PROSPECTS FOR ECONOMIC MANAGEMENT
1972-76

STATISTICAL APPENDIX

Cambridge Economic Policy Group

Statistical appendix

Expenditure, output, employment and balance of payments estimates for 1960-76

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Table 1 GDP, Employment and Unemployment

Year	Y	U	U'	E	E'	Y*	P*	E*
1960	24957	363	318	24122	24366	23716	0.995	23835
1961	25614	291	330	24512	24561	24501	1.023	23950
1962	25909	353	474	24591	24487	25313	1.051	24080
1963	26913	546	446	24424	24643	26151	1.081	24200
1964	28433	386	334	24774	24957	27017	1.111	24322
1965	29256	303	285	25067	25166	27912	1.142	24443
1966	29780	274	403	25225	24966	28820	1.180	24434
1967	30305	480	517	24810	24709	29758	1.218	24424
1968	31447	539	530	24649	24635	30725	1.258	24414
1969	32055	525	544	24627	24575	31725	1.300	24404
1970	32725	556	605	24543	24256	32700	1.340	24403
1971	33056	634	782	24083	24070	33705	1.381	24403
1972	33962	870	812	24062	24004	34741	1.424	24402
Growth rates								
1961-5	*3.4*	...	...	*0.6*	*0.6*	*3.3*	*2.8*	*0.5*
1965-9	*2.3*	...	...	*-0.4*	*-0.6*	*3.3*	*3.3*	*0.0*
1969-72	*1.9*	...	...	*-0.8*	*-0.8*	*3.1*	*3.1*	*0.0*
Fast Growth								
1973	36001	777	564	23970	24491	35739	1.467	24362
1974	37801	436	403	24804	24828	36820	1.512	24357
1975	39146	383	403	24842	24952	38130	1.558	24477
1976	40597	415	403	25018	25114	39543	1.605	24634
Growth rate								
1972-6	*4.6*	...	...	*1.0*	*1.1*	*3.3*	*3.0*	*0.2*
Slow Growth								
1973	35738	777	625	23970	24361	35739	1.467	24362
1974	36453	534	708	24595	24180	36820	1.512	24357
1975	37182	812	832	23931	24035	38130	1.558	24477
1976	37926	844	966	24097	23899	39543	1.605	24634
Growth rate								
1972-6	*2.8*	...	...	*0.0*	*-0.1*	*3.3*	*3.0*	*0.2*

Table 2 Public Expenditure

Year	CG	IDG	IKG	IG	G
1960	4760	301	1505	1806	6566
1961	4933	315	1644	1959	6892
1962	5089	357	1672	2029	7118
1963	5170	380	1754	2134	7304
1964	5249	499	1980	2479	7728
1965	5396	526	2061	2587	7983
1966	5551	594	2197	2791	8342
1967	5860	665	2496	3161	9021
1968	5882	707	2489	3196	9078
1969	5806	636	2297	2933	8739
1970	5878	597	2374	2971	8849
1971	6082	540	2517	3057	9139
1972	6249	546	2598	3144	9393
Growth rates					
1961-5	*2.3*	*13.7*	*5.8*	*7.2*	*3.7*
1965-9	*1.8*	*4.9*	*2.7*	*3.2*	*2.3*
1969-72	*2.5*	*-5.0*	*4.2*	*2.3*	*2.4*
1973	6515	561	2792	3353	9868
1974	6653	551	2927	3477	10130
1975	6829	540	2971	3511	10340
1976	7000	537	3020	3557	10557
Growth rate					
1972-6	*2.9*	*-0.4*	*3.8*	*3.1*	*3.0*

Table 3 Gross fixed Capital Formation

Year	IG	IDP	IKP	I	Y	IDP*	IKP*	I*	Y*
1960	1806	533	2079	4418	24957	484	1950	4239	23716
1961	1959	541	2415	4915	25614	521	2055	4535	24501
1962	2029	531	2332	4892	25909	523	2166	4718	25313
1963	2134	533	2327	4994	26913	485	2283	4902	26151
1964	2479	636	2699	5814	28433	547	2560	5586	27017
1965	2587	636	2813	6036	29256	574	2520	5681	27912
1966	2791	585	2810	6186	29780	546	2601	5938	28820
1967	3161	610	2838	6609	30305	578	2722	6460	29758
1968	3196	637	3112	6945	31447	609	3065	6870	30725
1969	2933	552	3371	6856	32055	571	3237	6742	31725
1970	2971	520	3589	7080	32725	542	3575	7088	32700
1971	3057	594	3387	7038	33056	635	3413	7105	33705
1972	3144	710	3522	7376	33962	770	3694	7607	34741
Growth rates									
1961-65	*7.2*	*4.1*	*3.9*	*5.3*	*3.4*	*2.5*	*5.2*	*5.8*	*3.3*
1965-69	*3.2*	*-3.5*	*4.6*	*3.2*	*2.3*	*-0.1*	*6.5*	*4.4*	*3.3*
1969-72	*2.3*	*8.8*	*1.5*	*2.5*	*1.9*	*10.5*	*4.5*	*4.1*	*3.1*
Fast Growth									
1973	3353	690	3773	7816	36001	679	3912	7943	35739
1974	3477	744	4279	8501	37801	700	4133	8311	36820
1975	3511	767	4610	8889	39146	722	4381	8614	38130
1976	3557	791	4847	9194	40597	744	4679	8980	39543
Growth rate									
1972-76	*3.1*	*2.7*	*8.3*	*5.7*	*4.6*	*-0.9*	*6.1*	*4.2*	*3.3*
Slow Growth									
1973	3353	679	3773	7804	35738	679	3912	7943	35739
1974	3477	684	4211	8372	36453	700	4133	8311	36820
1975	3511	680	4285	8476	37182	722	4381	8614	38130
1976	3557	672	4469	8698	37926	744	4679	8980	39543
Growth rate									
1972-76	*3.1*	*-1.4*	*6.1*	*4.2*	*2.8*	*-0.9*	*6.1*	*4.2*	*3.3*

Table 4 Actual balance of payments

(£ million at current prices)

Year	BT	PIA	GT	PT	B	Long-term Investment Overseas (net)	Trade Credit (net)	BB	D	Net Liquidity Effect	Ditto, Cumulative
1960	-407	233	-94	13	-255	-197	-20	-472	-	-472	-472
1961	-147	254	-118	17	6	62	-42	26	-	26	-446
1962	-101	334	-121	10	122	106	-22	206	-	206	-240
1963	-137	398	-132	-5	124	-150	-89	-115	20	-95	-335
1964	-602	393	-163	-10	-382	-342	-46	-770	-	-770	-1105
1965	-300	435	-177	-7	-49	-182	-46	-277	-	-277	-1382
1966	-101	387	-180	-22	84	-70	-204	-190	356	166	-1216
1967	-462	379	-188	-44	-315	-46	-185	-546	169	-377	-1593
1968	-372	335	-179	-55	-271	27	-253	-497	-196	-693	-2286
1969	173	497	-177	-49	444	-33	-161	250	85	335	-1951
1970	393	494	-172	-34	681	-39	-204	438	488	926	-1025
1971	784	470	-200	-14	1042	359	-261	1140	-293	847	-178
1972	-238	515	-212	-25	40	-245	-210	-415	125	-290	-468

Table 5 Par balance of payments

(£ million at 1963 import prices)

Year	BT	PIA+GT+PT	EEC	B	Long-term Investment Overseas (net)	Trade Credit (net)	BB	D	Net Liquidity Effect	Ditto Cumulative
1960	-75	210	-	135	-118	-6	11	4	15	15
1961	-75	208	-	133	-126	-12	-5	4	-1	14
1962	-75	203	-	128	-118	-51	-41	4	-37	-23
1963	-75	198	-	123	-105	-26	-12	4	-8	-31
1964	-75	188	-	113	-116	-84	-87	124	37	6
1965	-75	173	-	98	-120	-46	-68	124	56	62
1966	-75	170	-	95	-104	-100	-109	124	15	77
1967	-75	172	-	97	-58	-86	-47	124	77	154
1968	-50	175	-	125	-58	-145	-78	30	-48	106
1969	0	185	-	185	-3	-75	107	30	137	243
1970	50	202	-	252	-5	-164	88	30	118	361
1971	100	211	-	311	-24	-170	117	30	147	508
1972	150	215	-	365	-91	-221	53	30	83	591
1973	250	218	-45	423	-171	-209	43	-	43	634
1974	300	230	-65	465	-246	-231	-12	-	-12	622
1975	350	245	-95	500	-280	-249	-29	-	-29	593
1976	400	263	-130	533	-314	-255	-36	-	-36	557

Table 6 Balance of Trade, Actual 1960-72

Year	X	M	TT	BT	WX	UC
1960	5327	5669	0.986	-415	0.850	1.018
1961	5487	5628	0.998	-150	0.870	1.011
1962	5578	5736	1.010	-103	0.943	1.017
1963	5809	5946	1.000	-137	1.013	1.000
1964	6044	6520	0.982	-584	1.138	0.993
1965	6343	6577	0.992	-288	1.243	1.002
1966	6631	6753	1.004	- 96	1.350	1.002
1967	6655	7182	1.014	-431	1.433	0.987
1968	7469	7706	0.990	-313	1.655	0.860
1969	8170	7935	0.989	142	1.868	0.854
1970	8621	8358	1.005	303	2.028	0.851
1971	9046	8744	1.031	581	2.173	0.891
1972	9127	9595	1.023	-260	2.282	0.890
Growth rates						
1961-65	*3.7*	*4.0*	*-0.2*	...	*9.3*	*-0.2*
1965-69	*6.5*	*4.8*	*-0.1*	...	*10.7*	*-3.9*
1969-72	*3.8*	*6.5*	*1.1*	...	*6.9*	*1.4*

Table 7 Balance of Trade, Trend 1960-76

Year	$\hat{X}$	$\hat{M}$	$\hat{TT}$	$\hat{BT}$	$\hat{WX}$	$\hat{UC}$
1960	5053	5195	1.004	-123	0.801	1.046
1961	5393	5299	1.003	110	0.876	1.029
1962	5550	5631	0.999	-86	0.958	1.012
1963	5870	5780	1.003	108	1.048	0.996
1964	6062	6069	0.993	-47	1.146	0.980
1965	6434	6252	0.989	110	1.253	0.965
1966	6836	6617	0.994	175	1.370	0.949
1967	7029	7001	0.986	-74	1.499	0.934
1968	7488	7446	1.014	145	1.639	0.919
1969	7877	7725	1.001	159	1.792	0.905
1970	8258	8263	1.020	163	1.960	0.890
1971	8847	8941	1.020	88	2.144	0.876
1972	9253	9906	1.011	-549	2.345	0.862
1973	9644	10536	1.010	-794	2.564	0.848
1974	10137	11318	1.010	-1083	2.804	0.835
1975	10656	12158	1.009	-1406	3.067	0.821
1976	11202	13033	1.008	-1738	3.354	0.808
Growth rates						
1961-5	*4.5*	*4.2*	*-0.4*	...	*9.4*	*-1.6*
1965-9	*5.2*	*5.4*	*0.3*	...	*9.4*	*-1.6*
1969-72	*5.5*	*8.6*	*0.3*	...	*9.4*	*-1.6*
1972-6	*4.9*	*7.1*	*-0.1*	...	*9.4*	*-1.6*

Table 8 Balance of Trade Par 1960-76

Year	X*	M*	TT*	BT*	WX*	UC*
1960	5094	5191	1.004	-75	0.801	1.050
1961	5150	5277	1.010	-75	0.876	1.104
1962	5521	5604	1.002	-75	0.958	1.037
1963	5611	5741	1.010	-75	1.048	1.064
1964	5981	6032	0.996	-75	1.146	1.006
1965	6195	6225	0.993	-75	1.253	1.002
1966	6558	6614	0.997	-75	1.370	0.984
1967	7111	7069	0.984	-75	1.499	0.915
1968	7351	7518	1.016	-50	1.639	0.939
1969	7742	7756	1.002	0	1.792	0.912
1970	8169	8267	1.018	50	1.960	0.871
1971	8947	8973	1.014	100	2.144	0.823
1972	10254	10030	0.993	150	2.345	0.716
1973	11126	10721	0.986	250	2.564	0.666
1974	12142	11603	0.980	300	2.804	0.622
1975	13281	12604	0.975	350	3.067	0.585
1976	14487	13664	0.971	400	3.354	0.554
Growth rates						
1961-65	*4.7*	*4.2*	*-0.4*	...	*9.4*	*-2.4*
1965-69	*5.7*	*5.7*	*0.2*	...	*9.4*	*-2.3*
1969-72	*9.8*	*8.9*	*-0.3*	...	*9.4*	*-7.7*
1972-76	*9.0*	*8.0*	*-0.6*	...	*9.4*	*-6.2*

Table 9 Balance of Trade : Projection 1972-76 - Fast growth assumption

	Year	X	M	TT	BT	WX	UC
Fixed rate $ 2.35	1972	9127	9595	1.023	-260	2.282	0.890
	1973	9524	10585	1.016	-908	2.510	0.844
	1974	10250	11616	0.999	-1379	2.887	0.844
	1975	10704	12419	1.000	-1718	3.157	0.844
	1976	11147	13298	1.001	-2144	3.453	0.844
Growth rate	*72-76*	*5.1*	*8.5*	*-0.5*	--	*10.9*	*-1.3*
Continued Depreciation	1972	9127	9595	1.023	-260	2.282	0.890
	1973	9524	10585	1.016	-908	2.510	0.844
	1974	10375	11641	0.994	-1329	2.887	0.804
	1975	11097	12497	0.990	-1511	3.157	0.766
	1976	11921	13452	0.986	-1698	3.453	0.729
Growth rate	*72-76*	*6.9*	*8.8*	*-0.9*	--	*10.9*	*-4.9*
Fixed rate from 1973 $ 2.00	1976	12520	13572	0.985	-1245	3.453	0.719
Growth rate	*72-76*	*8.2*	*9.1*	*-0.9*	--	*10.9*	*-5.2*
Fixed rate from 1973 $ 1.80	1976	13508	13770	0.974	-609	3.453	0.647
Growth rate	*72-76*	*10.3*	*9.5*	*-1.2*	--	*10.9*	*-7.7*
Fixed rate from 1973 $ 1.60	1972	9127	9595	1.023	-260	2.282	0.890
	1973	10485	10777	0.978	-526	2.510	0.575
	1974	12374	12041	0.961	-148	2.887	0.575
	1975	13658	13010	0.962	130	3.157	0.575
	1976	14705	14009	0.963	149	3.453	0.575
Growth rate	*72-76*	*12.7*	*9.9*	*-1.5*	--	*10.9*	*-10.3*

Table 10 : Balance of Trade : Projections 1972-76 - Slow growth assumption

	Year	X	M	TT	BT	WX	UC
Fixed rate $ 2.35	1972	9127	9595	1.023	-260	2.282	0.890
	1973	9524	10495	1.016	-818	2.510	0.844
	1974	10250	11165	0.999	-928	2.887	0.844
	1975	10704	11796	1.000	-1096	3.157	0.844
	1976	11147	12500	1.001	-1346	3.453	0.844
Growth rate	*72-76*	*5.1*	*6.8*	*-0.5*	--	*10.9*	*-1.3*
Continued Depreciation	1972	9127	9595	1.023	-260	2.282	0.890
	1973	9524	10495	1.016	-818	2.510	0.844
	1974	10375	11190	0.994	-878	2.887	0.804
	1975	11097	11875	0.990	-889	3.157	0.766
	1976	11921	12655	0.986	-901	3.453	0.729
Growth rate	*72-76*	*6.9*	*7.2*	*-0.9*	--	*10.9*	*-4.9*
Fixed rate from 1973 $ 2.00	1976	12520	12775	0.985	-447	3.453	0.719
Growth rate	*72-76*	*8.2*	*7.4*	*-0.9*	--	*10.9*	*-5.2*
Fixed rate from 1973 $ 1.80	1972	9127	9595	1.023	-260	2.282	0.890
	1973	10181	10627	0.989	-555	2.510	0.647
	1974	11680	11451	0.972	-93	2.887	0.647
	1975	12675	12190	0.973	148	3.157	0.647
	1976	13508	12972	0.974	188	3.453	0.647
Growth rate	*72-76*	*10.3*	*7.8*	*-1.2*	--	*10.9*	*-7.7*
Fixed rate from 1973 $ 1.60	1976	14705	13212	0.963	947	3.453	0.575
Growth rate	*72-76*	*12.7*	*8.3*	*-1.5*	--	*10.9*	*-10.3*

Table 11 Expenditure on G.D.P., Actual 1960-72

Year	C	CG	I	S	X	M	A	R	Y
1960	18445	4760	4418	641	5327	5669	3272	307	24957
1961	18876	4933	4915	352	5487	5628	3326	5	25614
1962	19280	5089	4892	75	5578	5736	3329	60	25909
1963	20130	5170	4994	223	5809	5946	3467	0	26913
1964	20830	5249	5814	677	6044	6520	3712	51	28433
1965	21197	5396	6036	436	6343	6577	3713	138	29256
1966	21628	5551	6186	301	6631	6753	3817	53	29780
1967	22118	5860	6609	228	6655	7182	3956	-27	30305
1968	22687	5882	6945	289	7469	7706	4155	36	31447
1969	22800	5806	6856	441	8170	7935	4199	116	32055
1970	23413	5878	7080	433	8621	8358	4406	64	32725
1971	24032	6082	7038	155	9046	8744	4582	29	33056
1972	25500	6249	7376	100	9127	9595	5031	236	33962
Growth rates									
1961-65	*2.9*	*2.3*	*5.3*	--	*3.7*	*4.0*	*2.8*	--	*3.4*
1965-69	*1.8*	*1.8*	*3.2*	--	*6.5*	*4.8*	*3.1*	--	*2.3*
1969-72	*3.8*	*2.5*	*2.5*	--	*3.8*	*6.5*	*6.2*	--	*1.9*

Table 12 Expenditure on G.D.P., Par 1960-76

Year	C*	CG	I*	S*	X*	M*	A*	Y*
1960	17544	4760	4239	305	5094	5191	3036	23716
1961	17971	4933	4535	314	5150	5277	3124	24501
1962	18495	5089	4718	323	5521	5604	3229	25313
1963	19233	5170	4902	332	5611	5741	3355	26151
1964	19318	5249	5586	342	5981	6032	3426	27017
1965	20075	5396	5681	351	6195	6225	3562	27912
1966	20732	5551	5938	361	6558	6614	3706	28820
1967	20820	5860	6460	372	7111	7069	3797	29758
1968	21756	5882	6870	382	7351	7518	3998	30725
1969	23040	5806	6742	393	7742	7756	4243	31725
1970	23900	5878	7088	404	8169	8267	4471	32700
1971	24871	6082	7105	416	8947	8973	4743	33705
1972	25202	6249	7607	428	10254	10030	4969	34741
1973	25618	6515	7943	440	11126	10721	5182	35739
1974	26326	6653	8311	452	12142	11603	5462	36820
1975	27356	6829	8614	465	13281	12604	5811	38130
1976	28495	7000	8980	478	14487	13664	6233	39543
Growth rates								
1961-65	*2.8*	*2.3*	*5.8*	---	*4.7*	*4.2*	*3.3*	*3.3*
1965-69	*3.5*	*1.8*	*4.4*	---	*5.7*	*5.7*	*4.5*	*3.3*
1969-72	*3.0*	*2.5*	*4.1*	---	*9.8*	*8.9*	*5.4*	*3.1*
1972-76	*3.1*	*2.9*	*4.2*	---	*9.0*	*8.0*	*5.8*	*3.3*

Table 13 Expenditure on G.D.P. : Projections 1972-76 - Fast growth assumption

	Year	C	CG	I	S	X	M	A	R	Y
Fixed rate $ 2.35	1972	25500	6249	7376	100	9127	9595	5031	236	33962
	1973	27325	6515	7816	705	9524	10585	5417	117	36001
	1974	28909	6653	8501	844	10250	11616	5863	123	37801
	1975	30763	6829	8889	607	10704	12419	6355	128	39146
	1976	32876	7000	9194	493	11147	13298	6949	132	40597
Growth Rates	*72-76*	*6.6*	*2.9*	*5.7*	--	*5.1*	*8.5*	*8.4*	--	*4.6*
Continued Depreciation	1972	25500	6249	7376	100	9127	9595	5031	236	33962
	1973	27325	6515	7816	705	9524	10585	5417	117	36001
	1974	28792	6653	8501	844	10375	11641	5847	123	37801
	1975	30394	6829	8889	607	11097	12497	6301	128	39146
	1976	32146	7000	9194	493	11921	13452	6837	132	40597
Growth Rates	*72-76*	*6.0*	*2.9*	*5.7*	--	*6.9*	*8.8*	*8.0*	--	*4.6*
Fixed rate from 1973 $ 1.60	1972	25500	6249	7376	100	9127	9595	5031	236	33962
	1973	26433	6515	7816	705	10485	10777	5294	117	36001
	1974	26927	6653	8501	844	12374	12041	5581	123	37801
	1975	27993	6829	8889	607	13658	13010	5948	128	39146
	1976	29516	7000	9194	493	14705	14009	6435	132	40597
Growth rates	*72-76*	*3.7*	*2.9*	*5.7*	--	*12.7*	*9.9*	*6.3*	--	*4.6*

Table 14 Expenditure on G.D.P. : Projections 1972-76 - Slow growth assumption

	Year	C	CG	I	S	X	M	A	R	Y
Fixed rate $ 2.35	1972	25500	6249	7376	100	9127	9595	5031	236	33962
	1973	27004	6515	7804	632	9524	10495	5362	117	35738
	1974	27312	6653	8372	496	10250	11165	5584	119	36453
	1975	28556	6829	8476	237	10704	11796	5946	121	37182
	1976	29599	7000	8698	187	11147	12500	6329	124	37926
Growth rates	*72-76*	*3.8*	*2.9*	*4.2*	--	*5.1*	*6.8*	*5.9*	--	*2.8*
Continued Depreciation	1972	25500	6249	7376	100	9127	9595	5031	236	33962
	1973	27004	6515	7804	632	9524	10495	5362	117	35738
	1974	27194	6653	8372	496	10375	11190	5567	119	36453
	1975	28187	6829	8476	237	11097	11875	5892	121	37182
	1976	28869	7000	8698	187	11921	12655	6218	124	37926
Growth rates	*72-76*	*3.2*	*2.9*	*4.2*	--	*6.9*	*7.2*	*5.4*	--	*2.8*
Fixed rate from 1973 $ 1.80	1972	25500	6249	7376	100	9127	9595	5031	236	33962
	1973	26395	6515	7804	632	10181	10627	5278	117	35738
	1974	25977	6653	8372	496	11680	11451	5394	119	36453
	1975	26708	6829	8476	237	12675	12190	5674	121	37182
	1976	27370	7000	8698	187	13508	12972	5988	124	37926
Growth rates	*72-76*	*1.8*	*2.9*	*4.2*	--	*10.3*	*7.8*	*4.4*	--	*2.8*

Table 15 The Consumption Gap, 1972 - 76

	Year	Required consumption	Generated consumption	Initial gap	Terms of Trade	Rent and Food	Final gap
Par	1972	25202	25942	-740	-576	0	-164
	1973	25618	26687	-1069	-748	-138	-183
	1974	26326	27494	-1168	-915	-300	47
	1975	27356	28472	-1116	-1072	-337	293
	1976	28495	29528	-1033	-1230	-375	572
Fast growth							
Fixed rate $ 2.35	1972	25500	25500	0	0	0	0
	1973	27325	26834	491	-115	-138	744
	1974	28909	28042	867	-207	-300	1374
	1975	30763	29040	1723	-173	-337	2233
	1976	32876	30116	2760	-136	-375	3271
Continued depreciation	1972	25500	25500	0	0	0	0
	1973	27325	26834	491	-115	-138	744
	1974	28792	28042	750	-343	-300	1393
	1975	30394	29040	1354	-453	-337	2144
	1976	32146	30116	2030	-572	-375	2977
Fixed rate from 1973 $ 1.60	1972	25500	25500	0	0	0	0
	1973	26433	26834	-401	-1124	-138	861
	1974	26927	28042	-1115	-1257	-300	442
	1975	27993	29040	-1047	-1261	-337	551
	1976	29516	30116	-600	-1267	-375	1042
Slow growth							
Fixed rate $ 2.35	1972	25500	25500	0	0	0	0
	1973	27004	26687	317	-115	-138	570
	1974	27312	27287	25	-202	-300	527
	1975	28556	27934	622	-166	-337	1125
	1976	29599	28605	994	-129	-375	1498
Continued depreciation	1972	25500	25500	0	0	0	0
	1973	27004	26687	317	-115	-138	570
	1974	27194	27287	-93	-333	-300	540
	1975	28187	27934	253	-436	-337	1026
	1976	28869	28605	264	-544	-375	1183
Fixed rate from 1973 $ 1.80	1972	25500	25500	0	0	0	0
	1973	26395	26687	-292	-814	-138	660
	1974	25977	27287	-1310	-914	-300	-96
	1975	26708	27934	-1226	-897	-337	8
	1976	27370	28605	-1235	-878	-375	18

Sources and definitions

All series in £ million, 1963 prices unless otherwise indicated

Table 1 GDP, employment and unemployment

Y Gross domestic product at factor cost
Average of expenditure, income and output indices linked to expenditure estimate for 1963; expenditure estimates incorporate revised stockbuilding series (see Chapter V).

U Wholly unemployed, Great Britain, excluding school leavers, seasonally adjusted average for first quarter (thousands)

U' Unemployment adjusted for lagged response to output

$$U'_t = .625\ U_{t+1} + .375\ U_t$$

E Employees in employment, plus self-employed and armed forces, Great Britain, March figure (thousands)

E' Employment adjusted for lagged response to output.

$$E'_t = .625\ E_{t+1} + .375\ E_t$$

Y* Par GDP at factor cost
Estimated for 1961, 1965, 1969 and 1971 by the formula

$$Y^* = Y / \left[1 + \beta_y\ (0.025 - U'/25000) \right]$$

Values are interpolated for intermediate years and extrapolated for 1960 and 1972.

β_y Elasticity of output with respect to adjusted unemployment, declining from 4 in 1960 to 3 for 1972-76.

P* Par output per head (£ thousand, 1963 prices).
Estimated for 1961, 1965, 1969 and 1971 by the formula

$$P^* = Y / \left[E' + \beta_p\ (625 - U') \right]$$

Values are interpolated or extrapolated for other years.

β_p Elasticity of productivity with respect to adjusted unemployment, declining from 1.8 in 1960 to 0.8 for 1972-76.

E* Par employment (thousands) $E^* = Y^*/P^*$

Projections for 1973-76

E* is extrapolated by allowing for demographic changes, trends in participation rates and the effects of higher educational enrolment and P* is projected to grow at 3% per year. Given assumed values for Y, levels of U' and E' (and hence also U and E) are solved from the formulae given above.

Table 2 Public expenditure

CG	Public authorities' current expenditure on goods and services.
IDG	Public authorities' fixed capital formation in dwellings
IKG	Other fixed capital formation by public authorities (excluding steel industry)
IG	Total public authorities' fixed capital formation IG = IDG + IKG
G	Total public sector expenditure on goods and services. G = CG + IG

Projections for 1973-76

Estimates in the White Paper on Public Expenditure are adjusted to calendar years and to a 1963 prices basis.

Table 3 Gross Fixed Capital Formation

IDP Private gross fixed capital formation in dwellings

IKP Other private gross fixed capital formation (including public sector steel industry)

I Total gross fixed capital formation

$$I = IDP + IKP + IG$$

IDP* Par private gross fixed capital formation in dwellings

$$IDP^* = IDP + 0.0446\ (Y^* - Y) + \text{adjustment for variations in mortgage interest rate}$$

IKP* Par other private gross fixed capital formation

$$IKP^* = IKP + 0.2607\ (Y^* - Y)_{-1} - 0.0997\ (Y^* - Y)_{-2}$$

I* Par total gross fixed capital formation

$$I^* = IG + IDP^* + IKP^*$$

Projections for 1973-76

IDP* is extrapolated assuming very small trend growth after 1972. IKP* is calculated by the formula

$$IKP^* = -2210 + 0.2607\ Y^*_{-1} - 0.0997\ Y^*_{-2} + 15\ (t-1948)$$

+ adjustment for extra steel and oil investment.

Values for IDP and IKP are solved from the formulae given above.

Table 4 Actual balance of payments

BT Balance of trade on goods and services

PIA Property income from abroad, net.
Interest, profits and dividends earned overseas, net of overseas tax, minus payments overseas, net of U.K. tax.

GT Government transfers abroad, net.
Excludes payments to E.E.C.

PT Private transfers abroad, net.

B Current balance of payments.

Long-term investment overseas, net

Inflows of direct, portfolio, "oil and miscellaneous", and official long-term investment from overseas, minus outflows. Foreign currency borrowing by U.K. banks to finance investment overseas is counted as long-term inward investment.

Trade credit, net

Import credit received from unrelated firms, minus export credit granted. Values for 1960-62 are estimated on the basis of changes in imports and exports, assuming constant credit/trade ratios.

BB Basic balance of payments

B + long-term investment overseas, net + trade credit, net

D Allocations of I.M.F. drawing rights, special and ordinary (net of gold contributions to the I.M.F.), E.E.A. profits/losses and revaluations affecting the reserves and short-term assets and liabilities, so far as these are identified in the official Balance of Payments accounts. (See U.K. Balance of Payments, 1972, Table 41, and earlier editions.)

Net liquidity effect

Changes in the balance of official reserves (including special I.M.F. drawing rights and unused lines of credit at the I.M.F.) minus net short-term external liabilities in official and private hands. Identically equal to BB + D. A minus sign indicates a deterioration in the balance.

All values are at current prices.

Table 5 Par balance of payments

BT The par economy's required balance of trade on goods and services. In principle, the target is set so as to make par BB zero, given other balance of payments flows. The smoothed target shown here broadly meets this condition for 1960-76 as a whole, while confining the required annual improvement in trade to well within £100 million in most years. The target is no more than a broad order of magnitude, and its precise annual values are not important.

EEC The U.K.'s net contribution on current account to the E.E.C. budget. Estimates in the White Paper on Public Expenditure were expressed at 1963 import prices (see below).

Other headings correspond to those in Table 4. However, all past flows have here been smoothed to estimate their trend or average movements and are expressed at 1963 import values. The latter are defined as current values deflated by the price deflator for U.K. imports of goods and services, 1963 = 100.

Projections for 1973-76

PIA Values of the principal components of interest, profits and dividends were projected separately on the basis of logarithmic trends in their real values. Adjustments were made for additional interest and profits payable on inward investment in North Sea oil and gas, and for lower growth of interest payments on short-term debt accumulated by the par economy. It was assumed that the par economy would have some £1,500 of net short-term liabilities (at 1963 values) less than the actual economy by 1976, and that interest would be saved in that year equivalent to about 5 per cent of this amount. A low rate of interest was selected because it was assumed that some of the projected difference in the liquidity position would reflect higher reserves or official short-term lending at low rates of interest by the par economy.

GT Projected on the basis of estimates in the latest Public Expenditure White Paper.

Long-term investment overseas

Direct investment was projected on the basis of logarithmic trends in real flows. Separate projections were made for investment in

E.E.C. and non E.E.C. areas and adjustments were made to reflect relaxation of restrictions to the E.E.C. after 1974.

Outward oil and miscellaneous investment was projected on the basis of the trend in accumulated net assets for this item. (The down trend in annual investment in oil etc. since the early 1960's is not expected to continue.)

Inward oil and miscellaneous investment was made to fall from a trend level of £240 million in 1972 to some £190 million in 1976, reflecting a fall-off in investment in the North Sea by foreign companies.

Official long-term investment was projected mainly on the basis of estimates in the Public Expenditure White Paper, converted to 1963 import values. This item includes U.K. capital subscriptions to the European Investment Bank and the E.C.S.C.

Trade Credit

Movements in par import and export credit (ΔT_M and ΔT_X) were projected as follows:

$$\Delta T_M = .08\ (\Delta M)$$
$$\Delta T_X = .25\ (\Delta X)$$

where M and X are par imports and exports respectively, adjusted to current values. (Par imports and exports at 1963 prices are given in Table 8.) Net trade credit is then $\Delta T_M - \Delta T_X$, expressed at 1963 import prices.

Tables 6-10 Balance of trade

Actual Series:

X	Exports of goods and services
M	Imports of goods and services
TT	Terms of trade (index, 1963=100) Ratio of price deflator for exports of goods and services to price deflator for imports of goods and services
BT	Balance of trade on goods and services at 1963 import values BT = X.TT - M
WX	Volume of world trade Summary index of manufactured exports for 11 industrial countries, average of quarterly values; source: linked series from U.N. Monthly Bulletin.
UC	Relative costs Index of U.K. GDP deflator relative to a weighted average of the GDP deflators of 6 other major countries with geometric weights equal to 1963 shares of trade in manufactures, corrected for exchange rate changes (multiplied by RX).
RX	Relative exchange rate Index of U.K. dollar exchange rate relative to a weighted average of the dollar exchange rates of 6 other major countries with geometric weights equal to 1963 shares of trade in manufactures.

Trend series (see chapter IV):

$\left.\begin{array}{l}\hat{WX}\\ \hat{UC}\\ \hat{RX}\end{array}\right\}$ log trend values fitted to actual data, 1960-72

$$\hat{X} = X\left(\frac{\hat{WX}}{WX}\right)^{0.5}\left(\frac{\hat{UC}}{UC}\right)^{-0.25}\prod_{j=-1}^{\infty}\left(\frac{\hat{UC}_{-j}}{UC_{-j}}\right)^{-0.4(0.6)^{j}}$$

$$\hat{M} = M + 0.27\ (Y^* - Y) + 0.25\ (S^* - S) + 0.20\ (\hat{X} - X)$$

- adjustments for effects of import surcharge 1964-67 and imports of US aircraft

$$\hat{TT} = TT\left(\frac{\hat{UC}}{UC}\right)^{0.5}\left(\frac{\hat{UC}_{-1}}{UC_{-1}}\right)^{-0.4}\left(\frac{\hat{RX}}{RX}\right)^{0.4}\left(\frac{\hat{RX}_{-1}}{RX_{-1}}\right)^{-0.4}\left(\frac{\hat{WX}}{WX}\right)^{-0.36}$$

x adjustment for unexplained variation in import price deflator

$\hat{BT}$ $\quad \hat{X}.\hat{TT} - \hat{M}$

Par series (see chapter IV):

WX^* trend value ($=\hat{WX}$)

UC^* values are estimated to yield approximately the target balance of trade, BT^*, after taking account of the effects on exports and the terms of trade assuming the same elasticities as for $\hat{X}$.

RX^* $\quad RX.\dfrac{\hat{UC}}{UC^*}$

M^* $\quad \hat{M} + 0.20\ (X^* - \hat{X})$ + imports of US aircraft

X^* $\quad (BT^* + M^*)/TT^*$

$$TT^* \quad \hat{TT}\left(\frac{UC}{\hat{UC}}\right)^{0.5}\left(\frac{UC^*}{\hat{UC}}\right)^{-0.4}\left(\frac{RX^*}{\hat{RX}}\right)^{0.4}\left(\frac{RX^*_{-1}}{\hat{RX}_{-1}}\right)^{-0.4}$$

BT^* target balance of trade (see chapter III)

Projections for 1973-76

Values of $\hat{X}$ and $\hat{TT}$ are extrapolated from the trend 1960-72. M is projected on the basis of a disaggregated study of the trend growth of imports and incorporated an allowance for savings due to North Sea oil and gas, and higher domestic output of coal and food.

All other items are solved using the formulae given above to adjust the trend projections.

Tables 11-14 Expenditure on G.D.P.

C Consumers' Expenditure

S Physical increase in stocks and work-in-progress, revised (see chapter V)

A Adjustment to factor cost

R Residual error (compromise less expenditure estimate)

C* Par consumers' expenditure, obtained as a residual

S* Par physical increase in stocks and work-in-progress

$$S^* = S + 0.276\ (Y^* - Y) - 0.092\ (Y^* - Y)_{-1} - 0.186\ (Y^* - Y)_{-2}$$

A* Par adjustment to factor cost

Adjustment to factor cost is decomposed into net indirect taxes falling on private consumers' expenditure, public current expenditure, gross fixed capital formation and exports. The par adjustments for all but private consumers' expenditure are obtained by applying the ratio of the factor cost adjustment at 1963 rates to expenditure at 1963 prices to the par series. The ratio used for par private consumers' expenditure is obtained by fitting a curve to estimates of past ratios derived as residuals.

Projections 1973-76

Consumers' expenditure is estimated as a residual, given projections of other categories of expenditure and extrapolating the par estimate of its net indirect tax content. In the case of alternative projections starting from the actual position in 1972 a small residual error has been retained to improve comparability of past and future figures.

Table 15 The Consumption Gap

Required Consumption	Consumers' expenditure as a residual in the expenditure accounts (defined as C).
Generated Consumption	Private consumption generated by the flow of incomes, assuming the current real burden of taxation and the terms of trade expected for 1972.
Initial Gap	Difference between required and generated consumption
Terms of trade effect	The effects on consumption of changes in import prices relative to home costs
Rent and food	Effects of higher food prices due to movement to the Common Agricultural Policy and of higher rents to be changed for local authority housing.
Final Gap	Initial Gap less terms of trade effect and rent and food.