.4	11.6	9.1	9.7	11.0	10.7	10.4	9.6	14.0
Oct	10.1	12.1	10.1	9.4	8.2	11.5	8.8	9.5	10.7	10.5	10.2	9.4	13.9
Nov	10.0	12.0	10.0	9.2	8.1	11.4	8.7	9.3	10.6	10.4	10.1	9.3	13.8

Source: Employment Department

9 Long-term unemployed as a percentage of total workforce (those out of work for 12 months or more)

Percentages

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCKS	DCLA	DKY	DCKX	DKU	DCRB	DCKT	DCKV	DCKW	DCKZ	DCLB	DCLC	DCLD
1993 Jan	3.7	4.3	3.7	3.3	2.5	4.1	2.8	3.2	4.2	4.1	3.6	3.4	7.5
Apr	3.8	4.4	3.9	3.4	2.6	4.4	3.0	3.3	4.4	4.2	3.7	3.4	7.6
Jul	3.8	4.5	3.8	3.5	2.7	4.5	3.0	3.3	4.5	4.1	3.7	3.4	7.6
Oct	3.8	4.5	3.7	3.4	2.6	4.5	3.0	3.3	4.4	4.0	3.6	3.3	7.5

Source: Employment Department

10 Redundancies

Rates¹

	Great Britain	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland
	DCXD	DCXE	DCXF	DCXG	DCXH	DCXI	DCXJ	DCXK	DCXL	DCXM	DCXN	DCXO
Spring 1991	17.8	18.4	15.5	19.4	14.1	20.0	16.5	14.7	21.2	17.7	26.3	14.4
Spring 1992	15.1	16.6	16.2	19.9	17.8	14.7	14.8	14.3	16.1	13.6	16.6	9.7
Summer 1992	13.0	11.5	13.1	9.4	15.0	15.3	13.3	10.1	12.4	14.9	12.1	13.7
Autumn 1992	14.4	17.9	14.2	11.9	14.8	14.3	14.6	13.4	15.2	12.1	15.2	17.0
Winter 1992	16.1	18.1	14.2	16.6	12.1	17.0	14.9	16.5	17.4	18.9	19.7	13.0
Spring 1993	12.4	16.5	13.0	13.9	- ²	11.4	11.2	12.5	13.9	12.3	11.4	11.5
Summer 1993	11.2	14.1	12.2	11.8	- ²	12.6	10.2	10.9	11.2	10.6	15.8	8.4

¹ Redundancies per 1,000 employees.

² Sample size too small to provide a reliable estimate.

Source: Labour Force Survey, Employment Department

11 Employees in employment (all industries)

June 1990=100

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCLF	DCLM	DCLK	DCLJ	DCLG	DCRC	DCLF	DCLH	DCLI	DCLL	DCLN	DCLO	DCLP
1991	96.9	98.4	96.7	97.5	97.4	93.6	95.1	97.1	96.2	97.6	96.6	100.8	101.0
1992	94.5	96.7	95.1	96.1	94.8	90.5	92.0	94.5	92.8	95.2	94.6	100.2	101.0
1992 Dec	93.5	95.0	94.3	96.1	94.2	89.2	90.7	93.6	91.2	94.7	94.2	99.0	101.2
1993 Mar	92.8	94.0	93.5	95.0	93.7	88.4	89.9	93.8	90.3	93.7	94.2	97.9	101.0
Jun	93.1	93.7	93.7	95.5	94.0	87.9	90.1	95.0	90.4	94.0	94.4	99.1	101.0
Sep	93.5	94.6	94.0	96.3	94.1	87.8	90.1	96.0	90.5	94.8	94.6	99.2	101.4

Source: Employment Department

12 Total average gross weekly pay¹

£

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DEOG	DCQK	DCQI	DCQH	DCQE	DCPI	DEOH	DCQF	DCQG	DCQJ	DCQL	DCOM	DCQN
1991 Apr	263.80	258.00	257.90	261.30	268.90	361.10	295.30	265.60	261.10	267.10	252.20	265.30	245.90
1992 Apr	303.80	282.30	277.30	276.10	288.40	385.30	315.60	283.10	279.90	285.50	270.90	286.70	269.60
1993 Apr	316.00	288.60	287.40	285.70	292.20	408.00	328.70	298.40	291.90	298.80	281.20	296.80	282.40

¹ Average gross weekly earnings of full-time employees on adult rates whose pay for the survey pay-period was not affected by absence.

Sources: New Earnings Survey, Employment Department; Department of Economic Development, Northern Ireland

13 Manufacturing industry: optimism about business situation

Balance¹

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCMO	DCMW	DCMU	DCMT	DCMQ	DCMP	DCMR	DCMS	DCMV	DCMX	DCMY	DCMZ
1993 Jan	11	6	6	1	6	21	25	24	16	22	11	7
Apr	31	15	8	25	43	44	41	51	32	35	12	30
Jul	11	4	7	-1	8	10	3	28	6	16	33	-11
Oct	1	-19	1	-2	10	3	-3	14	8	9	21	17

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN 0960 7781

14 Manufacturing industry: volume of output

												Balance ¹
	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
Past 4 months												
	DCLQ	DCLY	DCLW	DCLV	DCLS	DCLR	DCLT	DCLU	DCLX	DCLZ	DCMA	DCMB
1993 Jan	-14	-37	-19	-4	-21	-19	-11	-14	-1	2	-11	-9
Apr	-1	-10	-8	6	3	11	5	13	2	26	-8	-12
Jul	2	-2	4	16	14	7	3	19	-4	10	4	-7
Oct	-	-4	8	4	14	3	-2	32	8	22	7	-22
Next 4 months												
	DCMC	DCMK	DCMI	DCMH	DCME	DCMD	DCMF	DCMG	DCMJ	DCML	DCMM	DCMN
1993 Oct	8	10	-4	9	13	6	8	29	25	13	15	-12

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

15 Manufacturing industry: volume of new orders

												Balance ¹
	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
Past 4 months												
	DCNA	DCNI	DCNG	DCNF	DCNC	DCNB	DCND	DCNE	DCNH	DCNJ	DCNK	DCNL
1993 Jan	-13	-33	-16	-5	-30	-16	-21	-15	-8	13	-10	-10
Apr	-	-2	-4	-1	3	10	-9	23	7	30	-8	9
Jul	8	-4	14	12	16	9	16	22	-9	-1	1	-30
Oct	-	8	-	-4	-7	1	-15	26	4	7	10	-21
Next 4 months												
	DCNM	DCNU	DCNS	DCNR	DCNO	DCNN	DCNP	DCNQ	DCNT	DCNV	DCNW	DCNX
1993 Oct	5	6	-4	-8	19	16	1	13	22	22	16	6

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

16 Manufacturing industry: volume of new export orders

												Balance ¹
	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
Past 4 months												
	DCNY	DCOG	DCOE	DCOD	DCOA	DCNZ	DCOB	DCOC	DCOF	DCOH	DCOI	DCOJ
1993 Jan	-11	-34	-10	-9	-28	-8	-5	-18	7	12	9	-9
Apr	10	-3	-	-4	3	7	6	16	12	36	16	-
Jul	7	-37	5	8	14	12	-13	1	-3	-2	10	-37
Oct	-8	-14	-15	-9	-13	-2	-27	-6	-2	1	10	-32
Next 4 months												
	DCOK	DCOS	DCOQ	DCOP	DCOM	DCOL	DCON	DCOO	DCOR	DCOT	DCOU	DCOV
1993 Oct	6	-6	-10	-14	4	4	-5	7	8	10	21	1

¹ Balance in percentage of firms reporting rises less those reporting falls.

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

17 Manufacturing industry: firms working below capacity

												Percentages
	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCOW	DCPE	DCPC	DCPB	DCOY	DCOX	DCOZ	DCPA	DCPD	DCPF	DCPG	DCPH
1993 Jan	73	74	71	64	63	76	73	81	65	66	61	86
Apr	63	70	62	61	80	68	68	75	65	56	65	79
Jul	63	62	57	55	56	66	50	79	62	62	50	62
Oct	60	57	62	59	56	58	51	67	55	54	36	69

Source: CBI/BSL Regional Trends Survey ISSN:0960 7781

18 Permanent dwellings started

Numbers

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DEOI	DCRZ	DCRX	DCRW	DCRT	DCRR	DCWL	DCRU	DCRV	DCRY	BLIA	BLFA	BLGA
1991	168 949	7 497	12 728	12 830	10 060	11 483	31 869	14 645	14 553	15 929	9 393	20 404	7 458
1992	163 626	7 734	12 680	12 703	7 866	12 123	31 810	13 698	14 414	16 049	8 913	17 932	7 704
1992 Q3	41 247	1 772	3 064	3 086	2 013	3 144	8 378	3 158	3 869	3 831	2 024	4 942	1 966
Q4	33 539	1 771	2 450	2 378	1 542	2 799	6 269	3 130	2 912	2 860	2 016	3 744	1 668
1993 Q1	50 196	1 878	3 714	3 867	2 475	3 717	9 398	3 906	4 221	5 472	3 101	6 545	1 902
Q2	52 480	2 407	3 676	4 149	2 835	4 133	10 016	4 160	3 890	5 895	2 975	6 040	2 304
Q3	47 978	2 001	3 648	4 138	2 647	3 440	9 183	4 023	3 883	4 972	2 685	5 000	2 358

Sources: Department of the Environment;
Department of the Environment, Northern Ireland

19 Permanent dwellings completed

Numbers

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DEOI	DCVZ	DCVX	DCVW	DCVT	DCVR	DCWM	DCVU	DCVV	DCVY	BLII	BLFI	BLGI
1991	188 584	7 890	13 301	15 473	10 836	16 291	37 743	17 379	15 879	17 429	10 115	19 338	6 910
1992	177 215	7 984	13 196	14 017	9 537	14 910	35 381	15 806	14 915	17 228	9 644	16 909	7 688
1992 Q3	45 255	1 866	3 153	3 557	2 379	3 492	9 215	4 383	3 871	4 139	2 518	4 833	1 849
Q4	44 630	2 435	3 442	3 777	2 233	3 787	8 505	3 618	3 750	4 708	2 342	4 166	1 867
1993 Q1	44 658	1 608	3 295	3 675	2 326	3 496	9 001	3 385	4 854	4 432	2 070	4 657	1 859
Q2	44 021	1 994	3 409	3 034	2 042	3 672	9 111	3 866	3 551	4 861	2 077	4 615	1 789
Q3	43 217	1 891	3 238	3 434	2 601	3 064	8 730	3 961	3 852	3 990	2 226	4 800	1 430

Sources: Department of the Environment;
Department of the Environment, Northern Ireland

20 House prices¹

1990=100

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCPQ	DCPY	DCPW	DCPV	DCPS	DCPJ	DCPR	DCPT	DCPU	DCPX	DCPZ	DCQA	DCQB
1991	98.6	100.6	104.1	97.5	97.2	96.0	94.7	96.8	100.0	101.4	98.6	108.4	107.2
1992	94.9	104.9	102.3	95.5	92.0	86.2	88.0	91.4	97.2	102.7	97.5	113.1	109.1
1992 Q3	95.2	105.4	103.7	96.0	93.3	85.8	87.8	91.6	96.6	103.2	96.8	114.9	110.3
Q4	91.8	111.1	95.1	91.7	88.6	81.3	84.0	87.0	94.4	101.2	93.7	114.9	114.0
1993 Q1	91.6	102.1	106.5	91.4	86.6	86.5	83.1	84.4	95.1	99.3	96.4	112.9	111.0
Q2	91.5	105.3	98.3	91.7	86.5	85.0	84.5	84.4	92.4	97.6	101.1	118.9	111.7
Q3	94.3	111.0	106.1	94.3	89.6	87.3	86.0	90.0	97.9	98.5	96.1	118.8	120.6

¹ These indices adjust for the mix of dwellings (by size and type, whether new or second-hand) and exclude those bought at non-market prices.

Source: Department of the Environment

21 Direct inward investment¹

Percentage of total UK in cash terms

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCQO	DCQW	DCQU	DCQT	DCQQ	DCQP	DCQR	DCQS	DCQV	DCQX	DCQY	DCQZ
1990	100.0	8.5	8.7	2.9	8.2	17.3	0.7	14.2	12.1	7.2	16.2	4.0
1991	100.0	6.9	11.4	2.0	6.6	17.5	0.3	9.2	13.9	19.0	8.6	4.6
1992	100.0	9.3	5.3	-	8.4	4.1	1.8	9.8	6.6	28.5	16.8	9.3

¹ Breakdown of the inward investment reported by companies to the Invest in Britain Bureau.

Source: DTI Invest in Britain Bureau

22 VAT registrations and deregistrations: net change¹

Thousands

	United Kingdom	North	Yorks & Humber	East Midlands	East Anglia	Greater London	Rest of South East	South West	West Midlands	North West	Wales	Scotland	Northern Ireland
	DCYQ	DCYS	DCYT	DCYU	DCYV	DEON	DEOK	DCYX	DCYY	DCYZ	DCZA	DCZB	DCZC
1990	55.0	1.6	3.3	3.1	1.4	9.2	14.8	3.7	4.2	6.1	2.1	4.2	1.3
1991 ²	3.0	0.1	0.6	0.2	-	2.0	-1.2	-1.4	-	1.5	-0.4	0.9	0.6
1992 ²	-41.0	-1.5	-2.8	-2.2	-1.9	-6.9	-11.0	-6.2	-3.3	-3.5	-2.1	-0.3	0.6

¹ Registrations less deregistrations.

² Includes adjustments to allow for the effects of changes introduced in the

Source: Department of Trade and Industry

Regional Accounts 1992: Part 1

J.S. Virdee, Central Statistical Office

This article presents provisional estimates of gross domestic product (GDP) by standard region for 1992, together with 1991 estimates for the counties of England and Wales and the regions of Scotland.

The latest figures published in this article show that:

- in 1992, the South East accounted for over 35 per cent of the GDP of the UK, compared with about 30 per cent of the population.
- GDP per head in Greater London was 23 per cent higher than the UK average in 1992, down almost 2 percentage points from 1991, whereas Scotland, Northern Ireland and the North have seen the second successive year of increases relative to the UK.
- in 1992, income from employment was the source of 70 per cent of GDP in Scotland, compared with about 63 to 64 per cent in East Anglia, Wales and the South West.
- county figures for GDP per head in 1991 show Merseyside continuing to decline, whilst Surrey fell for the first time in more than a decade.

Gross Domestic Product by Region

In 1992, total UK GDP is estimated to have been £514 billion, an increase of 4 per cent in cash terms from 1991. Within the UK total, over a third of GDP is still accounted for by the South East, with Greater London contributing about 15 per cent (see Chart 1). However, the last two or three years have seen Scotland, Northern Ireland, Yorkshire and Humberside and the North increase their shares of the UK total, mainly at the expense of the South East and the North West.

There are wide variations in GDP per head between the regions, with the South East having the highest levels, and Greater London being significantly higher than the rest of the South East. Provisional estimates for 1992 are £10,800 and £9,700 respectively. The differential between Greater London and the Rest of the South East takes account of the fact that employment income is recorded on a residence basis, so that income of commuters is included in the region where they live, not where they work. The highest GDP per

head outside the South East is in East Anglia, £8,900 in 1992, followed by Scotland which overtook the East Midlands in 1992.

Many of the differences in the levels of regional GDP per head are long-standing, and there are relatively small year to year changes. In 1992 regional growth in GDP per head was strongest in Scotland. Northern Ireland, the North, Yorkshire and Humberside and Wales, as well as Scotland, have performed better than average for the last two years. Greater London and the South East have seen their GDP per head, relative to the UK average, fall for three successive years, and in 1992, East Midlands also showed a drop.

Over the last ten years there has been significant variation in regions' economic performances. Table A gives regional GDP and GDP per head for 1982 and 1992. The growth in regional GDP as a percentage of the UK total between these two years has been greatest in East Anglia, with a large increase in the early part followed by steady growth for the second half of the period (see Table 1). Other regions also showing growth were the Rest of the South East and the South West.

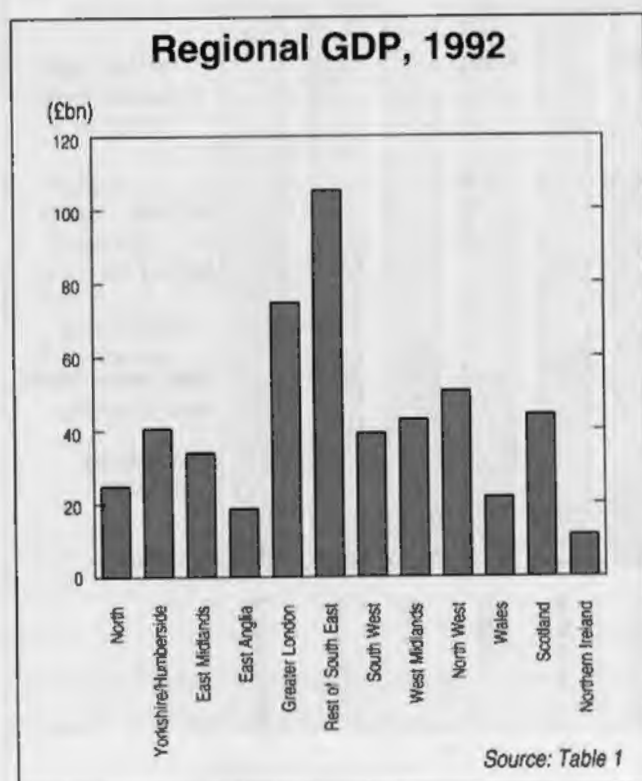


Table A

GDP & GDP per head (UK¹ = 100)

Region	GDP share		GDP per head	
	1982	1992 ²	1982	1992 ²
United Kingdom (=100%)	£224bn	£508bn	£3,985	£8,766
North	5.2	4.9	94.3	91.4
Yorkshire & Humberside	8.2	8.0	94.0	92.5
East Midlands	6.7	6.7	97.9	95.5
East Anglia	3.3	3.7	98.3	101.8
South East	34.6	35.4	114.5	116.0
Greater London	14.9	14.7	124.3	123.5
Rest of South East	19.7	20.7	108.1	111.2
South West	7.4	7.7	94.9	94.5
West Midlands	8.3	8.4	90.1	92.7
North West	10.9	10.0	95.1	90.4
England	84.6	84.8	101.8	101.6
Wales	4.3	4.3	85.8	85.7
Scotland	9.0	8.7	97.7	98.7
Northern Ireland	2.2	2.3	79.6	81.3

1. Excluding the Continental Shelf

2. Provisional

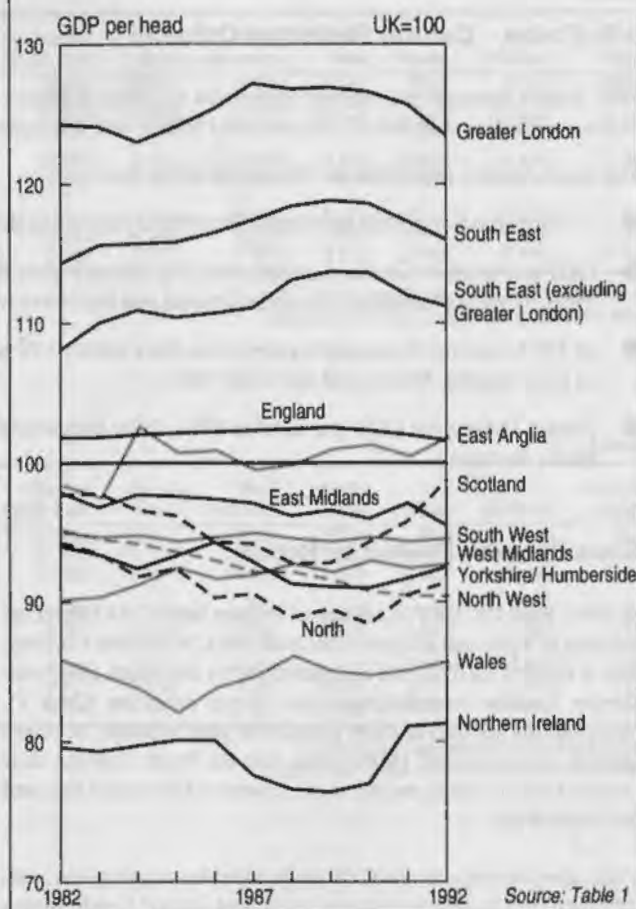
Scotland's share of the UK total fell during the first half of the period, but has increased steadily over the later part of the period. The North West has shown a continuous decline of share over the ten years. Changes to GDP are to some extent matched by fluctuations in population, therefore changes in regions' GDP per head are smaller than those in regions' GDP share. Growth in GDP per head compared with the UK average was strongest in East Anglia followed by Rest of South East and Northern Ireland; it was weakest in the North and North West.

Although the above remarks are mainly based on changes in regional GDP and GDP per head between 1982 and 1992, it should be clear from Chart 2 and Table 1 that this is only a partial description of the changes in regions' performance over this period. In Scotland, for example, GDP per head relative to the UK rose during the early 1980's, declined continuously from 1984 to 1989 but now seems to be on an upward trend again. On the other hand, Greater London's relative standing worsened at the beginning of the decade, then began to recover but is now again on the decline.

Part of the explanation for the wide variation in regional GDP per head and changes therein lies in the marked differences in the industrial structures of the regions (see Chart 3). Very significant but short term factors, such as changes in the sterling price of oil, may affect industries, and therefore regions, very differently. A detailed industrial analysis of GDP is given in Table 3, and changes to the industrial classification used for this are described in background note 11.

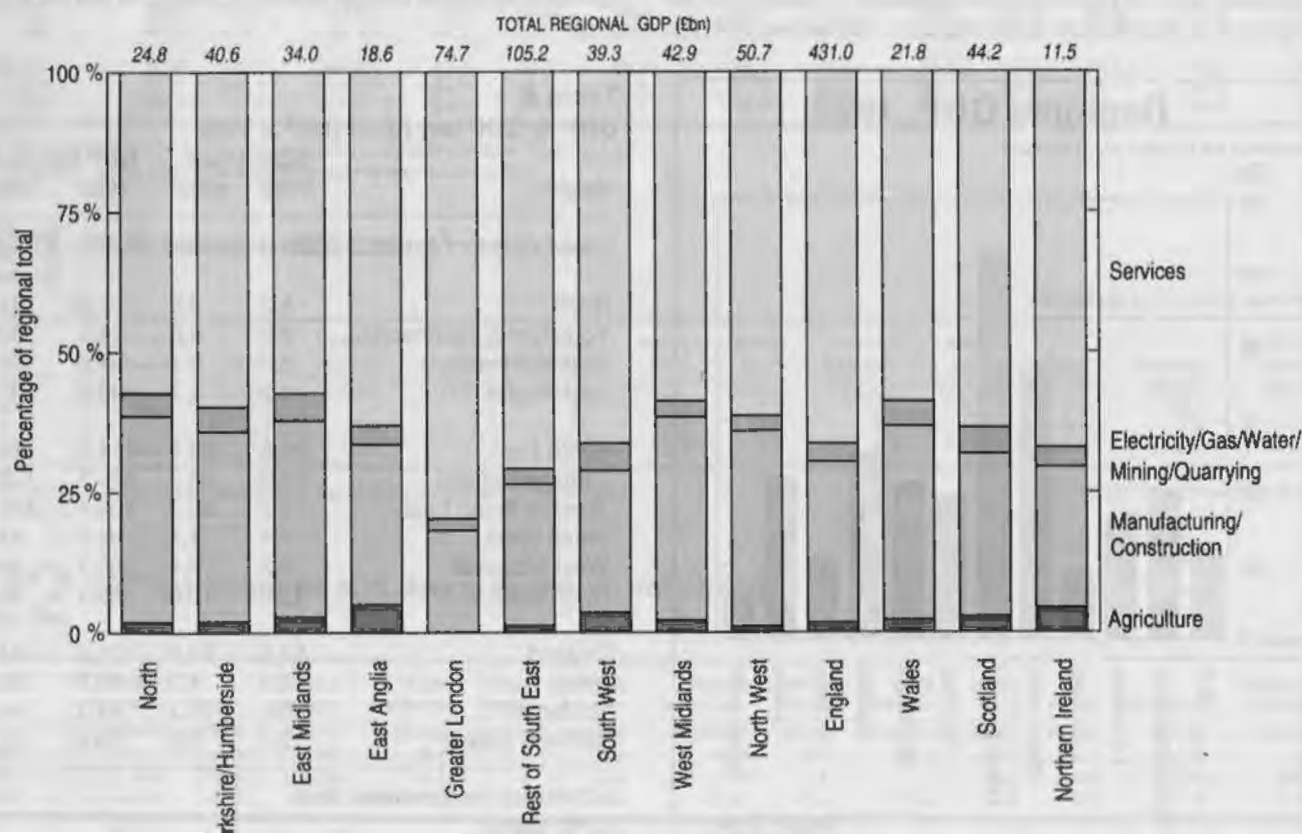
The 1992 industrial breakdown figures suggest a continuation of the falls in the output of construction industries in most English regions. Mining and quarrying, including oil extraction, show falls in 1992 in the North, North West, Yorkshire and Humberside, East and West Midlands and Wales. The Distribution, hotels, catering and repairs sector has seen falls in 1992 in the South East, East Anglia and the North, even in cash terms, offset by increases in other regions.

GDP per head by region, 1982-1992



Source: Table 1

GDP by Broad Industry Groups 1992



Diversity of the Regions

There is much diversity between the regions of the UK. Scotland, Wales, Northern Ireland and the regions of England are all different in character, industrial structure and economic performance. The table below shows some of the differences in size of the regions. Scotland has the largest area, but has a small population relative to its size; the North West has the smallest area, but the second largest population. The South East is densely populated; with 17.7 million people, it has three times the population of any other region. At the other extreme, Northern Ireland has a population of only 1.6 million. These large variations in the regions' populations are reflected in the size of the regional GDP. In 1992, this varied from £11.5 billion in Northern Ireland to £180 billion in the South East. The Continental Shelf, which is treated as a separate region in the accounts, contributed £6 billion (see background note 14).

The wide variation in the size of the regions makes it difficult to compare the regions' economic performance using total GDP; comparisons are therefore usually expressed in terms of amounts per head of the population. However, it is important to note that the growth in total GDP may be quite different to the growth in GDP per head in regions where the population has increased or decreased. Furthermore, the level of GDP per head is determined both by the average amount of earnings of the working population and by the proportion of dependants. In Northern Ireland, for example, households have a high proportion of children (26 per cent of the population was aged under 16 in 1991 compared with 18 to 21 per cent in other regions). This will tend to depress GDP per head. Ideally the age structure of the population should therefore be taken into account when comparing GDP per head.

Key Regional Statistics - Percentages of the UK

Region	Area	Population 1992	GDP 1992	Consumers' Expenditure 1991	Personal Income 1991	Civilian Workforce 1992
	sq km	million	£bn	£bn	£bn	million
United Kingdom (=100%)	242,500	58.0	514.4	367.9	518.7	27.9
North	6.4	5.3	4.9	4.6	4.8	5.0
Yorkshire & Humberside	6.4	8.6	8.0	7.5	7.9	8.4
East Midlands	6.4	7.0	6.7	6.5	6.7	6.8
East Anglia	5.2	3.6	3.7	3.6	3.6	3.5
South East	11.2	30.5	35.4	35.4	35.3	32.4
Greater London	0.7	11.9	14.7	14.7	14.6	14.4
Rest of South East	10.6	18.6	20.7	20.7	20.7	18.0
South West	9.8	8.2	7.7	8.4	7.8	7.9
West Midlands	5.4	9.1	8.4	8.4	8.4	9.1
North West	3.0	11.0	10.0	10.6	10.4	10.7
England	53.8	83.4	84.8	85.1	84.9	83.8
Wales	8.6	5.0	4.3	4.5	4.1	4.5
Scotland	31.8	8.8	8.7	8.1	8.7	9.0
Northern Ireland	5.8	2.8	2.3	2.3	2.3	2.7

1. Excluding the Continental Shelf

2. Provisional

Gross Domestic Product by County

There is wide variation between the counties of England and Wales, the regions of Scotland, and Northern Ireland, in size and population. Table 4 presents estimates of GDP for these areas from 1987 to 1991, and also gives their population, employment and unemployment rates. The size of the employed population is a major factor in determining a county's GDP. Other factors are average wage levels and profitability, which tend to reflect the counties' industrial structure. These differences are reflected in the size of both total GDP and GDP per head. GDP by county measures the value of goods and services produced in a county; it does not measure the income of residents of a county.

In 1991, GDP varied from under £1 billion in the Isle of Wight and the Borders region of Scotland to £85 billion in Greater London. This estimate for Greater London is higher than that given in the regional tables because these county estimates measure GDP on a workplace basis rather than a residence basis, so that the income from employment of commuters is allocated to the county where they work rather than where they live.

In order to compare the economic performance of counties varying so much in size, it is necessary to use an indicator such as GDP per head of population or GDP per person employed. Comparisons of such indices over time should be made with care for reasons explained in the Box. The most commonly used measure is GDP per head indexed to UK=100 to enable comparisons between years. It is important to note that the estimates of GDP per head use resident population as the denominator. The implication of using this in conjunction with the workplace-based GDP figures is that the productivity of urban areas into which workers commute will tend to be overstated by this indicator, while that of surrounding areas in which they live will be understated.

The large map shows the counties grouped into bands according to the level of GDP per head compared with the UK average in 1991. The smaller map shows the counties grouped into the sub-regions described below.

The county map, and Table 4, show that there is considerable variation in the levels of GDP per head within the counties of most regions. In the South East, for example, the average GDP per head for the region as a whole was 17 per cent above the national average, but in the Isle of Wight and in East Sussex it was 29 and 12 per cent, respectively, below the national average.

The county with by far the highest GDP per head in 1991, as in other years, was Greater London. At £12,400 this is 146 per cent of the UK average excluding the Continental Shelf, reflecting not only the dominance of the capital as an industrial and commercial centre, but also the inclusion of commuters' wages and salaries. The next highest GDP per head is estimated to have been Grampian, at £11,400 (135 per cent) a large increase on the previous period due mainly to a surge in oil related activity. This was followed by Berkshire at £10,900 (129 per cent), and Buckinghamshire and Cumbria, both at 113 per cent. At the other end of the scale, Mid Glamorgan's GDP per head is estimated to have been £5,900 (69 per cent of UK average), followed by Isle of Wight (71 per cent), Cornwall (73 per cent) and Merseyside (74 per cent).

Many of the differences between counties' GDP per head are long-standing, but some have seen significant changes in their relative levels. The greatest increase between 1981 and 1991 has been in Buckinghamshire, which has risen from 92 to 113 per cent of the UK average. Clwyd, Grampian, Berkshire, Surrey, Wiltshire, Oxfordshire

and Northamptonshire have all experienced strong growth in GDP per head during this period. On the other hand, some counties have seen significant falls in their position relative to the UK. Merseyside's GDP per head has fallen from 89 per cent of the UK average to 74 per cent. The Central and Fife regions of Scotland, South Yorkshire and Northumberland have also had large falls over the decade, relative to the UK average.

Where a county relies heavily on employment in one industry, its GDP is particularly sensitive to changes in the profitability of and employment in that industry. The changing fortunes of the oil industry probably gives the clearest example and can cause large movements in the GDP of counties with oil refineries such as Dyfed and areas with North Sea oil related activity such as Grampian. The long term decline of manufacturing as a percentage of GDP is reflected in the relative decline of industrial counties such as Cleveland and Merseyside.

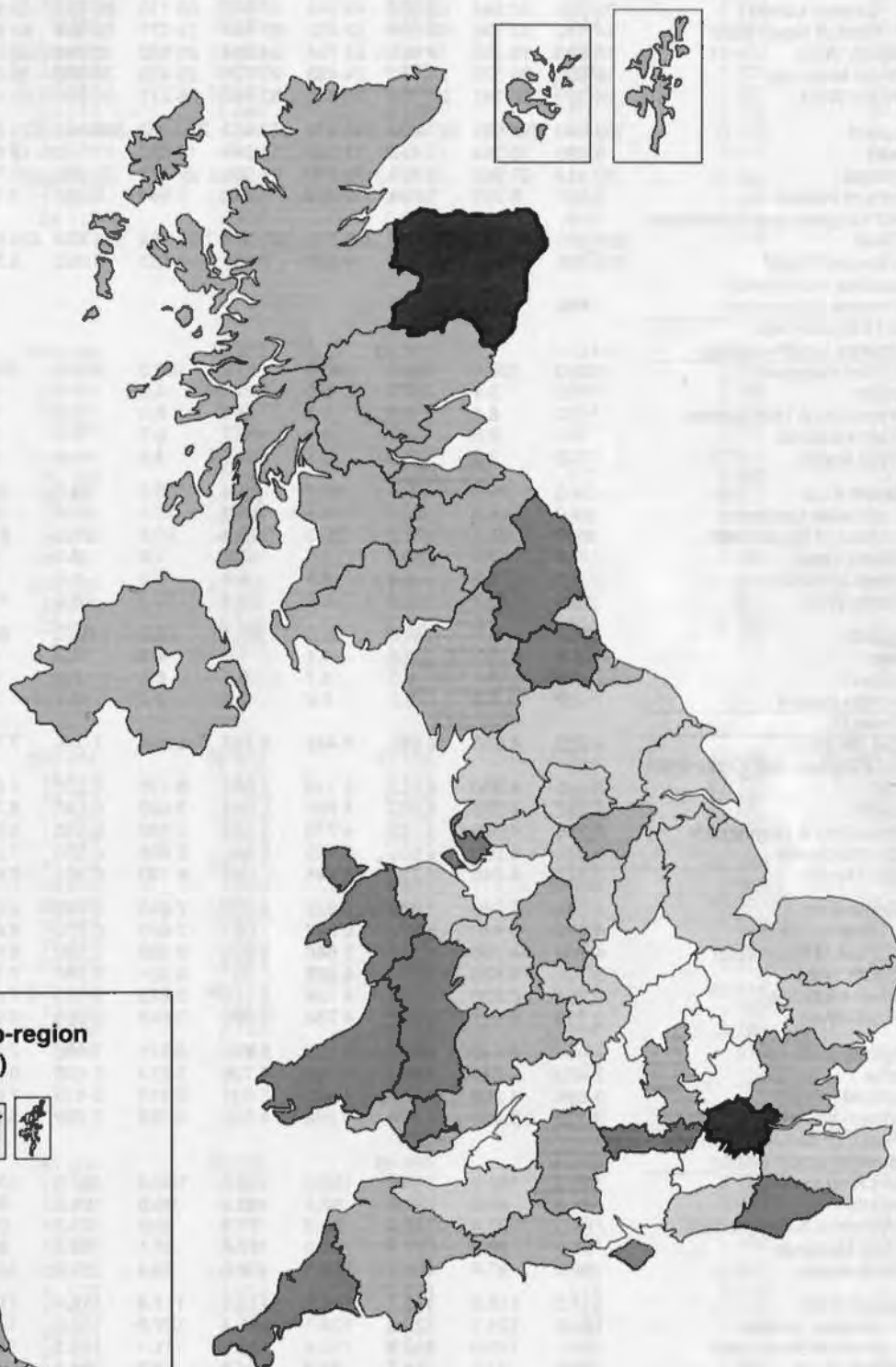
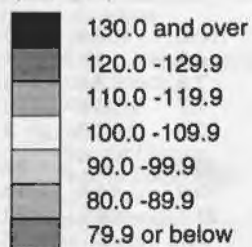
GDP by sub-region (NUTS level 2)

The Nomenclature of Territorial Units for Statistics (NUTS) is a classification intended to provide a single, uniform breakdown of territorial units for the production of European Community regional statistics. The current NUTS structure has three hierarchical levels. For the UK, level 1 equates to the standard regions and level 3 to the counties of England and Wales and the regions of Scotland. Northern Ireland is defined as a level 1 region with no further breakdown. Level 2 areas are aggregations of level 3 areas, often referred to as sub-regions. The NUTS is referred to in Community regulations on the Structural Funds, and used for decisions regarding the eligibility of the areas for assistance.

The small map shows sub-regions grouped according to the level of GDP per head, relative to the UK average. Table 5 shows total GDP and GDP per head for each of the UK sub-regions, for the years 1987, 1989 and 1991.

GDP per head by county¹ (NUTS level 3) comparison with UK average (UK=100)

GDP per head
(UK=100)



**GDP per head by sub-region
(NUTS level 2)**



¹ Local authority regions in Scotland; Northern Ireland is not sub-divided.

1 Gross domestic product Factor cost: current prices

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992 ¹
£ million											
United Kingdom	238 385	261 225	280 653	307 902	328 272	360 675	401 428	441 759	478 886	494 824	514 594
North	11 673	12 636	13 104	14 584	15 696	17 200	18 872	20 894	22 347	23 671	24 842
Yorkshire & Humberside	18 392	19 992	20 901	23 396	26 075	28 080	31 008	34 214	37 042	38 527	40 584
East Midlands	15 029	16 287	17 470	19 459	21 559	23 619	26 402	29 350	31 720	33 168	33 999
East Anglia	7 487	8 172	9 175	10 107	11 327	12 350	14 040	15 673	17 143	17 796	18 644
South East	77 621	85 883	91 322	101 802	113 507	125 390	142 036	156 980	170 292	174 673	179 973
Greater London	33 509	36 544	38 323	42 949	47 948	53 119	59 081	65 142	70 707	72 496	74 737
Rest of South East	44 112	49 338	52 998	58 853	65 559	72 271	82 955	91 838	99 585	102 177	105 236
South West	16 624	18 252	19 495	21 704	24 264	26 862	30 294	33 336	36 320	37 784	39 317
West Midlands	18 602	20 372	21 781	24 483	26 785	29 470	33 388	36 526	39 891	41 183	42 901
North West	24 361	26 391	27 754	30 538	33 440	36 217	40 509	44 341	47 657	48 880	50 697
England	189 790	207 985	221 002	246 072	272 652	299 189	336 548	371 314	402 413	415 681	430 958
Wales	9 599	10 364	10 845	11 789	13 340	14 803	17 012	18 556	20 078	20 833	21 783
Scotland	20 117	21 969	22 924	25 270	27 300	29 718	32 700	35 909	39 556	41 485	44 220
Northern Ireland	4 881	5 349	5 704	6 384	7 082	7 544	8 362	9 195	10 055	10 972	11 475
United Kingdom less Continental Shelf	224 386	245 668	260 475	289 515	320 374	351 254	394 623	434 974	472 102	488 971	508 436
Continental Shelf ²	213 336	15 662	19 008	18 387	7 898	9 421	6 805	6 785	6 784	5 863	5 946
Statistical discrepancy (income adjustment)	663	-105	1 170	-	-	-	-	-	-	-10	212
United Kingdom less Continental Shelf ³ = 100%											
United Kingdom	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North	5.2	5.1	5.0	5.0	4.9	4.9	4.8	4.8	4.7	4.8	4.9
Yorkshire & Humberside	8.2	8.1	8.0	8.1	8.1	8.0	7.9	7.9	7.8	7.9	8.0
East Midlands	6.7	6.6	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.8	6.7
East Anglia	3.3	3.3	3.5	3.5	3.5	3.5	3.6	3.6	3.6	3.6	3.7
South East	34.6	35.0	35.1	35.2	35.4	35.7	36.0	36.1	36.1	35.7	35.4
Greater London	14.9	14.9	14.7	14.8	15.0	15.1	15.0	15.0	15.0	14.8	14.7
Rest of South East	19.7	20.1	20.3	20.3	20.5	20.6	21.0	21.1	21.1	20.9	20.7
South West	7.4	7.4	7.5	7.5	7.6	7.6	7.7	7.7	7.7	7.7	7.7
West Midlands	8.3	8.3	8.4	8.5	8.4	8.4	8.5	8.4	8.4	8.4	8.4
North West	10.9	10.7	10.7	10.5	10.4	10.3	10.3	10.2	10.1	10.0	10.0
England	84.6	84.7	84.8	85.0	85.1	85.2	85.3	85.4	85.2	85.0	84.8
Wales	4.3	4.2	4.2	4.1	4.2	4.2	4.3	4.3	4.3	4.3	4.3
Scotland	9.0	8.9	8.8	8.7	8.5	8.5	8.3	8.3	8.4	8.5	8.7
Northern Ireland	2.2	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.2	2.3
Per head, £ ⁴											
United Kingdom	4 222	4 638	4 950	5 438	5 783	6 335	7 035	7 718	8 341	8 582	8 869
United Kingdom less Continental shelf ²	3 985	4 360	4 613	5 113	5 644	6 170	6 915	7 600	8 223	8 481	8 766
North	3 757	4 076	4 237	4 726	5 096	5 590	6 145	6 799	7 266	7 675	8 016
Yorkshire & Humberside	3 746	4 072	4 262	4 773	5 322	5 730	6 312	6 925	7 480	7 777	8 113
East Midlands	3 902	4 220	4 509	4 993	5 500	5 991	6 650	7 339	7 893	8 239	8 370
East Anglia	3 917	4 245	4 730	5 144	5 687	6 133	6 901	7 666	8 326	8 511	8 927
South East	4 564	5 040	5 336	5 922	6 575	7 241	8 189	9 030	9 754	9 949	10 166
Greater London	4 952	5 410	5 673	6 347	7 077	7 846	8 772	9 641	10 407	10 656	10 824
Rest of South East	4 308	4 796	5 117	5 646	6 250	6 852	7 820	8 641	9 339	9 501	9 745
South West	3 781	4 126	4 370	4 822	5 341	5 854	6 538	7 165	7 783	7 999	8 284
West Midlands	3 591	3 936	4 208	4 724	5 170	5 670	6 413	7 003	7 643	7 837	8 129
North West	3 788	4 117	4 340	4 782	5 246	5 685	6 366	6 950	7 460	7 664	7 922
England	4 056	4 440	4 707	5 223	5 770	6 311	7 080	7 786	8 412	8 648	8 908
Wales	3 420	3 691	3 863	4 193	4 729	5 219	5 955	6 459	6 968	7 218	7 515
Scotland	3 894	4 266	4 455	4 920	5 331	5 813	6 419	7 054	7 752	8 123	8 652
Northern Ireland	3 173	3 466	3 679	4 098	4 520	4 789	5 299	5 809	6 328	6 882	7 126
Per head, United Kingdom less Continental Shelf ³ = 100											
United Kingdom	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
North	94.3	93.5	91.8	92.4	90.3	90.6	88.9	89.5	88.4	90.5	91.4
Yorkshire & Humberside	94.0	93.4	92.4	93.3	94.3	92.9	91.3	91.1	91.0	91.7	92.5
East Midlands	97.9	96.8	97.7	97.6	97.4	97.1	96.2	96.6	96.0	97.1	95.5
East Anglia	98.3	97.4	102.5	100.6	100.8	99.4	99.8	100.9	101.2	100.4	101.8
South East	114.5	115.6	115.7	115.8	116.5	117.4	118.4	118.8	118.6	117.3	116.0
Greater London	124.3	124.1	123.0	124.1	125.4	127.2	126.8	126.9	126.6	125.7	123.5
Rest of South East	108.1	110.0	110.9	110.4	110.7	111.1	113.1	113.7	113.6	112.0	111.2
South West	94.9	94.6	94.7	94.3	94.6	94.9	94.5	94.3	94.6	94.3	94.5
West Midlands	90.1	90.3	91.2	92.4	91.6	91.9	92.7	92.1	92.9	92.4	92.7
North West	95.1	94.4	94.1	93.5	92.9	92.1	92.1	91.5	90.7	90.4	90.4
England	101.8	101.8	102.0	102.1	102.2	102.3	102.4	102.5	102.3	102.0	101.6
Wales	85.8	84.7	83.7	82.0	83.8	84.6	86.1	85.0	84.7	85.1	85.7
Scotland	97.7	97.8	96.6	96.2	94.5	94.2	92.8	92.8	94.3	95.8	98.7
Northern Ireland	79.6	79.5	79.7	80.1	80.1	77.6	76.6	76.4	77.0	81.1	81.3

1 Provisional.

2 Gross domestic product for the Continental Shelf region does not include income from employment, which is allocated to the region of residence of the employee.

3 The regional estimates of GDP are income-based and are linked to the average estimate of United Kingdom GDP by a statistical discrepancy. This discrepancy is excluded from the figures for the United Kingdom less Continental Shelf.

2 Factor incomes in the gross domestic product

Factor cost: current prices

	£ million					
	Income from employment	Income from self- employment	Gross trading profits and surpluses	Less stock appreciation	Rent ¹	Gross domestic product
1989						
United Kingdom	283 454	54 440	73 191	7 061	37 735	441 759 ²
North	13 511	1 946	4 249	408	1 596	20 894
Yorkshire & Humberside	22 170	4 191	6 070	631	2 414	34 214
East Midlands	18 997	3 908	4 645	496	2 297	29 350
East Anglia	9 690	2 631	2 293	244	1 303	15 673
South East	103 627	19 269	20 831	2 187	15 440	156 980
Greater London	43 315	6 745	8 367	838	7 553	65 142
Rest of South East	60 312	12 524	12 464	1 349	7 887	91 838
South West	21 310	5 669	3 946	537	2 950	33 336
West Midlands	23 996	4 248	5 820	684	3 147	36 526
North West	28 701	4 483	8 259	813	3 710	44 341
England	242 002	46 345	56 113	6 001	32 856	371 314
Wales	11 365	2 475	3 546	312	1 480	18 556
Scotland	24 110	4 117	5 621	619	2 681	35 909
Northern Ireland	5 977	1 503	1 149	152	718	9 195
Continental Shelf ³	-	-	6 762	-23	-	6 785
Statistical discrepancy (income adjustment)	-	-	-	-	-	-
1990						
United Kingdom	312 358	61 138	68 561	6 131	42 960	478 886 ²
North	14 813	2 271	3 824	352	1 790	22 347
Yorkshire & Humberside	24 254	4 765	5 785	545	2 783	37 042
East Midlands	20 643	4 357	4 404	434	2 750	31 720
East Anglia	10 730	2 923	2 171	217	1 537	17 143
South East	114 665	21 489	18 417	1 797	17 518	170 292
Greater London	48 194	7 987	6 947	623	8 202	70 707
Rest of South East	66 471	13 502	11 470	1 174	9 317	99 585
South West	23 288	6 235	3 743	489	3 544	36 320
West Midlands	26 553	4 868	5 509	614	3 575	39 891
North West	31 457	5 048	7 829	757	4 080	47 657
England	266 403	51 956	51 681	5 206	37 578	402 413
Wales	12 396	2 880	3 455	282	1 628	20 078
Scotland	26 997	4 720	5 356	501	2 983	39 556
Northern Ireland	6 561	1 581	1 280	138	771	10 055
Continental Shelf ³	-	-	6 789	5	-	6 784
Statistical discrepancy (income adjustment)	-	-	-	-	-	-
1991						
United Kingdom	328 257	58 533	63 182	2 522	47 384	494 824 ²
North	15 649	2 477	3 737	131	1 940	23 671
Yorkshire & Humberside	25 761	4 586	5 229	183	3 134	38 527
East Midlands	21 691	4 234	4 405	183	3 021	33 168
East Anglia	11 299	2 854	2 013	88	1 718	17 796
South East	119 022	20 302	16 791	698	19 256	174 673
Greater London	49 826	7 649	6 357	285	8 949	72 496
Rest of South East	69 196	12 653	10 434	413	10 307	102 177
South West	24 591	5 805	3 581	214	4 020	37 784
West Midlands	27 877	4 640	4 903	291	4 055	41 183
North West	32 970	4 687	7 042	295	4 475	48 880
England	278 860	49 585	47 700	2 083	41 618	415 681
Wales	13 245	2 657	3 232	87	1 787	20 833
Scotland	28 906	4 745	4 877	204	3 161	41 485
Northern Ireland	7 246	1 547	1 420	59	818	10 972
Continental Shelf ³	-	-	5 952	89	-	5 863
Statistical discrepancy (income adjustment)	-	-	-	-	-	-10
1992⁴						
United Kingdom	341 009	58 060	66 476	2 216	51 053	514 594 ²
North	16 756	2 227	3 850	91	2 100	24 842
Yorkshire & Humberside	27 112	4 709	5 513	167	3 417	40 584
East Midlands	22 332	4 071	4 511	160	3 245	33 999
East Anglia	11 810	2 904	2 140	80	1 870	18 644
South East	122 322	19 908	17 708	592	20 627	179 973
Greater London	51 277	7 452	6 808	214	9 415	74 737
Rest of South East	71 045	12 456	10 901	378	11 212	105 236
South West	25 321	5 818	4 001	180	4 358	39 317
West Midlands	28 701	4 738	5 266	255	4 452	42 901
North West	33 938	4 659	7 512	294	4 883	50 697
England	288 291	49 034	50 501	1 820	44 951	430 958
Wales	13 872	2 664	3 408	91	1 929	21 783
Scotland	31 139	4 683	5 271	191	3 318	44 220
Northern Ireland	7 707	1 680	1 290	55	854	11 475
Continental Shelf ³	-	-	6 006	60	-	5 946
Statistical discrepancy (income adjustment)	-	-	-	-	-	212

¹ Including imputed charges for consumption of non-trading capital.

² See footnote 3 to Table 1.

³ See footnote 2 to Table 1.

⁴ Provisional.

3 Gross domestic product by industry groups¹ Factor cost: current prices

£ million

	1989	1990	1991	1992 2	1989	1990	1991	1992 ²
	North				Yorkshire & Humberside			
Agriculture, hunting, forestry and fishing	409	444	443	454	696	757	771	786
Mining, Quarrying inc Oil and Gas Extraction	388	371	405	349	643	608	703	550
Manufacturing ³	6 966	7 014	7 089	7 408	10 248	10 702	10 563	11 154
Electricity, Gas, Water	582	575	724	685	946	932	1 206	1 230
Construction	1 694	1 727	1 801	1 719	2 649	2 784	2 652	2 626
Distribution, hotels and catering; repairs	2 449	2 765	3 149	3 069	5 160	5 634	6 096	6 141
Transport, storage and communication	1 512	1 665	1 639	1 673	2 595	2 785	2 810	2 805
Financial & business services, etc ⁴	3 168	3 511	3 590	4 057	5 372	6 356	6 491	7 210
Public administration and defence ⁵	1 132	1 330	1 459	1 730	1 913	2 143	2 359	2 524
Education, social work and health services	2 212	2 424	2 624	2 793	3 481	3 812	3 968	4 565
Other services	1 053	1 222	1 342	1 555	1 888	2 075	2 261	2 517
Adjustment for financial services	-672	-702	-595	-650	-1 377	-1 546	-1 355	-1 524
Total	20 894	22 347	23 671	24 842	34 214	37 042	38 527	40 584
	East Midlands				East Anglia			
Agriculture, hunting, forestry and fishing	835	855	914	942	834	904	910	920
Mining, Quarrying inc Oil and Gas Extraction	740	666	782	641	64	76	90	103
Manufacturing ³	9 325	9 645	9 733	9 777	3 857	4 052	3 982	4 033
Electricity, Gas, Water	784	784	1 006	1 015	331	360	508	524
Construction	2 214	2 316	2 224	2 143	1 321	1 399	1 328	1 307
Distribution, hotels and catering; repairs	4 110	4 533	4 812	4 916	2 290	2 545	2 609	2 562
Transport, storage and communication	1 988	2 151	2 219	2 192	1 477	1 560	1 597	1 791
Financial & business services, etc ⁴	4 969	5 769	5 969	6 230	3 104	3 570	3 575	3 850
Public administration and defence ⁵	1 762	2 009	2 126	1 901	955	1 068	1 227	1 442
Education, social work and health services	2 453	2 702	2 830	3 432	1 422	1 575	1 706	1 823
Other services	1 152	1 355	1 488	1 771	781	898	1 007	1 093
Adjustment for financial services	-981	-1 065	-936	-959	-763	-864	-743	-803
Total	29 350	31 720	33 168	34 000	15 673	17 143	17 796	18 644
	South East				Greater London			
Agriculture, hunting, forestry and fishing	1 148	1 251	1 258	1 293	57	46	46	46
Mining, Quarrying inc Oil and Gas Extraction	295	371	427	481	121	153	185	210
Manufacturing ³	28 768	28 992	28 947	29 502	9 806	9 655	9 915	9 986
Electricity, Gas, Water	3 008	3 047	3 928	4 000	1 101	1 122	1 399	1 418
Construction	11 527	12 118	11 270	10 574	3 736	4 198	3 945	3 541
Distribution, hotels and catering; repairs	23 066	25 012	25 916	25 614	9 416	10 328	10 431	10 359
Transport, storage and communication	15 965	17 464	17 588	18 122	7 671	8 357	8 356	8 548
Financial & business services, etc ⁴	52 043	57 417	55 565	58 975	26 137	28 506	27 197	28 878
Public administration and defence ⁵	9 907	11 340	12 187	12 841	3 734	4 364	4 670	4 938
Education, social work and health services	12 728	13 983	15 085	16 278	5 737	5 892	6 295	6 775
Other services	9 913	11 265	12 346	13 010	4 801	5 439	6 000	6 324
Adjustment for financial services	-11 389	-11 967	-9 844	-10 717	-7 176	-7 354	-5 942	-6 286
Total	156 980	170 292	174 673	179 973	65 142	70 707	72 496	74 737
	Rest of South East				South West			
Agriculture, hunting, forestry and fishing	1 091	1 205	1 212	1 247	1 207	1 331	1 376	1 372
Mining, Quarrying inc Oil and Gas Extraction	175	218	242	271	136	221	322	504
Manufacturing ³	18 961	19 337	19 032	19 516	7 339	7 622	7 609	7 420
Electricity, Gas, Water	1 906	1 926	2 529	2 582	1 013	1 068	1 406	1 427
Construction	7 791	7 920	7 325	7 032	2 927	3 059	2 728	2 514
Distribution, hotels and catering; repairs	13 650	14 683	15 485	15 254	5 313	5 564	5 859	6 018
Transport, storage and communication	8 294	9 106	9 232	9 574	2 355	2 498	2 439	2 638
Financial & business services, etc ⁴	25 906	28 911	28 368	30 097	7 466	8 422	8 415	8 885
Public administration and defence ⁵	6 173	6 976	7 517	7 903	2 935	3 362	3 711	3 999
Education, social work and health services	6 992	8 091	8 790	9 503	2 984	3 382	3 625	4 121
Other services	5 112	5 826	6 347	6 687	1 725	1 985	2 165	2 455
Adjustment for financial services	-4 213	-4 614	-3 902	-4 431	-2 064	-2 194	-1 872	-2 037
Total	91 838	99 585	102 177	105 236	33 336	36 320	37 784	39 317

See footnotes on next page.

3 Gross domestic product by industry groups¹ Factor cost: current prices (Cont'd)

£ million

	1989	1990	1991	1992 ²	1989	1990	1991	1992 ²
	West Midlands				North West			
Agriculture, hunting, forestry and fishing	744	828	870	884	422	469	483	493
Mining, Quarrying inc Oil and Gas Extraction	256	246	282	187	97	99	102	74
Manufacturing ³	12 395	13 120	12 726	12 964	14 438	14 936	14 607	14 742
Electricity, Gas, Water	827	819	1 050	1 062	1 202	1 155	1 387	1 309
Construction	2 612	2 709	2 571	2 603	3 004	3 124	3 017	2 952
Distribution, hotels and catering; repairs	5 082	5 604	5 914	6 020	6 100	6 969	7 193	7 523
Transport, storage and communication	2 458	2 649	2 714	2 798	3 676	3 958	3 999	4 117
Financial & business services, etc ⁴	6 923	7 793	7 980	8 814	8 714	9 545	9 502	10 156
Public administration and defence ⁵	1 748	1 981	2 211	2 261	2 378	2 583	2 852	2 898
Education, social work and health services	3 238	3 742	4 071	4 324	4 157	4 510	4 888	5 364
Other services	1 698	1 948	2 143	2 394	2 298	2 561	2 819	3 159
Adjustment for financial services	-1 456	-1 547	-1 348	-1 410	-2 143	-2 250	-1 967	-2 091
Total	36 526	39 891	41 183	42 901	44 341	47 657	48 880	50 697
	England				Wales			
Agriculture, hunting, forestry and fishing	6 295	6 839	7 024	7 144	449	454	463	473
Mining, Quarrying inc Oil and Gas Extraction	2 621	2 657	3 113	2 889	225	192	195	125
Manufacturing ³	93 337	96 083	95 257	97 001	5 557	5 921	6 008	6 041
Electricity, Gas, Water	8 691	8 740	11 215	11 252	627	621	746	849
Construction	27 948	29 236	27 591	26 437	1 311	1 449	1 334	1 491
Distribution, hotels and catering; repairs	53 570	58 626	61 548	61 864	2 498	2 795	2 925	3 005
Transport, storage and communication	32 025	34 729	35 007	36 136	1 302	1 408	1 333	1 305
Financial & business services, etc ⁴	91 759	102 382	101 087	108 176	2 850	3 116	3 303	3 540
Public administration and defence ⁵	22 730	25 817	28 131	29 595	1 363	1 596	1 694	1 719
Education, social work and health services	32 674	36 131	38 797	42 702	2 003	2 091	2 330	2 602
Other services	20 508	23 307	25 572	27 954	968	1 068	1 096	1 236
Adjustment for financial services	-20 845	-22 135	-18 660	-20 193	-595	-634	-594	-604
Total	371 314	402 413	415 681	430 957	18 556	20 078	20 833	21 783
	Scotland				Northern Ireland			
Agriculture, hunting, forestry and fishing	1 117	1 203	1 153	1 204	463	427	450	487
Mining, Quarrying inc Oil and Gas Extraction	603	731	870	851	25	26	32	31
Manufacturing ³	8 504	9 280	9 161	9 498	1 791	2 108	2 317	2 159
Electricity, Gas, Water	972	929	1 171	1 250	293	293	365	366
Construction	2 945	3 161	3 145	3 342	670	683	678	732
Distribution, hotels and catering; repairs	4 765	5 361	5 932	6 220	1 180	1 294	1 460	1 461
Transport, storage and communication	3 200	3 379	3 459	3 561	530	554	588	611
Financial & business services, etc ⁴	6 298	7 021	7 143	8 258	1 412	1 540	1 581	1 730
Public administration and defence ⁵	2 705	2 919	3 169	3 570	1 229	1 344	1 437	1 721
Education, social work and health services	4 396	5 080	5 329	5 544	1 282	1 403	1 554	1 661
Other services	2 152	2 371	2 682	2 843	623	709	792	858
Adjustment for financial services	-1 748	-1 878	-1 730	-1 921	-305	-325	-283	-340
Total	35 909	39 556	41 485	44 221	9 195	10 055	10 972	11 475
	United Kingdom							
Agriculture, hunting, forestry and fishing	8 324	8 923	9 091	9 309				
Mining, Quarrying inc Oil and Gas Extraction	10 259	10 390	10 073	9 842				
Continental shelf	6 785	6 784	5 863	5 946				
Manufacturing ³	109 189	113 392	112 743	114 698				
Electricity, Gas, Water	10 583	10 583	13 498	13 717				
Construction	32 874	34 529	32 748	32 002				
Distribution, hotels and catering; repairs	62 013	68 076	71 865	72 549				
Transport, storage and communication	37 057	40 071	40 387	41 613				
Financial & business services, etc ⁴	102 319	114 058	113 114	121 704				
Public administration and defence ⁵	28 028	31 676	34 430	36 605				
Education, social work and health services	40 355	44 704	48 010	52 509				
Other services	24 251	27 456	30 142	32 892				
Adjustment for financial services	-23 493	-24 972	-21 267	-23 058				
Statistical discrepancy (income adjustment)	-	-	-10	212				
United Kingdom	441 759	478 886	494 824	514 594				

1 Gross domestic product is shown for each industry after deducting stock appreciation.

2 Provisional.

3 Definition of manufacturing as revised in SIC 92.

4 Financial intermediation, real estate, renting, business activities, including rent on dwellings.

5 Public administration, national defence and compulsory social security.

	Population ('000s) 1991	Area (sq.km) 1991	Population per sq.km 1991	Emp ('000s) 1991	Unemp rate (%) 1991	Gross domestic product (£ million)		
						1987	1989	1991
United Kingdom ¹	57 656	242 494	238	21 636	9	351 254	434 974	488 971
Cleveland	558	583	956	199	12	3 171	4 075	4 221
Cumbria	490	6 810	72	183	6	3 547	4 087	4 679
Durham	604	2 436	248	189	11	2 855	3 621	4 054
Northumberland	307	5 032	61	88	9	1 459	1 829	1 982
Tyne and Wear	1 126	540	2 084	418	12	6 168	7 283	8 734
North	3 084	15 401	200	1 077	11	17 200	20 894	23 671
Humberside	874	3 512	249	321	10	5 149	6 435	7 135
North Yorkshire	721	8 309	87	260	5	4 249	5 196	6 051
South Yorkshire	1 293	1 560	829	436	12	6 600	7 824	8 787
West Yorkshire	2 066	2 039	1 013	799	8	12 082	14 759	16 553
Yorkshire and Humberside	4 954	15 420	321	1 815	9	28 080	34 214	38 527
Derbyshire	940	2 631	357	338	8	5 101	6 331	7 181
Leicestershire	891	2 553	349	355	7	5 832	7 131	7 903
Lincolnshire	593	5 915	100	193	8	3 026	3 905	4 586
Northamptonshire	587	2 367	248	224	7	3 531	4 554	5 061
Nottinghamshire	1 015	2 164	469	381	9	6 129	7 429	8 438
East Midlands	4 026	15 630	258	1 491	8	23 619	29 350	33 168
Cambridgeshire	670	3 409	197	259	6	4 387	5 497	6 173
Norfolk	759	5 368	141	268	7	4 245	5 398	6 107
Suffolk	662	3 797	174	239	6	3 719	4 778	5 517
East Anglia	2 091	12 573	166	767	6	12 350	15 673	17 796
Bedfordshire	534	1 235	433	200	8	3 171	4 214	4 562
Berkshire	752	1 259	598	328	5	5 521	7 084	8 234
Buckinghamshire	640	1 883	340	251	6	4 037	5 446	6 155
East Sussex	716	1 795	399	218	9	3 303	4 265	4 750
Essex	1 549	3 672	422	478	8	8 002	10 238	10 843
Greater London	6 803	1 579	4 308	3 254	9	61 998	75 811	84 510
Hampshire	1 579	3 777	418	592	7	9 774	11 972	13 798
Hertfordshire	990	1 634	606	377	7	6 527	7 997	8 662
Isle of Wight	127	381	332	40	10	606	730	759
Kent	1 539	3 731	412	516	8	8 212	10 648	12 009
Oxfordshire	580	2 608	222	224	5	3 585	4 588	5 157
Surrey	1 036	1 679	617	371	..	6 366	8 437	9 420
West Sussex	714	1 989	359	261	5	4 289	5 550	5 850
South East	17 558	27 222	645	7 110	8	125 390	156 980	174 673
Avon	962	1 346	715	398	8	6 136	7 473	8 505
Cornwall	475	3 564	133	134	12	2 116	2 689	2 937
Devon	1 040	6 711	155	346	9	5 196	6 700	7 679
Dorset	663	2 654	250	214	8	3 663	4 503	5 037
Gloucestershire	539	2 643	204	198	6	3 460	4 169	4 609
Somerset	469	3 451	136	156	7	2 648	3 330	3 651
Wiltshire	575	3 481	165	221	6	3 643	4 473	5 365
South West	4 723	23 849	198	1 668	8	26 862	33 336	37 784
Hereford and Worcestershire	686	3 927	175	237	7	3 472	4 343	4 943
Shropshire	413	3 490	118	148	7	2 047	2 678	3 176
Staffordshire	1 047	2 716	386	361	8	5 555	6 956	7 542
Warwickshire	490	1 981	247	182	7	2 857	3 573	4 038
West Midlands	2 619	899	2 913	1 066	11	15 539	18 975	21 484
West Midlands	5 255	13 013	404	1 994	9	29 470	36 526	41 183
Cheshire	966	2 328	415	358	7	6 355	7 847	8 493
Greater Manchester	2 562	1 287	1 990	932	10	15 393	18 188	20 155
Lancashire	1 408	3 063	460	481	8	7 469	9 853	11 139
Merseyside	1 441	652	2 210	443	15	6 999	8 452	9 092
North West	6 377	7 331	870	2 215	10	36 217	44 341	48 880
Clwyd	414	2 428	170	138	8	2 196	2 827	3 247
Dyfed & Powys	470	10 865	43	137	8	2 371	2 756	3 006
Gwent	447	1 377	325	150	9	2 298	2 915	3 257
Gwynedd	240	3 865	62	73	10	1 125	1 437	1 555
Mid Glamorgan	542	1 017	533	150	12	2 370	3 012	3 186
South Glamorgan	406	417	973	175	9	2 528	3 241	3 819
West Glamorgan	369	817	451	119	10	1 915	2 368	2 762
Wales	2 886	20 768	139	942	9	14 803	18 556	20 833
Borders	104	4 672	22	37	6	559	623	719
Central	273	2 631	104	96	9	1 526	1 883	2 029
Dumfries and Galloway	148	6 370	23	51	7	787	959	1 085
Fife	349	1 307	267	110	10	1 831	2 172	2 509
Grampian	516	8 704	59	249	4	3 678	4 565	5 893
Highlands & Islands	276	30 697	9	106	8	1 501	1 661	2 040
Lothian	751	1 755	428	333	8	4 990	6 206	7 038
Strathclyde	2 298	13 537	170	836	11	12 686	15 243	17 209
Tayside	393	7 493	52	145	8	2 160	2 597	2 962
Scotland	5 107	77 167	66	1 963	9	29 718	35 909	41 485
Northern Ireland	1 504	14 130	113	594	14	7 544	9 195	10 972

4 (continued) Gross domestic product by county at factor cost: current prices

	Gross domestic product per head (£)			Gross domestic product per head (UK=100)		
	1987	1989	1991	1987	1989	1991
United Kingdom ¹	6 170	7 600	8 481	100.0	100.0	100.0
Cleveland	5 719	7 372	7 571	92.7	97.0	89.3
Cumbria	7 286	8 314	9 555	118.1	109.4	112.7
Durham	4 769	6 066	6 709	77.3	79.8	79.1
Northumberland	4 850	6 024	6 454	78.6	79.3	76.1
Tyne and Wear	5 430	6 456	7 760	88.0	84.9	91.5
North	5 590	6 799	7 675	90.6	89.5	90.5
Humberside	6 083	7 516	8 160	98.6	98.9	96.2
North Yorkshire	6 020	7 194	8 395	97.6	94.7	99.0
South Yorkshire	5 094	6 041	6 797	82.6	79.5	80.2
West Yorkshire	5 887	7 142	8 011	95.4	94.0	94.5
Yorkshire and Humberside	5 730	6 925	7 777	92.9	91.1	91.7
Derbyshire	5 553	6 811	7 641	90.0	89.6	90.1
Leicestershire	6 631	7 995	8 871	107.5	105.2	104.6
Lincolnshire	5 267	6 654	7 739	85.4	87.6	91.2
Northamptonshire	6 285	7 906	8 619	101.9	104.0	101.6
Nottinghamshire	6 082	7 321	8 310	98.6	96.3	98.0
East Midlands	5 991	7 339	8 239	97.1	96.6	97.1
Cambridgeshire	6 829	8 392	9 215	110.7	110.4	108.7
Norfolk	5 766	7 211	8 042	93.4	94.9	94.8
Suffolk	5 856	7 454	8 335	94.9	98.1	98.3
East Anglia	6 133	7 666	8 511	99.4	100.9	100.4
Bedfordshire	6 029	7 934	8 539	97.7	104.4	100.7
Berkshire	7 454	9 465	10 943	120.8	124.5	129.0
Buckinghamshire	6 497	8 585	9 615	105.3	113.0	113.4
East Sussex	4 732	5 992	6 629	76.7	78.8	78.2
Essex	5 258	6 682	7 001	85.2	87.9	82.6
Greater London	9 157	11 221	12 422	148.4	147.6	146.5
Hampshire	6 359	7 744	8 740	103.1	101.9	103.1
Hertfordshire	6 614	8 099	8 716	107.2	106.6	102.8
Isle of Wight	4 778	5 599	5 996	77.4	73.7	70.7
Kent	5 437	6 988	7 804	88.1	92.0	92.0
Oxfordshire	6 203	7 944	8 897	100.5	104.5	104.9
Surrey	6 363	8 437	9 097	103.1	111.0	107.3
West Sussex	6 127	7 874	8 198	99.3	103.6	96.7
South East	7 241	9 030	9 949	117.4	118.8	117.3
Avon	6 451	7 843	8 841	104.6	103.2	104.2
Cornwall	4 669	5 793	6 181	75.7	76.2	72.9
Devon	5 144	6 505	7 384	83.4	85.6	87.1
Dorset	5 647	6 856	7 599	91.5	90.2	89.6
Gloucestershire	6 626	7 874	8 554	107.4	103.6	100.9
Somerset	5 855	7 225	7 779	94.9	95.1	91.7
Wiltshire	6 613	8 010	9 329	107.2	105.4	110.0
South West	5 854	7 165	7 999	94.9	94.3	94.3
Hereford and Worcestershire	5 220	6 432	7 204	84.6	84.6	85.0
Shropshire	5 164	6 640	7 700	83.7	87.4	90.8
Staffordshire	5 407	6 695	7 201	87.6	88.1	84.9
Warwickshire	5 900	7 396	8 244	95.6	97.3	97.2
West Midlands	5 921	7 255	8 203	96.0	95.5	96.7
West Midlands	5 670	7 003	7 837	91.9	92.1	92.4
Cheshire	6 676	8 187	8 788	108.2	107.7	103.6
Greater Manchester	5 966	7 043	7 868	96.7	92.7	92.8
Lancashire	5 408	7 085	7 909	87.6	93.2	93.3
Merseyside	4 805	5 837	6 309	77.9	76.8	74.4
North West	5 685	6 950	7 664	92.1	91.5	90.4
Clwyd	5 451	6 876	7 848	88.3	90.5	92.5
Dyfed & Powys	5 194	5 871	6 402	84.2	77.3	75.5
Gwent	5 185	6 524	7 288	84.0	85.9	85.9
Gwynedd	4 760	5 967	6 477	77.1	78.5	76.4
Mid Glamorgan	4 432	5 598	5 883	71.8	73.7	69.4
South Glamorgan	6 328	8 022	9 409	102.6	105.6	110.9
West Glamorgan	5 273	6 526	7 493	85.5	85.9	88.3
Wales	5 219	6 459	7 218	84.6	85.0	85.1
Borders	5 468	6 067	6 911	88.6	79.8	81.5
Central	5 608	6 937	7 434	90.9	91.3	87.7
Dumfries and Galloway	5 350	6 498	7 348	86.7	85.5	86.6
Fife	5 314	6 300	7 181	86.1	82.9	84.7
Grampian	7 314	9 067	11 430	118.5	119.3	134.8
Highlands & Islands	5 490	6 060	7 402	89.0	79.7	87.3
Lothian	6 710	8 353	9 371	108.8	109.9	110.5
Strathclyde	5 439	6 595	7 488	88.2	86.8	88.3
Tayside	5 486	6 616	7 547	88.9	87.1	89.0
Scotland	5 813	7 054	8 123	94.2	92.8	95.8
Northern Ireland	4 789	5 809	6 882	77.6	76.4	81.1

5 Gross domestic product by sub-region (NUTS 2 level) at factor cost:current prices

	GDP (£ million)			GDP per head (£)			GDP per head (UK=100)		
	1987	1989	1991	1987	1989	1991	1987	1989	1991
United Kingdom ¹	351 254	434 974	488 971	6 170	7 600	8 481	100.0	100.0	100.0
Cleveland, Durham	6 026	7 696	8 275	5 226	6 694	7 123	84.7	88.1	84.0
Cumbria	3 547	4 087	4 679	7 286	8 314	9 555	118.1	109.4	112.7
Northumberland, Tyne and Wear	7 627	9 112	10 716	5 309	6 364	7 480	86.0	83.7	88.2
North	17 200	20 894	23 671	5 590	6 799	7 675	90.6	89.5	90.5
Humberside	5 149	6 435	7 135	6 083	7 516	8 160	98.6	98.9	96.2
North Yorkshire	4 249	5 196	6 051	5 020	7 194	8 395	97.6	94.7	99.0
South Yorkshire	6 600	7 824	8 787	5 094	6 041	6 797	82.6	79.5	80.2
West Yorkshire	12 082	14 759	16 553	5 887	7 142	8 011	95.4	94.0	94.5
Yorkshire and Humberside	28 080	34 214	38 527	5 730	6 925	7 777	92.9	91.1	91.7
Derbyshire, Nottinghamshire	11 230	13 760	15 620	5 830	7 077	7 989	94.5	93.1	94.2
Leicestershire, Northamptonshire	9 363	11 685	12 963	6 497	7 960	8 771	105.3	104.7	103.4
Lincolnshire	3 026	3 905	4 586	5 267	6 654	7 739	85.4	87.6	91.2
East Midlands	23 619	29 350	33 168	5 991	7 339	8 239	97.1	96.6	97.1
East Anglia	12 350	15 673	17 796	6 133	7 666	8 511	99.4	100.9	100.4
Bedfordshire, Hertfordshire	9 698	12 211	13 187	6 411	8 041	8 654	103.9	105.8	102.0
Berkshire, Bucks, Oxfordshire	13 142	17 118	19 547	6 775	8 732	9 911	109.8	114.9	116.9
Surrey, East-West Sussex	13 958	18 253	20 021	5 820	7 553	8 120	94.3	99.4	95.7
Essex	8 002	10 238	10 843	5 258	6 682	7 001	85.2	87.9	82.6
Greater London	61 998	75 811	84 510	9 157	11 221	12 422	148.4	147.6	146.5
Hampshire, Isle of Wight	10 380	12 702	14 557	6 239	7 577	8 536	101.1	99.7	100.7
Kent	8 212	10 648	12 009	5 437	6 988	7 804	88.1	92.0	92.0
South East	125 390	156 980	174 673	7 241	9 030	9 949	117.4	118.8	117.3
Avon, Gloucestershire, Wiltshire	13 239	16 115	18 479	6 540	7 897	8 902	106.0	103.9	105.0
Cornwall, Devon	7 312	9 388	10 616	4 997	6 284	7 006	81.0	82.7	82.6
Dorset, Somerset	6 311	7 833	8 689	5 733	7 008	7 674	92.9	92.2	90.5
South West	26 862	33 336	37 784	5 854	7 165	7 999	94.9	94.3	94.3
Hereford & Worcester, Warwickshire	6 329	7 916	8 981	5 507	6 834	7 637	89.2	89.9	90.1
Shropshire, Staffordshire	7 603	9 634	10 718	5 339	6 680	7 342	86.5	87.9	86.6
West Midlands (county)	15 539	18 975	21 484	5 921	7 255	8 203	96.0	95.5	96.7
West Midlands	29 470	36 526	41 183	5 670	7 003	7 837	91.9	92.1	92.4
Cheshire	6 355	7 847	8 493	6 676	8 187	8 788	108.2	107.7	103.6
Greater Manchester	15 393	18 188	20 155	5 966	7 043	7 868	96.7	92.7	92.8
Lancashire	7 469	9 853	11 139	5 408	7 085	7 909	87.6	93.2	93.3
Merseyside	6 999	8 452	9 092	4 805	5 837	6 309	77.9	76.8	74.4
North West	36 217	44 341	48 880	5 685	6 950	7 664	92.1	91.5	90.4
Clwyd, Dyfed, Gwynedd, Powys	5 692	7 019	7 808	5 195	6 260	6 951	84.2	82.4	82.0
Gwent, Mid-South-West Glamorgan	9 111	11 537	13 025	5 235	6 586	7 388	84.8	86.7	87.1
Wales	14 803	18 556	20 833	5 219	6 459	7 218	84.6	85.0	85.1
Borders, Central, Fife, Lothian, Tayside	11 066	13 481	15 257	5 961	7 270	8 159	96.6	95.7	96.2
Dumfries and Galloway, Strathclyde	13 473	16 202	18 295	5 434	6 589	7 480	88.1	86.7	88.2
Highlands & Islands	1 501	1 661	2 040	5 490	6 060	7 402	89.0	79.7	87.3
Grampian	3 678	4 565	5 893	7 314	9 067	11 430	118.5	119.3	134.8
Scotland	29 718	35 909	41 485	5 813	7 054	8 123	94.2	92.8	95.8
Northern Ireland	7 544	9 195	10 972	4 789	5 809	6 882	77.6	76.4	81.1

¹ Excluding the Continental Shelf region and the statistical discrepancy of the income based measure.

BACKGROUND NOTES

General

1. The regional accounts presented in this article are consistent with the national accounts published in the *United Kingdom National Accounts (Blue Book) 1993 edition*, which also defines the terms used.

2. The methodology employed in producing the original items of the regional accounts was described in *Regional Accounts (Studies in Official Statistics No 31)* published in 1978 and updated in the publication *Methods Used to Compile Regional Accounts (Eurostat, 1984)*. Brief descriptions of the sources and methods used to compile the estimates of GDP are given below.

Accuracy

3. As with the national accounts the regional and county estimates, although calculated as reliably as possible, cannot be regarded as accurate to the last digit shown.

4. The regional and county GDP estimates are partly based on sample surveys and the quality of the results therefore vary according to sample size. This means that the results for areas with smaller populations such as the Isle of Wight and the Borders region of Scotland are subject to a greater degree of uncertainty than those for more populated areas. An assessment of the quality of the regional and county estimates was published in *Economic Trends*, November 1990.

Revisions

5. All items in the regional accounts are subject to revision when better information becomes available, either from the national accounts for the UK, from regional data sources, or from improvements to regional accounts methodology. Revisions to one year frequently suggest the need for revisions to other years and all regional series apart from the GDFCF series have previously been maintained back to 1971, with no comparable data for earlier years being available. However, the changes to the region by industry series described in notes 11 and 12, due to the introduction of SIC(92), have only been taken back to 1982, with earlier data continuing to be available on a SIC(80) basis.

Regional gross domestic product - concepts and definitions

6. GDP for the United Kingdom is defined as the total sum of all incomes earned from productive activity in the UK. Regional GDP should thus be defined as the sum of incomes earned from productive activity in the region, so that the income of commuters should be included in the region where they work. However, the estimates of regional GDP are not compiled on this basis; they include regional estimates of income from employment on a residence basis, because this is the basis of the most reliable data source (the 1 per cent sample of Department of Social Security (DSS) records). This has a significant effect on the estimates for Greater London and the Rest of the South East, but is assumed not to introduce any significant distortion for the other regions.

7. In this article GDP is measured as the total of all incomes earned from the production of goods and services at factor cost. Insufficient information is available to estimate GDP using either the production or expenditure approaches.

8. Estimates of GDP by region are at factor cost. They measure the income of factors of production and exclude the value of taxes on expenditure such as VAT, but include subsidies. Thus the effect of the 1984 miners' strike on regional GDP is restricted to the effect on miners' income from employment; the value of government subsidy to the coal industry is included in profits and thus in GDP.

9. All the items are measured in current prices which means that increases over time reflect inflation as well as real growth. Trends in total GDP per head cannot be analyzed easily without deflating the data. However, there are no regional or county price indices, which could be used to remove the effect of inflation from the figures. Comparisons of trends can therefore be based either on the difference between regional increases at current prices or on movements in the amount relative to the UK average. Both approaches would be misleading if the rate of inflation in any region were different from the national average.

10. In the regional accounts it is usual to look at changes per head relative to the UK average over time. However this obscures the effect of changes in population size and area. In counties where the population is increasing most rapidly, growth in total GDP would be expected to grow relatively strongly; conversely, counties with a low or negative population growth would be expected to grow more slowly. Cambridgeshire, for example, has experienced a relatively high rate of population growth and total GDP is certainly growing faster than the UK average; the same is not necessarily true of GDP per head.

Revisions to regional GDP

11. The tables which contain industrial analysis of regional GDP are now based as far as possible on the *Standard Industrial Classification, Revised 1992 (SIC(92))*, in line with the 1993 *Blue Book*. The changes were described in articles in the October 1992 and February 1993 issues of *Economic Trends*. The new series which are designed to approximate the section and sub-section level of the SIC(92) have been formed by regrouping classes from the existing classification SIC(80). This regrouping leads to a change in the definition of manufacturing which now includes coke ovens, mineral oil processing and nuclear fuel production. These industries were previously classified as energy industries.

12. The analysis of GDP by industry, both national and regional, are based on classifying each economic unit by industry, based on its main activity, and allocating all its activity to that industry. Subsidiary activities of these units are therefore included with the main activity. From the 1993 *Blue Book*, this general principle has been extended to Rent income, which is now allocated by industry according to the main activity of each rent-receiving unit.

Provisional estimates of GDP

13. The estimates of GDP for 1992 given in this article are based on a less complete set of data than estimates for the earlier years and projections are employed where necessary. These provisional estimates are particularly subject to revision when more data for 1992 become available e.g. from the one per cent sample of pay records by DSS, from the Annual Census of Production, from the Survey of Personal Incomes, from the Agriculture departments and from the national accounts.

Continental Shelf

14. Gross domestic product for the Continental Shelf region consists only of profits and surpluses less stock appreciation, which cannot be allocated to standard regions. It does not include income from

employment, which is allocated to the region of residence of the employee; there is no resident population in the Continental Shelf region. Since GDP per head cannot be calculated for the Continental Shelf region, it is excluded from the United Kingdom total in the calculation of the national average used in comparisons of regional GDP per head. Continental Shelf GDP incorporates profits of both UK and foreign contractors.

European Community definition of regional GDP

15. The treatment of the adjustment for financial services (or interest) in the accounts differs from the approach used by the Statistical Office of the European Community (Eurostat). In the UK regional accounts the adjustment for financial services is deducted from the GDP of the region providing the service and receiving the interest payment (pro-rata employment in banking, finance and insurance). The treatment used by Eurostat is to deduct the interest from the GDP of the region paying the interest. It is assumed that the interest paid is proportional to GDP. The effect on regional GDP is to increase the level of the South East and reduce that of other regions.

16. There are also two other very minor adjustments to the regional distribution of GDP. The GDP of UK embassies is added to the Continental Shelf region or Extra-Region and the GDP of foreign embassies in the UK is deducted from the GDP of the South East. The GDP of UK forces stationed abroad is also included in the Extra-Region.

Methodological changes to GDP

17. A comparison of the county GDP estimates for 1989, published in *Economic Trends* November 1991, with the county household income figures for that year, published during 1992, revealed a broad degree of agreement for most areas. However, estimates for some Scottish areas, particularly Highlands and Islands and the Grampian region, showed substantial differences which could not be explained by conceptual differences. A detailed comparison of the figures has been carried out since, including a thorough review of the data, sources and methodology for deriving the regional breakdown of the overall Scottish totals. This work has resulted in various aspects of the methodology being revised, in order to incorporate indicators better suited to the variables concerned. Some of these changes have been incorporated in the figures published in this article, as discussed below. Further work during the coming year may result in more improvements being made to the estimates for all counties of United Kingdom.

18. The existing breakdown of income from employment into individual counties is based upon wages and salaries, derived as the multiple of data on employment numbers and average earnings. Employment numbers are based on the Census of Employment (CoE), carried out in September of the relevant year, and average earnings are derived from the New Earnings Survey (NES), carried out in April. Very detailed analysis of the 1989 Scottish data underlying these surveys has shown that there was under representation (in the NES) of the low paid, and over representation of the high paid. This proved to be a particular problem for the Highlands and Islands areas, due to the higher than average numbers of low paid workers, and because of some extremely high paid workers in the oil industry. The problem was further exacerbated by the fact that the surveys, being based at a point in time, were affected by the very seasonal nature of employment in these areas. The results were, therefore, not wholly representative of the situation over the whole year. Detailed work on correcting for the biases, using data from both these surveys and the DSS data based on National

Insurance records, has resulted in a set of adjustments for each Scottish region. The adjustments have been applied to estimates from 1987 onwards published in this article for Scottish areas. Similar work is planned for other parts of the UK, but the problem is not considered to be as serious for any other specific area.

19. The above exercise has also resulted in improved methods for allocating agricultural profits, now based on gross value added data, rather than the simpler employment based measure previously used. Rent data for private dwellings had previously been allocated between regions using numbers of properties based on the 1981 census, but has now been updated to the 1991 census, and also incorporates an element of rental differences between the areas, based on the recent valuations for Council Tax purposes. Also, the imputed rent for owner occupiers, based on numbers of properties and average rateable values, has been updated to 1991 census levels. In addition, non-manufacturing profits, previously distributed between areas using employment data, are now based on wages and salaries. In the Scottish areas, the low pay estimation problem described above is thought to be concentrated in industries included here, namely Distribution, hotels, catering, etc; Transport and communications; and Other services.

20. The changes described above are considered to have resulted in significant improvement in the accuracy of the estimates at the county level, particularly the Scottish regions. Further improvements are expected to be made during the coming year.

Gross Domestic Fixed Capital Formation (GDFCF), Personal Income, Household Income and Consumers' Expenditure

21. The regional estimates of GDFCF are not yet available, and will be published in the January or February 1994 edition of *Economic Trends*. Regional estimates of personal income, personal disposable income, household income and consumers' expenditure in 1992 will be published in the May 1994 issue of *Economic Trends*. The 1991 estimates for these as well as estimates for household income and household disposable income by county for 1990, were published in *Economic Trends*, May 1993. The 1991 estimates for household income and household disposable income by county will also be published in Regional Accounts 1992 part 2.

Regional Trends

22. A wider range of statistics for the regions and counties of the United Kingdom can be found in *Regional Trends 1993*, (HMSO) price £26.00 net. The topics covered in *Regional Trends* include population, housing, transport and environment, health, law enforcement, education, employment, industry and agriculture. Also, *Regional Statistics: A Brief Guide to Official Sources, 1993 edition* provides useful information on sources and contact points, and is available from the address at the end of these notes.

The regional accounts database

23. This article necessarily presents only a summary of the regional accounts for recent years. Longer time series and in some cases additional detail can be made available on payment of a fee either on paper or on floppy disk. Requests should be addressed to Mr Bob Cooper, Regional Accounts Section, Central Statistical Office, PO Box 1333, Room 1819, Millbank Tower, Millbank, London SW1P 4QQ.

THE BUDGET: 30 NOVEMBER 1993

The following are the proposed changes in taxation and national insurance as set out in the *Financial Statement and Budget Report 1994-95* (HMSO November 1993) (Price £15.50).

Note: Figures in brackets refer to the appropriate line of the Direct effect of Budget measures table which follows the article, where the yield or cost of each proposal is shown. The symbol "-" in brackets means that the proposal has no effect; the symbol "*" in brackets means that it has negligible revenue effects of less than £3 million a year.

Inland Revenue taxes

Income tax

There will be no change to the main income tax allowances or the income limit for age-related allowances for 1994-95(1). The blind person's allowance will be increased to £1,200(*).

Income tax allowances (£)	1993-94	1994-95
Personal allowance	3 445	3 445
Married couple's allowance, additional personal allowance, widow's bereavement allowance	1 720	1 720
Blind person's allowance	1 080	1 200
For those aged 65 to 74: personal allowance	4 200	4 200
Married couple's allowance	2 465	2 665
For those aged 75 and over: personal allowance	4 370	4 370
married couple's allowance	2 505	2 705
Income limit for age-related allowances	14 200	14 200

The basic rate limit is unchanged at £23,700(2). The new tax bands are:

Bands of taxable income (£)	1993-94	1994-95
Lower rate - 20 per cent	0- 2 500	0- 3 000
Basic rate - 25 per cent	2 501-23 700	3 001-23 700
Higher rate - 40 per cent	over 23 700	over 23 700

From 6 April 1995 tax relief for the married couple's allowance, and allowances linked to it, will be restricted to 15 per cent. There will be no change to the amount of the married couple's allowance for those aged under 65, and the allowances linked to it. The married couple's allowance for those aged 65 and over will be increased by £330. Tax relief for the first £1 720 of maintenance payments will also be restricted to 15 per cent from 1995-96 (3).

Tax relief for mortgage interest payments will be restricted to 15 per cent with effect from 6 April 1995. Relief will remain at 25 per cent for those aged 65 and over who take out a loan to buy a life annuity (4).

Sickness benefit and invalidity benefit will be replaced by a new benefit, to be known as incapacity benefit, from 6 April 1995. The new benefit will be liable to tax for new recipients from that date. The element which replaces sickness benefit will not be taxed (5).

Tax relief for private medical insurance for those aged 60 and over will be restricted to the basic rate with effect from 6 April 1994 (*).

Tax relief for vocational training will be extended to National Vocational Qualifications and Scottish Vocational Qualifications at level 5 from 1 January 1994. From the same date, tax relief will no longer be available to children under 16; to 16 to 18 year olds at school full time; or for training which is mainly for recreation or leisure (6).

Benefits in kind

The scales for assessing the benefit of fuel provided by employers for private use in company cars will be increased by 6 per cent from 6 April 1994 (7). The scales are also used for employers' national insurance contributions (46). The fuel scales for VAT will be similarly amended (26).

The tax treatment of cheap loans provided by employers will be revised from 6 April 1994. Employees will be taxed as if they had received cash instead of a cheap or interest free loan, and will receive tax relief for the interest they would have paid. Loans of up to £5,000 will be exempt. There will be a new exemption for certain commercial loans and provision to set an "official rate" of interest to measure the benefit of some loans in currencies other than sterling (*).

Simplification and reform of tax

As announced in the March Budget, the assessment and collection of personal tax will be simplified from 1996-97. The main measures will abolish the "preceding year" basis of assessment for income tax, and tax income as it arises from 1997-98, with a transitional year in 1996-97; offer the option of self-assessment to all who complete tax returns; align payment dates for assessed income tax from all sources and for capital gains tax; introduce separate assessment for partners; and introduce clear rules for filing tax returns and paying tax, and penalties for failing to comply with them (8).

Other measures are:

- the existing requirements to provide information about offshore trusts will be clarified (-);
- the procedure by which lenders are admitted to the MIRAS scheme will be simplified, with effect from Royal Assent (-);
- the capital gains tax rules for payments under certain financial and commodity options and futures contracts will be amended for contracts entered into from 30 November 1993 (*);
- improvements will be made to the operation of the tax regime for approved pension schemes (*);
- amendments will be made to the rules for approved profit sharing schemes to equalise the tax treatment of men and women in schemes approved before 25 July 1991 and to improve the treatment of qualifying corporate bonds (*);
- stamp duty legislation will be amended to clarify the meaning of execution (with effect from 8 December 1993); and to relax the penalties on the late stamping of agreements for lease (with effect from 6 May 1994) (*).

Limits and exempt amounts

The capital gains tax annual exempt amount will remain at £5 800 for individuals and £2 900 for most trusts (9).

The threshold for inheritance tax will remain at £150 000 (10).

The maximum level of earnings for which pension provision may be made with tax relief (the earnings cap) will be increased in line with inflation to £76 800 (*).

Investment in small businesses

A new Enterprise Investment Scheme will be introduced from 1 January 1994 to encourage equity investment by individuals in unquoted trading companies. The scheme will provide relief on investments at a rate of 20 per cent, and income or capital gains tax relief on losses. Capital gains will be tax free. It will not be available for investments in private rented housing. Investors previously unconnected with the company will be able to become paid directors. The maximum amount that can be invested in any one tax year will be £100 000. (For 1993-94 the limit will be £40 000 for total investments in the Business Expansion Scheme and in the new scheme). The maximum amount a company can raise under the scheme in any 12 months period will be £1 million (11).

A consultative document will be issued on a scheme for Venture Capital Trusts to encourage investment in unquoted trading companies.

Liability to capital gains tax arising on the disposal of assets on or after 30 November 1993 by individuals and most trustees will be deferred when the gains are reinvested in unquoted shares of qualifying trading companies (12).

The limits for capital gains tax retirement relief are to be increased. For qualifying disposals made on or after 30 November 1993 full relief will be available on the first £250 000 of gains, and 50 per cent relief on the next £750 000 (13).

Lifetime gifts of business and agricultural property sold by a donee qualify for relief under inheritance tax where they are replaced by similar assets within one year. This period will be extended to three years, for deaths on or after 30 November 1993 (*).

Business taxation

Following consultation announced in the March Budget, a foreign income dividend (FID) scheme will be introduced to help companies with surplus advance corporation tax (ACT) arising from dividends paid out of foreign profits. From 1 July 1994 a company may opt to classify a dividend as a FID. ACT will be payable in the usual way, but where the dividend is paid out of foreign profits, surplus ACT may be reclaimed. Unlike an ordinary dividend, a FID will not carry a tax credit, but will be treated as having borne tax at the lower rate. There will be special rules for international headquarters companies (14).

The profits limits for the small companies' rate of corporation tax will be increased by 20 per cent to £300 000 and £1.5 million from 1 April 1994 (15).

Two changes are proposed to help businesses faced with insolvency. From 30 November 1993 a creditor will not be denied tax relief for trade debts given up as part of a voluntary arrangement under the 1986 Insolvency Act, solely because the creditor could have recovered more of the debt by putting the debtor into liquidation or bankruptcy. For the debtor, the amount given up will no longer be liable to tax (*). The rules for reducing VAT repayments from Customs to take

account of tax due to them will be relaxed, from shortly after Royal Assent. This will have the effect of putting VAT debts on a similar footing to debts owed to other creditors (24).

Tax relief for business donations to Training and Enterprise Councils and similar bodies, which was due to expire on 1 April 1995, will be extended to 1 April 2000. In addition, tax relief will be available for business donations to "Business Links" made from 30 November 1993 to 1 April 2000 (*).

All Payments made on or after 30 November 1993 as a result of extortion by terrorist groups or other criminals will be disallowed for tax purposes (*).

Improvements will be made to the new rules for foreign exchange gains and losses announced in the March Budget. The new rules will come into force on a date to be announced (*).

The tax treatment of financial instruments used by companies for managing interest rate and currency risk will be reformed so that all the profits and losses on these instruments will be taxed or relieved as income as they accrue. The reforms will be implemented from the same date as the new rules on foreign gains and losses (*).

The Inland Revenue will review the rules for the taxation of interest paid and received by companies. The review will also consider taxation of the return to investors in securities.

Other minor changes are:

- tax provisions will be made for British Rail and Northern Ireland Airports Ltd, in line with earlier privatisations (*);
- the capital allowances provisions for connected persons will be amended to include transfers of enterprise zone commercial buildings and qualifying hotels prior to 16 March 1993 (-). The March Budget made similar provisions for such transfers on or after that date.

Oil taxation

The technical rules governing the price of oil or gas charged to petroleum revenue tax (PRT) and, where appropriate, corporation tax and royalty, will be modified with effect from 1 January 1994 to take account of changes in the markets (16).

In certain circumstances companies will be able to elect that a proportion of expenditure on assets, such as pipelines, providing services to other fields will be ineligible for PRT relief, and that tariffs received from new fields exempt from PRT will be outside the PRT charge (*).

Anti-avoidance and revenue protection measures

Employers who pay their employees in marketable assets such as gold bars will be obliged to account for income tax under PAYE when the payment is made. Such payments are currently treated as benefits in kind on which employees pay income tax after the end of the tax year (17). Parallel measures will be applied to national insurance contributions (45).

Changes will be made to the rules for profit related pay schemes. These will affect the upper limit on the profits which an employer may disregard in calculating profit related pay, and the requirements which have to be met if a "special scheme" (a scheme for a particular unit within a business) is to qualify for tax relief (18).

For disposals of assets on or after 30 November 1993, capital gains indexation allowance will only be able to extinguish a gain, and will not be able to create or augment a loss (19).

Where a company fails to meet corporation tax liabilities which arise prior to its sale to another company, the Inland Revenue will be able to collect the unpaid tax from the previous owners of the company or from other companies in the same group. This will apply to contracts entered into on or after 30 November 1993 (20).

In order to pursue an acceptable distribution policy non-trading foreign companies controlled by UK companies will have to distribute at least 90 per cent of their taxable profits less capital gains and foreign taxes, for accounting periods ending on or after 30 November 1993 (21).

Changes will be made, with effect from 8 December 1993, to counter avoidance of stamp duty on exchanges of interests in land; on property transferred for a price which is not ascertainable at the time the document is executed; and on agreements to surrender a lease (other than by a deed) (22).

Provisions will be introduced, with retrospective effect, to ensure that tax continues to be collected under PAYE from certain groups of foreign employees coming to work in the UK (-).

New capital allowance rules will be introduced to limit the extent to which taxpayers can backdate claims for assets reclassified as plant; and to prevent buildings and structures being reclassified as plant in future (-).

The rules for taxing payments made in lieu of dividends or interest will be clarified with effect from 30 November 1993. The scope of the rules will also be extended, with effect from a date to be announced, to cover compensation for dividends or interest which takes the form of a price adjustment rather than a payment (-).

Measures will be taken to deter avoidance of petroleum revenue tax through transfers of pipelines or other tariff-earning assets between fields (*).

Companies which are resident in the UK, but which would be regarded as resident in another country for the purposes of a double taxation agreement, will be treated as not resident in the UK for all tax purposes from 30 November 1993 (*).

Non-residents carrying on business in the UK will not be able to claim relief for losses incurred as a result of the exemption of royalty income under a double taxation convention. The restriction will apply to accounting periods beginning on or after 30 November 1993 (-).

A benefit received from a funded unapproved retirement benefit scheme will be taxed if the scheme itself has not been subject to UK tax (*).

Customs and Excise taxes

Value added tax

The turnover threshold above which traders are required to register for VAT will rise from £37 600 to £45 000, and the deregistration threshold will rise from £36 000 to £43 000, from 1 December 1993 (23).

The minimum supplement paid to traders when VAT refunds are unduly delayed by Customs will rise from £30 to £50, from one month after Royal Assent. Customs will be allowed less time to investigate repayment claims before becoming liable to pay the supplement (*).

Businesses leasing cars to private taxi and self-drive hire firms and to driving schools will be able to recover the VAT they pay on cars bought for this purpose from 1 January 1994 (25).

Excise duties

The duties on tobacco and fuel will be increased from 6pm on 30 November 1993. Duty on wines and cider will rise and duty on fortified wines will be reduced on 1 January 1994. Duty on beer and spirits will remain unchanged. The change in duty and its effect on the price of each product is set out below:

Excise duty changes

	Change in duty (per cent)	Effect on price of typical item (pence)	Unit	
Alcohol				
Beer	0	0	pint	(27)
Wine	1.9	2	75cl bottle	(28)
Sparkling wine	1.9	4	75cl bottle	(28)
Fortified wine	-5.9	-12	75cl bottle	(28)
Cider and perry	1.9	1	2 litre	(29)
Spirits	0	0	70cl bottle	(30)
Fuel				
Leaded petrol	8.4	3	litre	(31)
Unleaded petrol	9.9	3	litre	(32)
Diesel	10.2	3	litre	(33)
Gas oil	10.1	0.15	litre	(35)
Fuel oil	10.5	0.11	litre	(35)
Tobacco				
Cigarettes	7.3	11	pkt of 20	(36)
Cigars	7.3	5	pkt of 5 (small)	(37)
Hand rolling tobacco	7.3	16	25 grams	(37)
Pipe tobacco	7.3	7	25 grams	(37)

The duty on road fuels will be raised on average by at least 5 per cent in real terms in future Budgets, an increase from the 3 per cent commitment given in the March Budget (34). Developments in charging for road use will be taken into account in determining the appropriate level of duty.

Duty on tobacco will be increased on average by at least 3 per cent in real terms in future Budgets, as a contribution towards meeting the targets for reductions in smoking in the "Health of the Nation" White Paper (38).

There are a number of measures to modernise tax law and reduce burdens on business:

- the administration of gaming machine licence duty will be restructured. This will apply from 1 March 1994 for traders operating only over the summer season, and from 1 May 1994 for others (-);
- powers relating to customs offences will be modernised and brought into line with those for VAT and excise. This will allow an audit based system of control (-);
- criminal penalties for many of the less serious excise offences are to be replaced by a system of fixed penalties (-);
- the jurisdiction of VAT tribunals will be extended to cover traders' appeals against decisions on excise and customs matters, by 1 January 1995 (-).

Insurance premium tax

A new tax will be introduced at a rate of 3 per cent on insurance premiums for most general risks in the UK, from 1 October 1994. It will not apply to life insurance, pensions and other defined classes

of long term insurance; insurance of certain ships and aircraft, international railway rolling stock, and goods in international transit; export credit insurance, or reinsurance (39).

Air passenger duty

A new duty will be payable by passengers travelling by air from UK airports from 1 October 1994. It will be charged at £5 per passenger for destinations in the UK or the EC, and £10 for destinations elsewhere. There will be exemptions for the return leg of journeys within the UK on a return ticket, children under two who travel free, transit and transfer passengers, and passengers in small aircraft (40).

Vehicle excise duty

Duty on cars, light goods vehicles, vans and taxis will rise from £125 to £130 from 1 December 1993 (41). New rates will be set for combined transport lorries, to come into force in 1994 (*). Rates of duty for other lorries are unchanged (42).

Business rates

England and Wales

Poundages will be increased in line with the increase in RPI in the year to September 1993.

The maximum real increase in bills faced by properties in England and Wales which are in transition to higher bills as a result of the 1990 reforms will be reduced by half. This means that real increases will be limited to 10 per cent for large properties and $7\frac{1}{2}$ per cent for small properties. Rates bills for small properties in transition which are used for both business and domestic purposes will be frozen in real terms. This change will reduce the total rates bill in England and Wales by 0.8 per cent (43).

Scotland and Northern Ireland

Scotland and Northern Ireland have different arrangements for business rates but their total rates bill for 1994-95 will also be reduced by 0.8 per cent (43).

National insurance contributions

The main rate of employers' national insurance contributions will be reduced by 0.2 per cent, and the lower rates by 1 per cent, from April 1994 (44).

From April 1994 the lower earnings limit will be increased from £56 to £57 a week, in line with the single person's rate of retirement pension; the earnings thresholds for the employers' lower rate bands will each be increased by £5 to £100, £145 and £200; and the upper earnings limit will be increased from £420 to £430 a week. The proposed structure of contributions is:

Structure of national insurance contributions from April 1994

Weekly earnings	Percentage NIC rate ¹	
	Employees	Employers ²
Below £57	0	0
£57 to £99.99	{ 2% of £57	3.6
£100 to £144.99	{ plus	5.6
£145 to £199.99	{ 10% of earnings	7.6
£200 to £430	{ between £57	10.2
Above £430	{ and £430	10.2

¹ Not contracted out rates

² Rates apply to all earnings.

Treasury grant not exceeding 16 per cent of contributory benefit expenditure will be made available to the National Insurance Fund in 1994-95.

The Government Actuary will report on the likely effect of these changes on the National Insurance Fund. The working assumptions provided to the Government Actuary for use in preparing his report are set out in Annex C to Chapter 5. Estimates of receipts are set out below.

Estimated payments of national insurance contributions¹

	£million	
	1993-94	1994-95
Employers	22 980	23 600
Employees	14 530	17 590
Total	37 510	41 190

¹ Figures are for the UK and are rounded to the nearest £10 million. They are estimates of receipts excluding self-employed and voluntary contributions; and including NHS allocated contributions. Employers' contributions are gross of deductions for statutory sick pay and statutory maternity pay. Detailed figures will be included in the Government Actuary's report on the draft of the Social Security (Contributions) Re-rating Order.

Direct effects of the Budget measure (+)

Changes from	£ million		yield (+)/cost (-) of measure	
	Changes from a non-indexed base	an indexed based		
	1994-95	1994-95	1995-96	1996-97
INLAND REVENUE				
Income tax				
1 Allowances-unchanged	-	430	550	560
2 Basic rate limit-unchanged	-	120	170	210
3 Married couple's allowance-restricted to 15% etc	-	-	830	1 060
4 Mortgage interest -restricted to 15%	-	-	900	950
5 Incapacity benefit - tax new recipients from April 1995	-	-	50	110
6 Tax relief for vocational training	*	*	*	-5
7 Fuel scales-up 6%	10	10	15	15
Other personal taxation				
8 Simplified assessing	-	-	-	50
9 CGT annual exempt amount-unchanged	-	-	5	5
10 Inheritance tax threshold-unchanged	-	10	20	25
Investment in small business				
11 Enterprise Investment Scheme	-10	-10	-35	-50
12 CGT relief for gains reinvested in unquoted trading companies	*	*	-5	-10
13 CGT retirement relief -changed	*	*	-10	-10
Business taxation				
14 Foreign income dividend scheme	30	30	-	-100
15 Limits for small companies' corporation tax rate	*	*	-30	-40
Oil taxation				
16 Valuation and pricing changes	5	5	5	5
Anti-avoidance measures				
17 Payments in marketable assets-taxed under PAYE	200	200	75	-
18 Profit related pay-restricted	100	100	100	100
19 Indexation of capital losses - reformed	50	50	200	300
20 Company purchase schemes	100	100	100	100
21 Controlled foreign companies	-	-	-	50
22 Measure to counter avoidance of stamp duty	60	60	70	80
Total Inland Revenue taxes	545	1 105	3 010	3 405

(+) The Annex explains how the revenue effects are calculated.

- = Nil

* = Negligible

... = Not applicable

Direct effects of the Budget measures - continued

	£million		yield (+)/cost (-) of measure	
Changes from	Changes from a non-indexed base	an indexed based		
	1994-95	1994-95	1995-96	1996-97
CUSTOMS AND EXCISE				
Value added tax				
23 Registration threshold raised to £45,000	-40	-40	-45	-45
24 Concession on insolvencies	-15	-15	-15	-15
25 Input tax recovery on cars leased to driving schools etc	-15	-15	-15	-5
26 Amendment to VAT fuel scales	10	10	10	10
Excise duties on:				
27 beer unchanged	-	-55	-60	-65
28 wine and made wine up 1.9%; fortified wine down 5.9%	10	-	-	-
29 cider and perry up 1.9%	*	-	-	-
30 spirits unchanged	-	-15	-15	-15
31 leaded petrol up 8.4%	175	175	175	175
32 unleaded petrol up 9.9%	275	275	330	380
33 diesel up 10.2%	175	175	185	215
34 road fuels up 5% in real terms in future Budgets	85	85	420	815
35 gas and fuel oil up 10.1/10.5%; other rebated oils up 8.4%	15	15	15	15
36 cigarettes -specific duty up 7.3%	400	295	310	325
37 other tobacco products up 7.3%	30	25	25	25
38 tobacco up 3% in real terms in future Budgets	55	55	255	485
Other taxes				
39 Insurance premium tax	295	295	775	840
40 Air passenger duty	115	115	330	355
Total Customs and Excise tax	1 570	1 380	2 690	3 495
VEHICLE EXCISE DUTY				
41 Duty on cars etc up to £130	130	65	70	70
42 Freeze lorry rates	-	-10	-10	-10
Total vehicle excise duty	130	55	60	60
BUSINESS RATES				
43 Halve maximum real increases due under transitional arrangements	-105	-105	...	...
Total business rates	-105	-105	...	...
NATIONAL INSURANCE CONTRIBUTIONS				
44 Cut employer NICs from April 1994	-810	-830	-940	-960
45 Anti-avoidance measure	70	70	70	70
46 Car fuel scales	-	-	5	5
Total national insurance contribution	-740	-760	-865	-885
TOTAL	1 400	1 675	4 895	6 075

(+) The Annex explains how the revenue effects are calculated.

- = Nil

* = Negligible

... = Not applicable

Annex: Explaining the costings

This annex explains how the effects of Budget measures on tax yield are calculated.

The general approach

The direct effect of a tax change is the difference between the tax yield from applying the post-Budget and pre-Budget tax regimes to the levels of income, profit etc expected after the Budget.

Since total income and total spending at factor cost are assumed to be fixed at their post-Budget levels, the estimates do not include any effect the tax changes themselves may have on levels of income and spending.

Other effects on behaviour are taken into account only where they are likely to have a significant effect on the yield. For example, changes to excise duties influence the pattern of consumer spending.

The estimates take account of any consequential changes in receipts from related taxes. For example, the estimated yield from increasing the excise duty on tobacco includes the change in the yield of VAT on that duty, and the change in the yield of VAT and other excise duties resulting from the new pattern of spending.

The direct effect of some tax change is affected by the implementation of others. Where this happens, measures are costed in the order in which they appear in Table 4.1.

In the first column of the table the pre-Budget regime is the regime of allowances, thresholds and rates of duty which applied before this Budget. The remaining three columns strip out the effects of inflation by assuming that allowances, thresholds and rates of duty are increased in line with prices in this and in future Budgets. In each case the base takes account of measures previously announced but not yet implemented (see Annex B). Measures announced in this Budget are assumed to be indexed in the same way in future Budgets.

The assumptions made in calculating the indexed base are:

- **November 1993 Budget:** allowances and thresholds raised in April 1994 in line with the increase in the RPI over the year to September 1993 (1.8 per cent). Rates of excise duty rise on 30 November 1993 (1 January 1994 for alcohol) in line with the increase in the RPI over the nine months to September 1993 (1.9 per cent).
- **In each subsequent year:** excise duties rise in December (January for alcohol), and allowances and thresholds rise in April, in line with the assumed increase in the RPI over twelve months to the previous September. The assumptions are $3\frac{1}{4}$ per cent, $3\frac{1}{4}$ per cent and $2\frac{1}{2}$ per cent for September 1994, 1995 and 1996 respectively.

Notes on individual Budget measures

Inland Revenue taxes

1,2 Under statutory indexation the allowances and limits would have risen in line with the increase in the RPI over the year to September 1993 (1.8 per cent).

4 Assumes interest rates are unchanged from recent levels. There will also be a reduction in public spending of £70 million in 1995-96 and £80 million in 1996-97 on mortgage interest relief for borrowers who are non-taxpayers.

5 The yield will increase in future years as the number of new claimants rises.

8 The yield in 1996-97 reflects changes in the method of calculating profits of unincorporated businesses, and income not taxed at source, on which income tax is due in January 1997. For subsequent years the measures are expected to produce a greater yield.

9,10 Under statutory indexation the capital gains tax annual exempt amount and the inheritance tax threshold would have risen in line with the increase in the RPI over the year to September 1993 (1.8 per cent).

11 The cost will depend on the level of take up.

14 The benefits to companies and their shareholders will depend on the dividend decisions taken by companies. The yield in 1994-95 occurs because payments of tax credits are reduced before surplus ACT is repaid.

16 The yield could be significantly greater at times of exception oil price volatility.

17-22 The yields represent the estimated direct effect of the measures on the existing level of activity. Without these measures there could be a more significant loss of revenue in the future.

Customs and Excise taxes

28 The reduction in duty on fortified wines reflects the Government's intention, announced in December 1992, to reduce the duty differential between fortified wine and table wine.

31-33 These rows show the additional yield from the duty increases specified, compared with the yield from raising duty by 3 per cent in real terms, as envisaged in the commitment given in the March Budget.

34 This shows the additional yield from raising road fuel duties by 5 per cent in future Budgets, compared with the 3 per cent real increases envisaged in the commitment given in the March Budget.

Business rates

43 The costs in 1995-96 and 1996-97 are not known since they will depend on the transitional arrangements, if any, following the 1995 revaluation.

Revenue effects in 1993-94

A number of the Budget measures have effects on revenue yield in 1993-94. These are summarised below:

Direct effects of Budget measures in 1993-94		£ million
		Yield (+) / cost (-) of measure
		Changes from an indexed base
18	Profit related pay - restricted	40
22	Stamp duty - measures to counter avoidance	10
23	VAT threshold	-5
27-30	Alcohol duty	-10
31-33	Road fuel duties - up 3p a litre	170
35	Others fuels	5
36-37	Tobacco duty	35
41-42	Car VED up by £5, lorry VED frozen	20
45	NICs anti-avoidance measure	20
Total		285

THE ECONOMY: RECENT DEVELOPMENTS AND PROSPECTS

The following notes and tables are taken from the *Financial Statement and Budget Report 1994-95* (HMSO November 1993) (Price £15.50).

Summary

World economy

G7 growth slowed in the first half of 1993 and is forecast to be only 1 per cent in the year as a whole. Faster, but still modest, growth is projected for 1994. Inflation in the major countries is forecast to continue falling.

UK activity

In the UK, growth has been stronger than expected at the time of the March Budget and is now forecast to be $1\frac{3}{4}$ per cent in 1993. The forecast for 1994 is an increase in GDP of $2\frac{1}{2}$ per cent, slightly below the average of the forecasts from the Panel of Independent Forecasters.

Inflation

Underlying RPI inflation has been lower than forecast in the March Budget. It is likely to rise in the first half of 1994 because of the short-run impact of tax changes. But it is forecast to remain within the Government's 1 to 4 per cent target range and to fall back to $3\frac{1}{4}$ per cent by the end of the year. The average forecast from the Independent Panel is marginally lower.

Labour market

Unemployment has fallen 137 000 since the beginning of the year and is now below 2.9 million. This is a much better outcome than generally expected.

Current account

The current account deficit in 1992 has been revised down to £8½ billion, with the invisible surplus stronger than in recent years. Despite a fallback in the visible surplus and stronger growth in the UK than in continental Europe, our main export market, the current account deficit is expected to increase only slightly in 1993. It is forecast to be £9½ billion in both 1993 and 1994.

Financial developments

The sterling index has been fairly steady this year. Long-term interest rates have fallen significantly reflecting lower inflation expectations.

Public finances

The PSBR in the current financial year is expected to be very close to the £50 billion forecast in March. As a result of Budget measures and economic recovery it is forecast to fall to £38 billion in 1994-95.

Forecast assumptions

The forecast is based on the conventional assumption that sterling remains close to recent levels. Oil prices are assumed to average \$17 a barrel.

Table 1 Comparison Treasury and Independent Panel¹ forecasts

	Percentage changes on a year earlier unless otherwise stated					
	1993			1994		
	Treasury	Independent Panel		Treasury	Independent Panel	
		Average	Range		Average	Range
Gross domestic product	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ to 2	$2\frac{1}{2}$	$2\frac{1}{4}$	$1\frac{1}{2}$ to $3\frac{1}{4}$
RPI excluding mortgage interest payments (fourth quarter)	3	$3\frac{1}{4}$	$2\frac{3}{4}$ to $3\frac{1}{2}$	$3\frac{1}{4}$	3	$1\frac{1}{2}$ to $4\frac{1}{2}$
Current account (£ billion)	$-9\frac{1}{2}$	$-12\frac{1}{2}$	-16 to $-10\frac{1}{2}$	$-9\frac{1}{2}$	$-14\frac{1}{2}$	$-19\frac{1}{2}$ to $-7\frac{1}{2}$
PSBR (financial year, £ billion)	50	46	42 to 49	38	36	24 to 41

¹ Submitted to the Chancellor of the Exchequer on 18 October.

World economy

Recent developments

The pick-up in world economic growth which most forecasters were predicting around the time of the March Budget has been slow to materialise. Growth in the US in the first half of the year was less than forecast, though it seems to have recovered strongly in the second half. Japanese GDP and industrial production fell again in the second quarter. And although activity in continental Europe may have stabilised there are few clear signs of recovery; confidence remains at a low level in most European countries.

For the major seven countries (G7) as a whole, industrial production stopped falling towards the end of 1992, but there has been little recovery yet; weakness in Japan and continental Europe has largely offset rises in the US. GDP growth in the G7 between the second half of 1992 and the first half of 1993 slowed to under 1 per cent at an annual rate, compared with growth of $1\frac{1}{4}$ per cent in 1992.

Against this background, policy has remained expansionary in the US, and there has been a steady easing in continental Europe and Japan. US short-term interest rates have been around 3 per cent for over a year, consistent with a real interest rate close to zero. In Japan the official discount rate has been cut to a record low of $1\frac{1}{4}$ per cent, and the government has introduced a further stimulatory fiscal package - the third in just over a year. In continental Europe, however, despite reductions in nominal rates, real interest rates remain higher than usual at a cyclical trough. Fiscal deficits in Europe have risen sharply, partly as a result of the recession.

Weak activity in the major countries has kept non-oil commodity prices close to their lowest level in real terms since the early 1970s. The Brent oil price has fallen since the spring, dropping below \$15 a barrel towards the end of November, compared with over \$18 in the first half of the year. It has average just under \$16 $\frac{1}{2}$ a barrel in the last three months and is assumed to average \$17 a barrel during the forecast period.

Low commodity prices have contributed to a continued easing of inflationary pressure in the major countries. Since the beginning of the year consumer price inflation has fallen $\frac{3}{4}$ per cent in Germany and $\frac{1}{2}$ per cent in the US, and has been steady at historically low levels in France and Italy. In Japan, inflation fell below 1 per cent in the early summer before rising again as poor weather temporarily boosted food prices. Weak inflationary pressure and falling inflation expectations have contributed to a rally in world bond markets, taking long-term interest rates down to their lowest levels since the late 1960s.

Prospects

GDP growth in the G7 is forecast to be 1 per cent in 1993. This is percentage point below the March Budget forecast, reflecting weaker than expected activity in the first half of the year and only patchy signs of recovery in the second half. Growth is forecast to rise to 2 per cent in 1994, but with recovery still some way off in Japan and continental Europe, marked differences between the growth rates of individual countries are likely to persist.

In the United States, growth of around $2\frac{1}{4}$ per cent is forecast for 1993 and 1994, close to the rate in 1992. This continues the pattern of fairly modest recovery since the trough in early 1991. Following substantial upward revisions to past GDP data, the recent US recession looks to have been one of the shallowest since the war, implying less scope for the very rapid growth rates recorded in previous recoveries.

Tables 2 World economy

	Percentage changes on a year earlier			
	Forecast			
	1992	1993	1994	1995 H1
<i>Major seven countries¹</i>				
Real GDP	$1\frac{1}{4}$	1	2	$2\frac{1}{2}$
Domestic demand	$1\frac{1}{4}$	1	2	$2\frac{1}{4}$
Industrial production	$-\frac{1}{4}$	0	$2\frac{1}{2}$	$3\frac{1}{2}$
Consumer price inflation ²	$2\frac{1}{4}$	$2\frac{1}{4}$	$2\frac{1}{2}$	$2\frac{1}{4}$
World trade in manufactures	5	$2\frac{1}{4}$	$5\frac{1}{4}$	$6\frac{1}{2}$
UK export markets ³	4	$1\frac{1}{4}$	$4\frac{1}{4}$	$5\frac{1}{4}$

1 G7: US, Japan, Germany, France, UK, Italy and Canada.

2 Final quarter of each period. For UK, RPI excluding mortgage interest payments.

3 Other countries' imports of manufactures weighted according to their importance in UK exports.

In Japan, GDP is now forecast to fall by $\frac{1}{4}$ per cent in 1993. This would be the first annual fall since 1974. Although last year's fiscal package is beginning to provide a boost to public sector demand, private demand has been much weaker than expected. With the high yen now likely to restrain export volumes, growth is forecast to be only 1 per cent in 1994.

GDP in western Germany may be levelling out, at around $2\frac{1}{2}$ per cent below its early 1992 peak. But prospective tax increases and the deterioration in competitiveness over the past two years are expected to hold back recovery next year. Although output in the east continues to rise, growth in Germany as a whole is forecast to be only $\frac{3}{4}$ per cent in 1994, following a fall in output of $1\frac{1}{2}$ per cent this year.

GDP in the European Community is forecast to fall by $\frac{1}{2}$ per cent in 1993, and recover by only $1\frac{1}{4}$ per cent in 1994, similar to the recent Commission forecast. Unemployment in the European Community has risen from $8\frac{1}{2}$ per cent in 1990 to $10\frac{1}{4}$ per cent. Growth in 1994 is unlikely to be sufficient to prevent further increases in unemployment over the next year.

Low commodity prices and spare capacity in G7 countries should continue to exert downward pressure on inflation. Consumer price inflation in the G7 is forecast to fall from its current level of $2\frac{1}{4}$ per cent to $2\frac{1}{2}$ per cent by the fourth quarter of 1994 and $2\frac{1}{4}$ per cent by mid-1995. The largest fall is likely to be in Germany where inflation - currently second highest in the G7 - is forecast to be below $2\frac{1}{2}$ per cent by the first half of 1995.

Growth of world trade in manufactures is forecast to slow from 5 per cent in 1992 to $2\frac{1}{4}$ per cent in 1993, as a result of the slowdown in continental Europe and Japan. Growth elsewhere in East Asia and in Latin American countries has remained buoyant, and imports to the US have been surprisingly strong. But in Europe - the UK's main export market - weak domestic demand appears to have depressed imports severely (although trade volumes may have been distorted by the introduction of Intrastat, the new system for recording intra-European Community trade). As a result, UK export markets are forecast to grow by only $1\frac{1}{4}$ per cent this year, $1\frac{1}{2}$ percentage points less than world trade. With fast growth in the industrialised

countries, growth of world trade is forecast to be stronger in 1994 than in 1993, at around 5 1/4 per cent. Growth of UK export markets is also expected to increase but to remain below that of world trade.

UK demand and output

Recent developments

As a result of the rebasing of the national accounts to 1990 prices and other data revisions, the trough in GDP is now estimated to have occurred in the first quarter of 1992. During the recession non-oil GDP fell by 3 1/4 per cent, rather less than the 5 1/4 fall in the early 1980s recession.

The recovery has proceeded fairly steadily so far, with an uninterrupted expansion in GDP of 2 1/2 per cent over the six quarters to the third quarter of 1993. Output has risen in most sectors. North Sea oil and gas output has risen particularly strongly, the fruit of heavy investment in recent years. Output has increased by about 2 1/2 per cent in both manufacturing and services, and service sector output is now above the level seen at the peak of the cycle.

The impetus to recovery has come mainly from consumer spending and exports. Since the trough in output, consumer spending has contributed 2 1/2 per cent to the growth in GDP and exports 1 1/4 per cent. Stocks too made some initial contribution. During 1992 the positive contribution of exports was more than offset by rising imports, but this year exports have accelerated, despite weak demand in continental Europe, and import growth has fallen. Some improvement in trade performance was to be expected in the wake of gains in competitiveness, but its extent is uncertain given the change in the way intra-European Community trade has been recorded since the turn of the year.

Prospects

While the recovery so far has been remarkably smooth, it would not be surprising if the profile of output were more uneven from now on. Nevertheless growth is expected to continue in the final quarter of 1993. Although growth in manufacturing output appeared to falter over the summer, business surveys point to resumed expansion, albeit at a modest pace. North Sea output is rising and there is little sign of a break in the upward trend in consumer demand, much of which is reflected in higher output in the service sector. So GDP growth in 1993 is now forecast to be 1 1/4 per cent, a stronger performance than forecast in the March Budget.

Faster growth is forecast for 1994, with GDP increasing by 2 1/2 per cent, 2 1/4 per cent excluding North Sea oil. This acceleration largely reflects a pick-up in business spending: improved company finances and modest increases in capacity utilisation should boost spending on fixed assets and stocks. Export growth should increase a little as continental Europe recovers, although imports are forecast to grow more strongly too. Annual growth in non-oil GDP is forecast to be slightly stronger again in the first half of 1995, but with growth of North Sea output slowing, total GDP growth is forecast to remain at 2 1/2 per cent.

Personal Sector and the housing market

Recent developments

Consumer spending started to recover in the second quarter of 1992, having fallen 3 1/4 per cent in the recession. By the third quarter of 1993 most of this fall had been reversed, with spending rising on average by 1/2 per cent a quarter. The initial recovery followed a substantial fall in interest rates and was accompanied by strong growth in real personal disposable income. This year, however, growth of aggregate real incomes has weakened and the saving ratio has fallen from 12 1/4 per cent in 1992 to an estimated 11 1/4 per cent in the first three quarters of the year. Weaker real income growth is mainly the result of the slowdown in real average earnings growth and smaller increases in dividend income following strong growth in 1992.

Events of the past eighteen months have shown that consumer demand can recover while the housing market remains weak. Even so, a stronger housing market would help underpin the consumer recovery. The housing market has shown signs of emerging from its slump, but both turnover and prices have moved erratically in 1993. It is clear that the Autumn Statement package of measures designed to take empty properties off the market played an important role in the recovery of turnover in the early months of the year. Indeed there was a small surge in housing starts in the spring as builders sought to replace properties sold into the programme. While the early pace of recovery was not sustained, with some weakening in the summer, activity and prices in the third quarter were both well above their troughs.

Prospects

With mortgage rates at their lowest levels since 1969 and house prices lower in relation to incomes than since 1985, home ownership is more affordable than for many years. Now that prices are rising, unemployment is falling and there is a growing perception of more general recovery, increasing confidence should lead to higher activity and prices in 1994.

Personal sector spending is likely to remain restrained by past standards, given a desire for further balance sheet adjustment. Nevertheless there are reasons for expecting a further decline in the saving ratio. Unemployment has begun to fall, reducing the need for precautionary saving. Inflation is forecast to remain low, reducing the need of households to save to maintain the real value of their financial wealth, and lower interest rates have eased the burden of household debt.

A decline in the saving ratio combine with continued growth in real personal disposable income should permit consumption to increase in 1994 at around its recent rate. Despite the tax increases due to take effect, real personal disposable income could rise by 1 per cent in 1994, the same as in 1993, largely reflecting recoveries in self-employment and net investment incomes. Numbers of self-employed in work have been increasing and net investment income is being boosted by lower interest rates and high rates of net accumulation of financial assets. In addition there is the prospect of rising real income from wages and salaries before tax. Consumers' expenditure is forecast to rise by 2 1/4 per cent in 1994, following an increase of 2 per cent in 1993. Personal sector investment in dwellings - which includes both new houses and improvements to existing houses - is expected to grow faster than for several years as housing market activity increases.

Financial position

Although the saving ratio is forecast to fall and housing investment to rise, the personal sector financial balance is projected to remain in sizeable surplus in 1994 - around 6 per cent of personal disposable income. The debt/income ratio has fallen over the past couple of years. And with interest payments falling sharply as a result of lower interest rates, the burden of debt is much reduced.

Corporate sector and investment

Company income and saving

Following concerted efforts to cut costs, the corporate sector has now begun to reap the benefits. Having been more or less static through the recession, industrial and commercial companies' (ICCs) profits in the first three quarters of 1993 were 14 per cent up on a year earlier. With sharp reduced short-term interest payments, down a quarter, and further reductions in tax payments, company saving (undistributed income) is estimated to have risen by about a third over the same period.

Profitability, as measured by the real rate of return, is expected to be well up in 1993 on its 1992 level. In 1994 it is forecast to pick up

further as recovery strengthens, labour costs remain in check, and pressure on margins eases further. Despite higher tax payments in 1994, higher profits are expected to carry through into a further marked increase in company saving.

Business investment

Business investment in the first three quarters of 1993 was $1\frac{1}{4}$ per cent down on a year earlier, although manufacturing investment rose slightly and North Sea investment increased by 7 per cent. But at its projected trough in the second half of 1993, business investment as a share of GDP is still above the levels seen between 1970 and the mid-1980s.

Investment intentions have improved over the past year, and are now pointing to modest growth in manufacturing investment over the year ahead. Moreover the improvement in companies' profitability and balance sheets will ease constraints on investment. The degree of spare capacity will, on the other hand, continue to be a restraining influence until recovery is further advanced. Business investment is forecast to rise by $3\frac{1}{4}$ per cent in 1994 and by $4\frac{1}{2}$ per cent in the year to the first half of 1995.

Government investment

General government investment in fixed assets rose $8\frac{1}{4}$ per cent in volume terms in 1992, and is projected to rise by a further $11\frac{1}{4}$ per cent in 1993, in part due to the temporary relaxation of the rules for spending out of local authority capital receipts. In 1994 it is forecast to fall 3 per cent, as this temporary measure unwinds. But government investment is projected to remain at historically high levels.

Whole economy investment

Fixed investment in the economy as a whole is forecast to grow by $\frac{1}{2}$ per cent in 1993 and by 3 per cent in 1994, reflecting the forecast pick-up in business and housing investment which more than compensates for lower general government investment.

Table 3 Gross domestic fixed capital formation at constant prices

	Percentage changes on a year earlier			
	1992	Forecast 1993	1994	1995 H1
Business ¹	-4 $\frac{1}{4}$	-2 $\frac{1}{4}$	3 $\frac{1}{4}$	4 $\frac{1}{2}$
Private dwellings and land ²	1 $\frac{1}{4}$	- $\frac{1}{2}$	7	6 $\frac{1}{2}$
General government ³	8 $\frac{1}{4}$	11 $\frac{1}{4}$	-3	-3 $\frac{1}{2}$
Whole economy	-1 $\frac{1}{2}$	$\frac{1}{2}$	3	3 $\frac{1}{2}$

1 Includes public corporations, except National Health Trust hospitals.

2 Includes net purchases of land and existing buildings for the whole economy.

3 Excludes net purchases of land existing buildings; includes National Health Trust hospitals.

Stockbuilding

Typically stockbuilding makes a positive contribution to growth during periods of economic upswing. The slowdown in the rate of destocking in 1992 contributed $\frac{1}{4}$ per cent to GDP growth, following three years when the stock cycle made a negative contribution. But this year, with destocking continuing at much the same rate as in 1992, stocks are expected to make only a small contribution to growth. Stocks are forecast to contribute $\frac{1}{2}$ per cent to growth in 1994 as stockbuilding resumes.

Companies' financial position

Latest information suggests that ICCs moved into small financial surplus in the first three quarters of 1993, for the first time since 1987. The expected buoyancy of company saving and relatively modest growth of capital spending imply a larger financial surplus in 1994. This would partly restore the damage done to company balance sheets by the substantial deficits incurred in the five years to 1992, and particularly in 1989 and 1990.

Labour market

Employment and productivity

Employment rose between March and June 1993, for the first time in three years. The fall in employment during the recession was partly associated with a productivity performance which was abnormally strong for a cyclical downturn, perhaps reflecting the effects of labour market reforms. Although the recent turnaround in employment was accompanied by a slowdown in productivity growth, non-oil productivity in the second quarter of 1993 was still $3\frac{1}{4}$ per cent up on a year earlier, and manufacturing productivity in the third quarter was 5 per cent up. As the recovery becomes more established, annual productivity growth could fall further from its recent high rates.

Unemployment

Unemployment rose by 1.4 million between April 1990 and its peak on January 1993 - considerably less than the fall in employment. But by October 1993 it had fallen 137 000. This is a much better performance than expected by most at the time of the March Budget.

Trade and the balance of payments

Recent developments

The introduction from 1 January of a new system for recording visible trade with the European Community - Intrastat - has made it extremely difficult to interpret recent trade performance. Not only have the figures recorded in the first few months of the new system been more liable to revision than usual, but some of the movements - such as sharply divergent changes in imports from the European Community and from elsewhere - are difficult to explain. Due to the new method of collection there may well have been a break in the European Community trade figures at the start of the year, implying that year-on-year growth rates in 1993 are unreliable. Part of the problem may lie with the split of values into prices and volumes. As the new system settles down, however, shorter period movements should become more reliable. In the meantime the forecast gives more weight to the fundamental influences on trade performance than to recent outturns.

Competitiveness

The main influences on actual trade flows over the next year or so are the improvement in competitiveness already achieved and the cyclical position in the UK compared with elsewhere. Cost competitiveness so far in 1993 has turned out much as expected. Unit labour cost performance in the UK has been unusually good. In 1993 as a whole, unit labour costs in manufacturing could be 1 per cent lower than in 1992, and they are forecast to remain unchanged in 1994. By contrast competitors' unit labour costs have been rising and are expected to continue to rise. Cost competitiveness, after allowing for exchange rate changes, was probably around 20 per cent better in the third quarter of 1993 than a year earlier, and is forecast to remain close to that level during 1994. On the recorded figures export price competitiveness has improved much less. This may partly reflect exporters taking the opportunity of the lower exchange rate to widen profit margins which had previously been squeezed, but it is also possible that the recorded increase in export prices is too high.

Imports

The recorded figures for imports so far this year are lower than past experience would have suggested. Although the effect of the improvement in competitiveness may have been stronger than in the past, it is possible that the import volume figures in 1993 are understated by comparison with the figures for earlier years. The sharp fall in imports from the European Community is particularly difficult to understand against a background of little change in imports from elsewhere. Recorded non-oil import volume growth may be only 2½ per cent in 1993, following a rise of 7 per cent in 1992.

The forecast assumes that the usual relationships between the growth of imports, domestic demand, and competitiveness are re-established from now on. These point to UK imports growing faster than UK domestic demand, reflecting the progressive specialisation of world production. Increased specialisation is evident in the consistently higher rates of growth for measures of world trade than for measures of world demand and output. Although improved competitiveness will be a moderating influence on import growth, its effect is unlikely to be strong enough to bring underlying import growth below domestic demand growth. Non-oil imports are forecast to increase by 5¼ per cent in 1994.

Exports

The sustained improvement in competitiveness will help UK exporters to increase their market penetration. But overseas demand is itself weak. UK export markets may grow by only a little more than 1 per cent in 1993 because of the particular weakness of demand in continental Europe. In 1994, however, UK export markets are forecast to rise 4 per cent. Recorded non-oil exports may be around 3½ per cent higher in volume terms in 1993 than in 1992. But the statistical problems discussed earlier may have reduced recorded export growth - actual growth may have been somewhat stronger. In 1994 non-oil export growth is forecast to be around 5¼ per cent.

Trade prices

Recorded prices for both exports and imports have moved erratically in 1993, with no clear trends. Non-oil import prices have risen about 10 per cent in the year to the third quarter, less than exchange rate and world price changes would imply. This may be because importers are finding it difficult to pass on the exchange rate effects fully in the face of low consumer and producer price inflation in the UK. Non-oil export prices have also risen 10 per cent - again a good deal slower than world prices measured in sterling. Comparing 1993 as a whole with 1992, the terms of trade, as recorded, may improve by around 1¼ per cent, recovering from their sharp fall in the immediate aftermath of last year's devaluation. Little change is expected in 1994.

Table 4 Non-oil visible trade

	Percentage changes on a year earlier				
	Volumes		Prices ¹		Terms of trade ²
	Exports	Imports	Exports	Imports	
1992	2	7	1½	-½	2½
Forecast					
1993	3½	2½	9	7½	1½
1994	5¼	5¼	3½	3	½
1995 H1	6	6¼	3¼	3¼	¼

1 Average value indices.

2 Ratio of export to import prices.

The North Sea

North Sea output rose 8 per cent in 1992 and it has risen even faster during 1993. In 1993 as a whole, output is expected to be around 15 per cent higher than in 1992, with a further rise of nearly 20 per cent forecast in 1994. Oil output is expected to be in the upper half of the 1993 Brown Book range. Gas output, which has increased strongly this year, is forecast to rise further. As a consequence of higher production, the surplus on trade in oil is forecast to rise to £4 billion in 1994, its highest since 1987.

Invisibles

The surplus on invisibles in 1992 was £5 billion, well above early estimates. The surplus on net interest, profits and dividends (IPD) was particularly strong in the second half of the year, at £4 billion, compared with under £2 billion in the first half. But much of the increase probably resulted from abnormally high activity in the foreign exchange markets around the time of last year's ERM crisis. High IPD surpluses have not been sustained in the first half of 1993. And the balance of transfers - consisting largely of net transfers to the European Community and aid and other government spending overseas - has continued to deteriorate.

The balance on services, on the other hand, which was depressed by insurance claims relating to Hurricane Andrew in the second half of 1992, rebounded strongly in the first half of 1993. It should also benefit from the improvement in competitiveness. Exports of services are forecast to rise by 4 per cent in volume terms in 1994, slightly more than in 1993. Imports of services could grow by 4¼ per cent in 1994 following a small fall in 1993. But an increase in the services balance is likely to be sufficient to offset the deterioration in IPD and transfers. Overall the surplus on invisibles is projected to be £2 billion in 1993, well down on the previous year. It is forecast to fall a little further in 1994.

Table 5 Current account

	£ billion					
	Manufactures	Oil	Other	Total visibles	Invisibles	Current balance
1992	-7½	1½	-7½	-13½	5	-8½
Forecast						
1993	-6	2½	-8	-11½	2	-9½
1994	-6½	4	-9	-11	1½	-9½
1995 H1 ¹	-6½	4	-9	-11½	1½	-10

¹ At annual rate.

The current account

The current account deficit in 1992 has been revised down to £8½ billion, from £12 billion estimated at the time of the March Budget. The deficit is forecast to widen slightly to £9½ billion in 1993, with a fall in the invisible surplus partly offset by a smaller visible deficit, and to remain at that level in 1994.

Inflation

Both cost and price inflation have been significantly lower during 1993 than forecast a year ago and in the March Budget. Despite the depreciation of sterling, underlying inflation, as measured by the RPI excluding mortgage interest payments (MIPs), is expected to be lower at the end of 1993 than at the end of 1992. There are clearly considerable domestic disinflationary pressures.

Earnings

Underlying average earnings growth was 3 per cent in September, down from 5½ per cent a year earlier. Pay settlements have also continued to fall. Latest data from the CBI show the average of settlements in manufacturing and services at about 2 per cent in the third quarter, compared to over 4 per cent a year earlier. On its own, this would point to further falls in earnings growth because settlements take time to feed through fully. On the other hand, there may be some upward pressure on earnings as profits increase and labour markets become less slack.

Costs and producer prices

Falling earnings growth combined with strong productivity growth has led to exceptionally good unit wage cost performance this year. Unit wage costs in manufacturing were ½ per cent lower than a year earlier in the third quarter, and in the year as a whole are forecast to be around 1 per cent lower than in 1992. In the private sector, unit wage costs are forecast to increase only marginally between 1992 and 1993.

Falling unit wage costs in large part explain why producer prices¹ have remained unexpectedly subdued, despite higher import prices and some rebuilding of profit margins. Producer output price inflation rose to 3.2 per cent in October, from a low point of 2.0 per cent in the autumn of 1992. Producer input prices had shown more of an impact from import prices earlier this year. But in the year to October they increased by only 1.0 per cent, further evidence of a squeeze on importers' margins.

Table 6 Retail and producer output price inflation

	Percentage changes on a year earlier			
	Forecast			
	1992 Q4	1993 Q4	1994 Q4	1995 Q2
RPI excluding MIPs	3¼	3	3¼	3
Producer output prices	2	3¼	3	2¼

1 Throughout this chapter the producer price figures excluded food, beverages, tobacco and petrol.

Producer output price inflation is forecast to be 3¼ per cent in the fourth quarter of 1993. It may then rise a little, as manufacturers continue to rebuild margins against the background of less favourable movements in unit wage costs and adjustment to higher import prices. But as these factors run their course, producer output price inflation is forecast to fall back to 3 per cent in the fourth quarter of 1994 and 2¼ per cent by mid-1995.

Retail prices

Underlying inflation, as measured by the RPI, excluding MIPs, fell to 2.8 per cent in early summer; its lowest rate since 1968. It rose subsequently, but this was fully reversed by a sharp fall back to 2.8 per cent in October. Underlying inflation is forecast to rise somewhat during the first half of 1994, while remaining within the Government's 1 to 4 per cent target range, before falling back to 3¼ per cent by the end of the year. This temporary increase in underlying inflation reflects the short-run impact of tax changes. Over-indexation of excise duties, the new taxes in the Budget, and the first tranche of VAT on domestic fuel and power announced in the March Budget, are together estimated to add ¼ percentage point to the annual rate of underlying inflation in the fourth quarter of 1994. Underlying inflation is forecast to fall further by the second quarter of 1995, to 3 per cent.

Given the path of underlying RPI inflation, the outlook for the all-items rate will depend on what happens to mortgage rates. Other things being equal a 1 percentage point change in mortgage rates changes the level of the all-items RPI by just over ½ per cent.

GDP deflator

The prospects for the GDP deflator (which measures the price of domestic value added - principally unit labour costs and profits per unit of output) differ from those for retail prices primarily because of its wider coverage. The GDP deflator is forecast to rise by 3¼ per cent in 1993-94, increasing to 4 per cent in 1994-95. This mainly reflects a forecast acceleration in investment goods prices from very low levels.

Financial developments

Exchange rates

Sterling has been relatively stable this year. Following a short period of weakness in February and March, the sterling index has mostly traded in the range 79 to 82; over the past three months it has averaged 80½. Against the deutschemark it has average DM2.48, 12½ per cent below its average level during the three months prior to suspension from the ERM. Sterling was not significantly affected by the turbulence in the European Monetary System in the summer which ended in the widening of the permitted bands of variation.

Interest rates

Base rates have been reduced twice this year, in January and November. Short-term interest rates in the UK are currently the lowest in the European Community. Long rates have fallen significantly. Ten-year gilt yields, which stood at 8¼ per cent at the beginning of the year, have recently been under 7 per cent. The fall in long rates reflects improved confidence in the prospects for sustained low inflation.

Asset prices

Equity prices grew strongly after sterling's suspension from the ERM. They have continued to rise in recent months, reaching new highs. The commercial property market has remained subdued, though capital values may have stopped falling. House prices, as measured by the Halifax index, have been erratic though rising slightly in recent months.

Monetary aggregates

The twelve-month growth rate of M0 has been above its monitoring range for most of this year; and in November it was just over 5 per cent. A period of relatively strong growth, and correspondingly low velocity growth, is not surprising following the sharp cuts in interest rates which reduce the incentive to economise on cash. M4 growth has remained close to the bottom of the monitoring range set in the March Budget. Low interest rates, relative to returns on other financial assets, reduce the attractiveness of deposits as a savings medium.

Credit

The growth of M4 lending - bank and building society lending to the private sector - has remained weak. The twelve-month growth rate has mostly been between 3 and 4 per cent throughout 1993. Company sector borrowing in particular has remained weak, with industrial and commercial companies repaying bank borrowing. Companies have moved into financial surplus, reducing their need to borrow, and capital issues have been substantial, probably reflecting the strength of the stock market. Lending for house purchase has been one of the stronger areas, reflecting the rise in housing turnover.

Risks and uncertainties

All forecasts are subject to risks and uncertainties. One way of assessing their extent is to examine average errors from past forecasts.

which are shown in Table 3.8. The range of forecasts from the Independent Panel is another indicator of the uncertainties, as is the evolution of the forecasts over time. Successive Treasury forecasts of GDP growth in 1993 have been progressively revised up over the past year, whilst forecasts of underlying inflation in the year to the fourth quarter of 1993 have been revised down. The projected current account deficit for 1993 was increased in March, but has since been revised down below last year's Autumn Statement forecast, reflecting revisions to 1992 and lower than expected returns so far this year.

Table 7 Recent Treasury forecasts

	Percentage changes on a year earlier unless otherwise stated		
	1992 Autumn Statement	March Budget	November Budget
Gross domestic product (1993)	1	1 1/4	1 3/4
RPI excluding mortgage interest payment (1993 Q4)	3 3/4	3 3/4	3
Current account (1993, £ billion)	-15 1/2	-17 1/2	-9 1/2
PSBR (1993-94, £ billion)	45	50	50

Table 8 Summary of economic prospects¹

	Percentage changes on a year earlier unless otherwise stated			Average errors from past forecasts ²
	1992	Forecast 1993	1994	
GDP and domestic demand at constant prices				
Domestic demand of which:	$\frac{1}{4}$	$1\frac{1}{2}$	$2\frac{1}{2}$	$1\frac{1}{4}$
Consumers' expenditure	0	2	$2\frac{1}{4}$	$1\frac{1}{4}$
General government consumption	$\frac{3}{4}$	0	1	1
Fixed investment	$-1\frac{1}{2}$	$\frac{1}{2}$	3	4
Change in stockbuilding ³	$\frac{3}{4}$	0	$\frac{1}{2}$	$\frac{1}{2}$
Exports of goods and services	$2\frac{1}{4}$	4	$5\frac{1}{4}$	2
Imports of goods and services	$5\frac{1}{4}$	2	$5\frac{1}{4}$	$3\frac{1}{4}$
Gross domestic product	$-1\frac{1}{2}$	$1\frac{1}{4}$	$2\frac{1}{2}$	$1\frac{1}{2}$
Non-oil GDP	$-1\frac{1}{2}$	$1\frac{1}{2}$	$2\frac{1}{4}$	$1\frac{1}{2}$
Manufacturing output	$-3\frac{1}{4}$	2	$2\frac{1}{4}$	2
Balancing of payments current account				
£ billion	$-8\frac{1}{2}$	$-9\frac{1}{2}$	$-9\frac{1}{2}$	7
per cent of GDP	$-1\frac{1}{2}$	$-1\frac{1}{2}$	$-1\frac{1}{2}$	1
Inflation				
RPI excluding mortgage interest payments (fourth quarter)	$3\frac{3}{4}$	3	$3\frac{1}{4}$	1
Producer output prices (fourth quarter)	2	$3\frac{1}{4}$	3	1
GDP deflator at market prices (financial year)	$3\frac{3}{4}$	$3\frac{1}{4}$	4	$1\frac{1}{4}$
Money GDP at market prices (financial year)				
£ billion	602	636	678	
percentage change	4	$5\frac{1}{2}$	$6\frac{1}{2}$	2
PSBR (financial year)				
£ billion	$36\frac{1}{2}$	50	38	10
per cent of GDP	6	$7\frac{3}{4}$	$5\frac{1}{2}$	$1\frac{1}{2}$

1 Data in this chapter are consistent with output, income and expenditure estimates and other series for the period to the third quarter of 1993 released by the Central Statistical Office on 19 November 1993. On the basis of this information the Treasury has carried through revisions to further series, such as personal saving and sectoral financial balances. The CSO published full national accounts estimates on 20 December.

2 Average absolute error in Autumn Statement forecasts over past ten years; they apply to the forecasts for 1994 or 1994-5.

3 Per cent of GDP.

CHARITIES' CONTRIBUTION TO GROSS DOMESTIC PRODUCT

The results of the CSO Survey of Charities, 1990 and 1991

R Clare and M Scott, Central Statistical Office

Introduction

This article presents the results of the CSO Survey of Charities. It was conducted in 1993 by the Aston Business School (ABS) to collect data on selected charities' income and expenditure in 1990 and 1991. The survey is one of a package of measures announced on 19 November 1991 by the Chancellor of the Exchequer to improve the quality of the UK National Accounts estimates. The last survey of this kind related to 1970 and a new benchmark was long overdue to improve the estimate of charities' contribution to Gross Domestic Product (GDP).

Description of Private Non-profit-making Bodies

Charities, if they serve persons, are included for national accounts purposes among private non-profit-making bodies serving persons (PNPMBs). These may be defined as combinations of persons acting together for mutual or general benefit. For National Accounts purposes, they are classified to the personal sector and their expenditure is therefore part of consumers' expenditure.

Definition of Final Current Expenditure

GDP, as measured by the total expenditure on goods and services in the economy, takes account only of the activities of final buyers. Final buyers consume goods and services for the benefits they provide as opposed to intermediate buyers whose purchases of goods and services are used in the production of other commodities. Many PNPMBs produce goods and services as well as consume them, so they are not uniquely final buyers or intermediate buyers. To calculate their contribution to GDP, a means has to be found of unscrambling their activities as producers of goods and services. This is because sales by PNPMBs are already being counted in GDP as expenditure by other final buyers. To avoid double-counting, sales by PNPMBs need to be deducted from their gross current expenditure on goods and services. The net figure represents their final current expenditure (FCE). The accompanying inset defines FCE, which represents PNPMBs' contribution to GDP. PNPMBs' capital expenditure also contributes to GDP but this article deals with current expenditure only.

DEFINITION OF PNPMBs' FINAL CURRENT EXPENDITURE

Staff costs (wages and salaries, employers' national insurance and pension contribution, redundancy payments)

plus

expenditure on goods and services in the UK

equals

gross current expenditure on goods and services

less

sales of goods and services

equals

final current expenditure (FCE)

Survey coverage required

There are a number of distinctly different categories of PNPMBs for which estimates of FCE are presently made. These categories fall under four broad groupings (see inset). Groups (a), (b) and (c) were excluded from the survey. Group (a) was excluded because data from administrative sources are available to construct reliable estimates of FCE. In the case of group (b), a large part of gross current consumption is offset by sales (such as tuition fees or rent), leaving a relatively small FCE. The next category, group (c), needed to be surveyed but was excluded from the 1993 survey because a comprehensive list of such PNPMBs could not be readily compiled. The survey was, therefore, restricted in its coverage to group (d) which comprises a very large number of charities providing a diverse range of activities. For want of a better description, group (d) will be called "general charities". Examples include The National Trust, Oxfam, The British Red Cross, The Spastics Society, The Royal Society for the Protection of Birds, The Civil Service Benevolent Fund, The Wellcome Trust and Shelter. Such charities are registered with the Charity Commission, if located in England and Wales. Group (d) also covers similar charities in Scotland and Northern Ireland.

In compiling a sampling frame for group (d), it was recognised that all available registers were liable to contain bodies falling in groups (a) to (c) as well. These registers were also liable to include organisations which were legally charities but not PNPMBs at all, being classified, for National Accounts purposes, to general government or to the corporate sector (examples include the British Museum and scientific and industrial research organisations).

CATEGORIES OF PNPMB

Group a (reliable data available):

1. Universities and other publicly funded colleges, including Oxbridge colleges
2. Friendly societies (not collecting societies)
3. Trades unions

Group b (FCE thought to be small):

1. Other colleges and schools in the private sector, including grant maintained schools
2. Housing associations

Group c (lack of comprehensive register information):

1. Ex-corporation duty bodies (such as motoring organisations and city livery companies)
2. Clubs and societies
3. Places of worship

Group d (covered by survey):

General charities

Preparatory work

Prior to the survey, the CSO carried out an extensive consultation with Government Departments and with representatives of the voluntary sector. It confirmed that the information required could not be extracted from published accounts and that a postal questionnaire was needed. This consultation was also intended to ensure that charities would find the survey acceptable. Feedback indicated that questions should be kept to the bare minimum. On this occasion, therefore, the survey was restricted to questions on current income and expenditure. An important issue was the difficulty that charities may have in identifying income from government bodies as sales (which are proper to the FCE calculation) and grants (which are not). The bulk of the preparatory work was undertaken by a consultant. Specifically, the CSO engaged Perri 6, then of the National Council for Voluntary Organisations, to advise on these aspects; his report was made available to potential bidders for the survey work.

Appointment of contractor

Seven organisations, known to be interested in research in the voluntary sector, were asked to submit competitive tenders to conduct the survey. The contracted work also included the preparation of a report on the feasibility of a possible future survey covering a wider range of data from a broader group of PNPMs. CSO received four tenders and subsequently invited Aston Business School (ABS) to carry out the survey.

The pilot survey

A pilot survey of 250 charities was conducted in November 1992 by ABS to test two variations of a questionnaire and to obtain information on a number of issues:

- whether a satisfactory response rate could be achieved
- whether the respondent charity was within the scope of the survey i.e. it fitted the definition of "general charities" as outlined above
- whether the details of the respondent's income and expenditure, including special questions designed to estimate final current expenditure, were understood and available.

The sampling frame used was based on a list of charities furnished by the Charities Aid Foundation (CAF). A response rate of 38% was achieved within just 4 weeks of posting but it was clear that much progress chasing and prompting would be a feature of the main survey in order to secure a satisfactory level of response. Among the returns received, a proportion was outside the survey's scope; this led to some modification of the initial filter questions designed to identify respondents outside the survey's scope. The responses indicated a general acceptability of the questionnaire(s) but, again, usefully resulted in modifications to individual questions and explanatory notes, particularly those dealing with the distinction between grants from general government and sales to government.

Sampling frame

The choice and construction of a sampling frame had been proceeding while the pilot survey was being planned and undertaken. By the time that the main survey was to be undertaken, the register of the Charity Commission (CC) had become available for use as

the basic frame for England and Wales. The CC listing was reduced to some 143,000 main charities, after removing subsidiaries; these were charities administered in connection with main charities, and those grouped under a common name. Subsidiaries were outside the scope of the survey in order to avoid double counting.

For Scotland, the Inland Revenue had compiled a list of bodies eligible to qualify for charitable tax relief. There was no all-embracing register for Northern Ireland. ABS compiled a composite register with contributions from the CAF registers and data supplied by the Northern Ireland Council for Voluntary Action, supplemented by names given by the Home Office Voluntary Services Unit.

Sample design

The Charity Commission (CC) register is wholly computerised. Its other main advantage is the availability of a recent estimate of annual income for around half of the listed charities. The overall sampling frame therefore consisted of 4 main groups:

- A. The Charity Commission register with details of charities' incomes
- B. The remaining charities registered with the Charity Commission
- C. The Scottish list compiled by the Inland Revenue Claims Branch
- D. The composite Northern Ireland list assembled by ABS from a number of sources

Table 1: Distribution of entries in the Charity Commission register with income size data

Income bands:	% of total numbers	% of total income
Up to £100,000	88.8	7.3
£100,000 to £1m	9.0	19.3
£1m to £10m	2.0	36.5
Over £10m	0.2	36.9

Within group A, an initial analysis of the register showed that the size distribution of charities was heavily skewed. As Table 1 shows, charities with an annual income exceeding £100,000 accounted for only about 11% of the numbers but nearly 93% of overall income. The concentration of income in the top three income bands permitted stratified sampling for Group A.

Group B had no income information; for sampling purposes, it was split between those charities which had responded to the Charity Commission's requests for routine returns and those which had not. It was felt that the latter sub-group was more likely to contain defunct, i.e. moribund, organisations. Groups C and D were taken as they stood.

Table 2: Population of charities, sample sizes and fractions for each element of the sampling frame

Sampling frame component	Initial population on register	Initial gross sample size	Sampling fraction
A Charity Commission: Income details-			
1. up to £100,000	65,373	650	1:100
2. £100,000 to £1m	6,666	433	1:15
3. £1m to £10m	1,491	486	1:3
4. Over £10m	149	149	1:1
B Charity Commission: No income details-			
1. Response to enquiries	30,091	650	1:46
2. No response	39,664	650	1:61
Total England and Wales	143,434	3,018	1:48
C Inland Revenue Scottish list	19,808	650	1:30
D Composite Northern Ireland list	8,000	370	1:22
U K TOTAL	171,242	4,038	1:42

Table 2 shows the initial population of charities in each of these four groups, together with the selected sample sizes. The ability to stratify by income within group A allowed the use of a more efficient set of sampling fractions.

The questionnaire: Initial filter and other questions

Even though work on the registers weeded out a large number of subsidiaries and other organisations which were to be omitted from the survey, it was realised that a large proportion of moribund and out-of-scope bodies remained on the sampling frame. The questionnaire therefore included initial filter questions to detect whether or not the respondent was within scope of the survey.

It was also decided that, while a profile of charities by income size was essential for grossing purposes, it would be too onerous to ask small charities to give details of their income and expenditure. A question was therefore inserted to determine whether or not the charity's income or expenditure exceeded £100,000 a year. If not, the charity was asked to complete only a few more general questions.

The questionnaire: the income and expenditure data

The CSO recognised the need to collect data by questionnaire because the data required to estimate final current expenditure on goods and services could not be generally extracted from charities' accounts. Additionally, certain issues posed particular difficulties. For instance, charities have found it increasingly difficult to determine whether some transactions with government bodies represent sales to those bodies, or grants from them. This distinction has been the subject of some debate among researchers in recent years; the questionnaire laid down its own guidelines.

Although the prime objective of the survey was to obtain benchmark estimates of final current expenditure on goods and services for 1990 and 1991, the questionnaire requested a breakdown of total income and current expenditure. This afforded a check on the internal consistency of the returns and also facilitated the validation of returns against any corresponding data shown in the charities' published accounts. A summary of the income and expenditure questions is shown in the box below.

INCOME:
(a) Sales of goods and services to:
Corporate sector
Persons
Other voluntary organisations
general Government or European Commission:
-under the terms of a legally enforceable contract or service agreement
-other contract or service agreement
-client benefits paid directly by sponsoring bodies
(b) Grants and donations etc
(c) Legacies
(d) Investment income: rent, dividends and interest received
(e) Gains (losses) on disposal of investments or fixed assets
TOTAL INCOME (items (a) to (e))
TOTAL INCOME RECORDED IN PUBLISHED ACCOUNTS
(Used for validation)
CURRENT EXPENDITURE:
(a) Staff costs
(b) Financial transfers abroad
(c) Charitable cash payments and grants in the UK
(d) Interest payments
(e) Depreciation
(f) Expenditure on goods and services in the UK
TOTAL CURRENT EXPENDITURE items (a) to (f)
TOTAL EXPENDITURE RECORDED IN PUBLISHED ACCOUNTS
(Used for validation)

Approximately half the charities surveyed were asked to complete a supplementary questionnaire; this requested a breakdown of their expenditure on goods and services under item (f) above. The purpose was to establish weights for a price index. This is to be used to deflate estimates of charities' expenditure on goods and services.

The results: estimate of the population of charities

Table 2 showed that the initial population covered 171,000 organisations. However, the sampling frames were known to include a substantial proportion of defunct and out of scope bodies. The initial number of 171,000 was whittled down in several stages, making use of the sample results:

- a scrutiny of the initial sample selected to identify and remove out-of-scope bodies;
- the removal of further numbers out-of-scope, using the questionnaire filters;
- the elimination of bodies confirmed as being defunct, following contact by ABS during the survey.

Table 3 shows the manner in which the initial sample selected was diluted as a result of the filtering and weeding out processes.

Table 3: Dilution of initial sample

Gross sample size initially selected	4,038
Sample size remaining after scrutiny of sample and removal of out-of-scope bodies	3,579
Total number of bodies contacted by ABS	2,339
Total number of returns, including out-of-scope bodies	1,521
of which:	
Total number of usable returns from charities within scope	1,271

Table 4 shows the total number of usable returns for each sample element, together with the final estimate of the population number of charitable organisations which are both active and within the scope of the study.

Table 4: Estimate of the population of general charities

Sample element	Final estimate of population	Total usable returns
England and Wales		
Income bands:		
A1 Less than £100,000	52,748	349
A2 £100,000 to £1 million	5,765	194
A3 £1 to £10 million	945	183
A4 over £10 million	87	87
No income data:		
B1 Annual return made	11,269	139
B2 No annual return	13,951	80
Scotland	8,713	130
Northern Ireland	4,000	109
UK TOTAL	97,478	1,271

Response and validation

Because of the various processes to remove defunct and out-of-scope bodies, it is difficult to give a simple overall effective response rate. Altogether, ABS made contact with 65% of the 3,579 organisations to whom questionnaires were despatched. In terms of income, the response rate was higher because ABS's contacts included all those organisations known to have significant annual incomes.

Monitoring returns and ensuring a high response went hand in hand with validation. There were cases where charities declined to submit returns but sent accounts instead. As published accounts were routinely used to validate common information, it became possible in many cases to impute missing data. But, in any case, a telephone call by ABS offering assistance often elicited a response. As already suggested, effort was concentrated on securing returns from the larger charities. Other data sources used for validation purposes included the "Henderson Top 1000 Charities" and the results of the CAF survey in "Charity Trends". The CSO also engaged chartered accountants with special knowledge of charity accounts to validate specimen returns at the pilot and main survey stages.

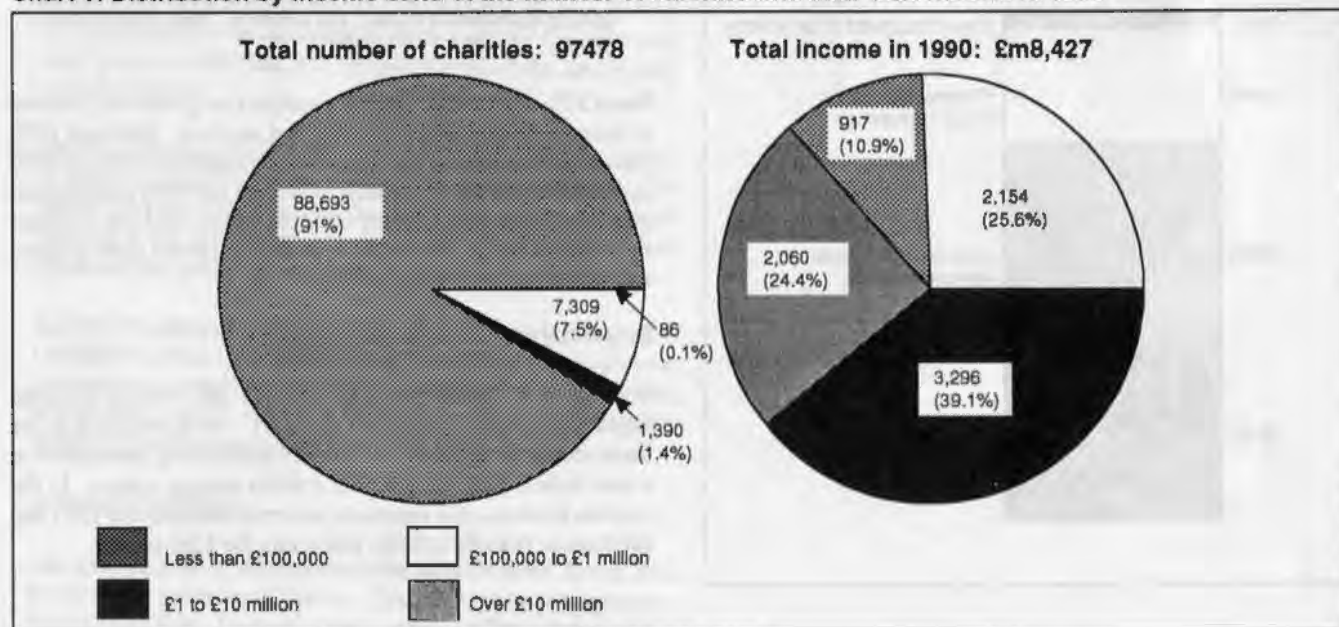
Summary of the income and expenditure results

Annex A to this article provides a summary of the income and expenditure estimates for general charities. These results are discussed in more detail below.

Details of the income results

The total income figures derived from the survey were used to construct an income profile for each of the elements of the sampling frame, and hence for the UK. As Chart 1 shows, the distribution of total income is heavily concentrated in the hands of the larger charities. In 1990, only 9% of all charities had incomes of £100,000 or more, but this minority accounted for 89% of total income. The corresponding figures for 1991 are very similar.

The population estimate of total income in 1990 is some £8,400 million. The 95% confidence interval attaching to this estimate is

Chart 1: Distribution by income band of the number of charities and their total income in 1990

+/- £340 million (or +/- 4%). The estimate of total income in 1991 is £9,100 million, with a similar confidence interval.

Chart 2: Breakdown of the sources of total income in 1990

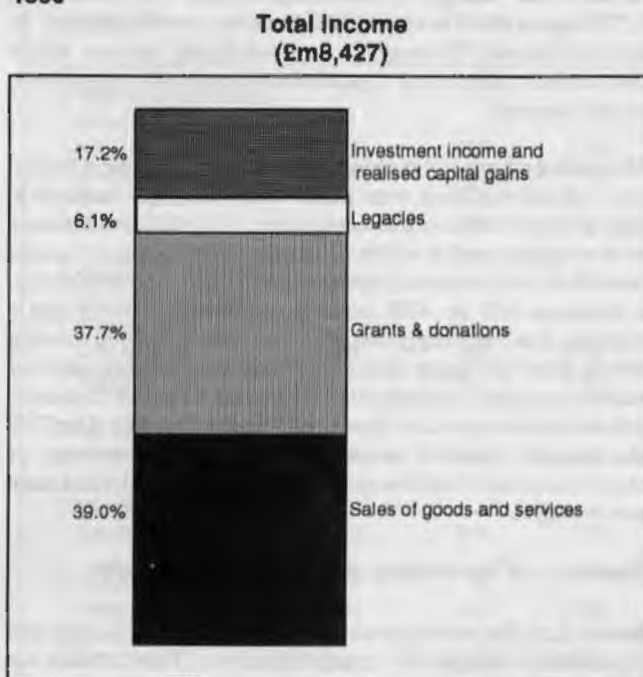
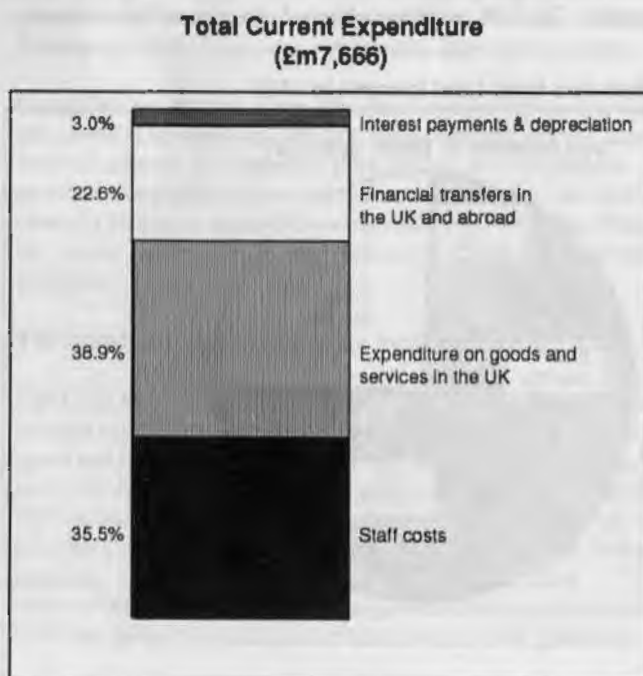


Chart 2 shows the breakdown of the sources of total income in 1990. Annex A provides more detail. Charities' sales of goods and services accounted for nearly 40% of their total income; grants and donations accounted for a slightly smaller percentage; while rents, dividends and interest accounted for about one-sixth of total income. The corresponding percentages for 1991 are very similar.

Details of current expenditure results

Chart 3: Breakdown of current expenditure in 1990



Total current expenditure in 1990 is estimated to have been nearly £7,700 million, or some 91% of total income. Chart 3 illustrates the breakdown by category of current expenditure. Staff costs, together with expenditure on goods and services, accounted for virtually three-quarters of total expenditure. Less than a quarter of charities' expenditure is devoted to cash payments and grants within the UK and abroad. The breakdown in 1991 was barely changed; total current expenditure was £8,500 million, or about 93% of total income.

Details of Total Final Current Expenditure

As explained earlier, the prime objective of the CSO survey of charities was to obtain estimates of total final current expenditure (FCE). For national accounts purposes, this represents the measure of charities' contribution to GDP, and is subsumed within consumers' expenditure.

The derivation of total final current expenditure of the charities within the scope of the survey is shown in Table 5. In 1990, FCE is estimated to be £2,465 million. The 95% confidence interval attaching to this estimate is +/- £250 million (or +/- 10%). The estimated FCE in 1991 is £2,745 million, with a similar confidence interval.

Table 5: Derivation of charities' final current expenditure

	£ million	
	1990	1991
Staff cost	2,721	3,072
<i>plus expenditure on goods and services in the UK</i>	2,983	3,273
<i>gives total gross expenditure on goods and services</i>	5,704	6,345
<i>less sales of goods and services (1)</i>	3,239	3,600
<i>gives total final current expenditure (FCE)</i>	2,465	2,745

(1) Excludes sales under non-legally enforceable contracts to general government bodies; see Annex A, Table III for further details.

Some 57% of charities' gross expenditure on goods and services is financed by their sales of goods and services. Although 1970 data from the earlier survey is not fully comparable with the 1990 and 1991 survey data, it is clear that there has been a substantial change over the twenty years in the way charities have financed their activities. In 1970, sales represented around 20% of gross expenditure on goods and services.

Projecting the 1990 and 1991 benchmark

The survey undertaken by ABS in 1993 has usefully provided benchmark estimates for 1990 and 1991. As is discussed under development work below, further benchmarks may be obtained at a later date as part and parcel of a wider ranging survey. In the interim, however, it is necessary to obtain estimates for 1992 and subsequent years by suitably projecting the 1991 results.

Table 6: Short-term projections of final current expenditure

	1990	1991	1992
Total income (£ million)	8,427	9,094	9,566
Final current expenditure (FCE)	2,465	2,745	2,908
FCE as a percentage of total income	29.3	30.2	30.4

Table 6 sets out the manner in which projections of total FCE can be made in the short term. It can be seen that FCE as a percentage of total income was about 30% in 1991, very slightly higher than in 1990. Applying a similar percentage to an estimated total income of £9,566 million in 1992 produces a corresponding estimate of FCE of £2,908 million.

The method clearly depends on being able to obtain reasonably robust estimates of total income. This is feasible because:

- i) income is concentrated in the hands of the larger charities;
- ii) it is possible to obtain recent income from several sources:
 - the Charity Commission register
 - the "Henderson" Top 1000 Charities
 - and the CAF survey results in "Charity Trends"
- iii) FCE as a percentage of total income hardly varies between income bands

Development work

As has been stated, this survey was restricted in its coverage and the range of data collected. The survey has yielded invaluable experience which will be useful for any future wider-ranging survey of all PNPMs. In particular, a further survey would also need to cover religious bodies, professional bodies, clubs and societies, housing associations and ex-corporation duty bodies. The main problem in developing better statistics for these and other groups of PNPM will be the creation of the appropriate sampling frames.

Any future survey would probably also collect data on such topics as capital expenditure, balance sheets and transfer payments. To reduce the form filling burden on such organisations, CSO will first check the amount of data that can be readily extracted or imputed from published accounts.

A more immediate development is the construction of a price index to deflate charities' expenditure. The data collected in the present survey has provided the weights for an overall price index. Annex B shows the weights which will be applied to the appropriate price indices for each expenditure component.

Acknowledgements

The authors wish to acknowledge the help received during this project from a number of sources. The CSO wishes to express its thanks to the Aston University team, and to Les Hems in particular,

who have had to cope with many practical and theoretical problems in undertaking the survey. We are also grateful to the Charity Commission which has been of invaluable help in making available their computerised database; this provided the largest elements of the sampling frame. The Charities Aid Foundation helped with the provision of databases as did the Inland Revenue Claims Branch (Scotland), the Northern Ireland Council for Voluntary Action and the Home Office Voluntary Services Unit. We wish to record a particular debt of gratitude to Perri 6 for his feasibility report in the preparatory stage of this project, and for his advice during the pilot stage. Much assistance was also given in the planning stages of the work by various government and non-government offices, such as the Charity Commission, the Home Office, the National Council for Voluntary Organisations, the Charities Aid Foundation, the Scottish Council for Voluntary Organisations and the Charity Finance Directors Group. Two individuals in this last organisation who deserve to be mentioned are Pesh Framjee and Adrian Randall who helped validate the survey returns.

Annex A: Summary of results from the CSO Survey of Charities 1990 and 1991

Table I: Details of current income £ million

Types of income	1990	1991
Sales of goods and services by charities to:		
Non charitable companies and nationalised industries	406	459
Other non-profit voluntary or charitable organisations	130	153
National or local government bodies, health authorities or European Commission:		
Under the terms of a legally enforceable contract or service agreement	862	939
Other contract or service agreement	59	73
Persons, including benefit payments direct to service providing charity	1,841	2,049
Total sales of goods and services	3,298	3,673
Grants, donations and core and general funding from:		
Non-charitable companies and nationalised industries	343	344
Charities' own subsidiary trading companies	73	120
Other non-profit voluntary or charitable organisations	543	497
National or local government bodies	1,092	1,198
Transfer payments from overseas	72	92
Persons (excluding legacies)	1,027	1,049
Total grants, donations and core and general funding	3,150	3,300
Legacies	523	600
Investment income: rent, dividends and interest received	1,353	1,398
Gains on disposal of investments or fixed assets	103	123
TOTAL INCOME	8,427	9,094

Table II: Details of current expenditure £ million

Types of current expenditure	1990	1991
Staff costs	2,721	3,072
Financial transfers abroad	406	472
Charitable cash payments and grants to persons, other charitable organisations and government bodies in the UK	1,329	1,420
Interest payments	43	39
Depreciation	184	222
Expenditure on goods and services in the UK	2,983	3,273
TOTAL CURRENT EXPENDITURE	7,666	8,498

Table III: Composition of final current expenditure £million

	1990	1991
Staff costs	2,721	3,072
plus current expenditure on other goods and services	2,983	3,273
<i>equals</i> gross current expenditure on goods and services	5,704	6,345
less sales of goods and services (see Note)	3,239	3,600
<i>equals</i> final expenditure on current goods and services	2,465	2,745

Note: Sales of goods and services in Table III is less than is implied by the total of the sales headings shown in Table I. The amount shown against "other contract or service agreement" is regarded as being akin to a grant from General Government rather than a sale for which the coverage is restricted to legally enforceable agreements covering the supply of specific goods and services.

Table IV: Composition of current expenditure on goods and services (excluding staff costs), 1990

	Percentages
Building occupancy costs:	22.1
Rent	6.7
Building and ground maintenance	8.7
Fuel and light	4.6
Rates and water charges	2.1
Travel and subsistence	8.2
Communications	7.2
Postage	3.0
Telecommunications	4.2
Professional fees and services	20.0
Miscellaneous goods and services	42.5
Food and drink	6.1
Paper, printing and stationery, computer consumables	9.7
Other miscellaneous goods and services	26.7
TOTAL GOODS AND SERVICES	100.0

Annex B: Weights for a price index relating to charities' gross current expenditure on goods and services

The chart below illustrates the composition of gross current expenditure on goods and services; this was defined in Table III of Annex A. In 1990, the figures and associated weights are as follows:

	£ millions	Percentage weights
Staff costs	2,721	47.7
Expenditure on goods and services in the UK	2,983	52.3
Total gross current expenditure	5,704	100.0

The breakdown of the second element was given in Table IV of Annex A

Analysis of gross current expenditure on goods and services providing price index weights

