

APPENDIX A

PAST DATA AND PROJECTIONS FOR 1976-1980

The tables which follow provide annual accounts for the main topics discussed in this *Review* derived from the accounting system and model described more fully in Appendix B. The tables record historical data for 1963-75 based on the latest available official statistics,¹ as well as presenting the results of three projections for 1976-80 which illustrate possible outcomes under, respectively, existing arrangements, large-scale devaluation, and broadly based permanent restriction of imports (the two latter strategies being assumed to be implemented from mid-1976).

The definitions of alternative projections are briefly described here, followed by an explanation of the conceptual basis of the accounts.

Definitions of alternative projections for 1976-80

The assumptions made to derive alternative future projections can be divided into those which are common to each and those which are specific to the particular strategy illustrated.

Common assumptions

- (a) Growth of world trade at an average rate of just over 9% a year 1975-80; world prices of manufactures rising 5.5% a year (slower at first); the world price of raw materials relative to manufactures rising slightly, and the world price of oil relative to manufactures remaining constant after 1976.
- (b) Growth of public expenditure as foreseen in this year's White Paper².
- (c) Fixed tax rates (adjusted for inflation)³ other than taxes on consumption (used as the instrument of budgetary adjustment).
- (d) Balance-of-payments current account targets improving from an expected £(1975) 2.4 billion deficit in 1976 to a surplus of £ (1975) 1 billion in 1980.

The main differences between projections are in the specified targets and instruments.

(i) *Existing arrangements* are assumed to mean a 3% per year gain in export cost competitiveness after 1976 via depreciation of sterling, while money wage settlements fall to 10% a year and the frequency of settlement is limited to annual bargains. The balance-of-payments targets after 1976 have to be met by regulating growth of domestic demand through taxes on consumption.

(ii) *Devaluation* is assumed to mean a large fall in the exchange rate in mid-1976, and subsequent depreciation, so as to provide a once-and-for-all maintained change in export cost competitiveness sufficient to reduce unemployment to 900,000 by 1980. Money

wage settlements are limited to 7.5% a year from 1977 onwards.⁴ The same balance-of-payments targets have to be met by regulation of domestic demand through taxes on consumption.

(iii) *Restriction of imports* is assumed to mean direct limitation of imports of manufactures to fulfil the common balance-of-payments targets while taxes are adjusted to reduce unemployment to 1,050,000 in 1977, falling to 900,000 in 1980. For comparative purposes the same money wage settlements are assumed as under (i). The exchange rate is adjusted to maintain cost competitiveness at its 1975 level.⁵

Concepts used in the accounts

The following notes correspond to the numbering of tables.

1. *Employment, output and national income*

These accounts show the main sources of total real national income analysed into receipts from the North Sea and abroad, the effects on national income of changes in the terms of trade, and the volume of domestic output together with associated changes in employment and unemployment.

The employment series⁶ are converted into full-time male equivalents to allow for changes in part-time working and for variations in the number of women engaged in low-paid occupations.

Unemployment is the annual average of UK wholly unemployed, excluding school leavers and students.

Total domestic output here excludes North Sea production and is disaggregated into two parts – that corresponding to direct employment in public services and the output of the 'business sector'. (Note that the standard national accounts conventions impute a constant level of productivity to public service employment.) The volume of domestic output is here valued at 1975 market prices (i.e. including associated indirect taxes and subsidies).

The 'terms-of-trade effect' reflects changes in the price of exports relative to 'imports' (including oil and gas from the North Sea) which alter the purchasing-power equivalent of income derived from domestic output.

Income from the North Sea includes both government tax revenue and net profits due to UK companies, and (net) income from abroad represents the balance of profits, interest, dividends and transfers

⁴The reasons for a more stringent assumption about incomes policy for this projection are fully described in Chapter I. Its principal effect in the model is to reduce the magnitude of nominal sterling depreciation that would otherwise be required to achieve the required levels of competitiveness.

⁵Trade restrictions by other countries are assumed to reduce the level of UK exports (excluding fuels) by about 3% in each year from 1977 onwards below what would be expected in the absence of restrictions.

⁶The unadjusted employment series is based on the Census of Employment mid-year estimate.

¹The basic source is *National income and expenditure, 1964-74*.

²*Public expenditure to 1979-80*.

³Except that personal allowances are not fully revalued in 1976.

received by the UK from overseas after deduction of corresponding items paid abroad (but excluding North Sea profits due to foreign oil companies).

Real national income is a measure of the purchasing power of total disposable money income of the public and private sectors.

2. *Disposable income and expenditure*

This account shows how total real national income is shared between household grants (i.e. pensions, benefits, grants to students, etc.), wages and salaries (after deduction of taxes and insurance contributions), property income (after tax, inclusive of grants to businesses), and the public sector. The real income of each type is shown in terms of the volume of goods it would buy – consumption goods in the case of household grants and real wages, consumption and investment goods in the case of property income, and public services and investment in the case of the public sector.

Property income is defined to include all net income of the private sector (after tax) other than household grants and wages and salaries. Its main constituents (before tax) are trading profits, income from self-employment, rents, net income from abroad, interest on the public debt and government grants to businesses.⁷ Dividends paid by companies to UK shareholders and interest payments within the private sector are netted out. Note that receipts of rent,⁸ dividends and interest of employees are here included with property income.

Expenditures shown in this account are rebased to 1975 market prices.

3. *Earnings, costs and prices*

This account is based on series which are fully consistent with national income and expenditure accounts and therefore employs concepts slightly different from official wage and price indices.

Wages and earnings are expressed as indices of average weekly (or annual) income per full-time male equivalent, thus normalising for changes in the demographic composition of employment.

Series for costs and prices relate to the 'business sector' and exclude public services and the North Sea. Import costs thus include the cost of North Sea oil and gas as inputs to the business sector. Total costs include also private rents, rates and tariffs on imports, less subsidies to public corporations.

Business output prices are shown as the average for home sales by the business sector (including sales of imported goods).

Consumer prices differ from business output prices

on account of the net effect of indirect taxes and subsidies bearing mainly on consumption such as VAT (previously, purchase tax and SET) and excise duties.

4. *Balance of payments*

This account is designed to show both the main items directly entering the balance-of-payments current account (adjusted for inflation) and some of the main factors contributing to the surplus or deficit.

The constituents of the current account itself are measured at 1975 values using the same deflator (the deflator for total domestic expenditure) as is used for the income and expenditure accounts in Table A2. Net income from abroad here differs from Table A1 because the balance of payments is shown for the UK as a whole (including the North Sea). Income from the North Sea is not shown as a separate item and North Sea profits due to foreign companies must therefore be deducted from net income from abroad. The terms-of-trade index differs from that underlying the 'terms-of-trade effect' in Table A1 for the same reason.

The exchange rate for sterling shown at the bottom of the table is based on the official index of the 'effective' exchange rate,⁹ and shows the value of a trade-weighted basket of ten major currencies, per unit of sterling.

The 'world terms of trade' series for raw materials and oil are world export prices for these commodities relative to the world price of manufactured exports (all based on UN series, measured in US dollars). An increase in the world terms of trade for raw materials or oil causes a deterioration in the UK terms of trade, because Britain is a net importer of raw materials and oil and a net exporter of manufactures. The 'volume of world trade' series is based on an OECD volume index of world trade in goods and services.

5. *Private sector accounts*

This table shows the sources of private income, taxes and transfers, disposable income and expenditure, all measured at current prices and expressed as a share of money national income at market prices. The private 'financial surplus' includes receipts of capital grants, but is calculated before deduction of taxes on capital.

6. *Public sector accounts*

This table is analogous to Table A5. It shows consolidated public sector revenue and expenditure, some items being expressed on a net basis. In particular debt interest is shown after deduction of dividends and loan interest payable by the private sector to public sector bodies. Public sector property income comprises gross trading profits of public corporations and other public enterprises, after stock appreciation, and rents.

⁷Property income also includes the residual error between compromise and income estimates of GDP: the discrepancy between compromise and expenditure estimates is allocated to private stockbuilding.

⁸Including the imputed rent on owner-occupied houses.

⁹Described in *Economic trends*, June 1974.

Table A.1 Employment, output and national income (a) historical series

	1963	1964	1965	1966	1967
<i>(£1975 billion)</i>					
Public service output	11.1	11.2	11.4	11.6	12.0
Business output	65.5	69.8	72.1	73.2	74.6
Total domestic output	76.6	81.0	83.4	84.9	86.6
Terms-of-trade effect	2.0	1.7	1.9	2.2	2.5
Income from domestic output	78.6	82.7	85.4	87.1	89.1
Income from North Sea	0.0	0.0	0.0	0.0	0.0
Income from abroad	0.7	0.6	0.6	0.4	0.3
Real national income	79.3	83.3	86.0	87.5	89.5
<i>(million adult male equivalents)</i>					
Public service employment	2.48	2.50	2.53	2.59	2.68
Business employment	15.95	16.07	16.11	16.07	15.64
Total employment	18.43	18.57	18.65	18.67	18.32
<i>(million persons)</i>					
Total employment	22.93	23.24	23.50	23.67	23.22
Unemployment	0.54	0.39	0.34	0.35	0.55

Table A.1 Employment, output and national income (b) under existing arrangements

	1975	1976	1977	1978	1979	1980
<i>(£1975 billion)</i>						
Public service output	14.5	14.7	14.8	14.8	14.9	15.0
Business output	85.9	89.3	90.4	94.0	97.6	100.9
Total domestic output	100.4	104.1	105.2	108.8	112.5	115.9
Terms-of-trade effect	0.0	0.3	- 0.3	- 0.9	- 1.6	- 2.5
Income from domestic output	100.4	104.4	104.9	107.9	110.9	113.4
Income from North Sea	0.1	0.4	0.9	1.3	1.9	2.5
Income from abroad	1.1	1.0	1.0	1.1	1.2	1.4
Real national income	101.6	105.8	106.7	110.2	114.0	117.3
<i>(million adult male equivalents)</i>						
Public service employment	3.23	3.28	3.30	3.30	3.32	3.34
Business employment	14.16	13.98	13.77	13.70	13.67	13.63
Total employment	17.39	17.25	17.07	17.00	16.99	16.96
<i>(million persons)</i>						
Total employment	22.66	22.44	22.28	22.31	22.42	22.50
Unemployment	0.93	1.12	1.31	1.44	1.53	1.58

1968	1969	1970	1971	1972	1973	1974	1975
12.2 77.8	12.2 79.4	12.5 80.7	12.9 81.7	13.3 83.6	13.4 88.5	13.7 88.5	14.5 85.9
90.0	91.6	93.2	94.6	96.8	101.9	102.3	100.4
2.1	2.1	2.5	2.7	3.5	2.0	- 2.9	0.0
92.1 0.0 0.2	93.6 0.0 0.6	95.7 0.0 0.7	97.3 0.0 0.6	100.3 0.1 0.6	103.9 0.1 1.5	99.4 0.1 1.2	100.4 0.1 1.1
92.3	94.2	96.4	98.0	101.0	105.4	100.7	101.6
2.71 15.32	2.72 15.16	2.79 14.95	2.87 14.58	2.96 14.44	3.00 14.61	3.06 14.50	3.23 14.16
18.04	17.87	17.74	17.45	17.40	17.60	17.56	17.39
23.05 0.57	23.00 0.57	22.84 0.60	22.49 0.78	22.49 0.86	23.02 0.61	23.14 0.60	22.66 0.93

Table A.1 Employment, output and national income (c) under devaluation

	1975	1976	1977	1978	1979	1980
(£1975 billion)						
Public service output	14.5	14.7	14.7	14.6	14.6	14.7
Business output	85.9	90.5	94.8	102.0	108.0	112.3
Total domestic output	100.4	105.1	109.5	116.6	122.6	127.0
Terms-of-trade effect	0.0	- 1.2	- 3.7	- 3.9	- 4.1	- 4.4
Income from domestic output	100.4	103.9	105.8	112.8	118.5	122.6
Income from North Sea	0.1	0.4	1.1	1.5	2.2	2.9
Income from abroad	1.1	1.4	1.7	1.4	1.3	1.3
Real national income	101.6	105.8	108.6	115.7	122.0	126.9
(million adult male equivalents)						
Public service employment	3.23	3.27	3.28	3.25	3.26	3.27
Business employment	14.16	14.04	14.02	14.19	14.36	14.42
Total employment	17.39	17.31	17.30	17.45	17.62	17.69
(million persons)						
Total employment	22.66	22.53	22.65	23.02	23.39	23.62
Unemployment	0.93	1.06	1.09	1.01	0.94	0.90

Table A.1 Employment, output and national income (d) under import restriction

	1975	1976	1977	1978	1979	1980
(£1975 billion)						
Public service output	14.5	14.7	14.7	14.6	14.6	14.7
Business output	85.9	89.7	96.1	102.0	107.5	112.4
Total domestic output	100.4	104.4	110.7	116.6	122.2	127.1
Terms-of-trade effect	0.0	0.6	-0.2	-0.4	-0.7	-1.3
Income from domestic output	100.4	105.0	110.6	116.2	121.5	125.9
Income from North Sea	0.1	0.4	0.8	1.2	1.7	2.2
Income from abroad	1.1	0.9	0.6	0.4	0.4	0.4
Real national income	101.6	106.2	112.0	117.8	123.5	128.5
(million adult male equivalents)						
Public service employment	3.23	3.28	3.27	3.25	3.26	3.27
Business employment	14.16	13.99	14.07	14.21	14.34	14.42
Total employment	17.39	17.27	17.34	17.47	17.60	17.69
(million persons)						
Total employment	22.66	22.47	22.72	23.04	23.37	23.62
Unemployment	0.93	1.10	1.05	1.00	0.95	0.90

Table A.2 Disposable income and expenditure (a) historical series (£1975 billion)

	1963	1964	1965	1966	1967
Consumers' expenditure	49.0	50.6	51.8	52.8	54.1
Private fixed investment	7.5	8.7	9.0	8.9	8.9
Private stockbuilding	0.4	1.6	1.3	0.6	0.1
Total private expenditure	56.9	60.9	62.1	62.2	63.2
Public current expenditure	16.8	17.0	17.5	17.9	18.8
Public investment	5.2	6.3	6.5	7.2	8.2
Total public expenditure	22.1	23.3	23.9	25.1	27.0
Total domestic expenditure	79.0	84.2	86.0	87.3	90.2
Current balance of payments	0.3	-0.9	-0.1	0.2	-0.7
Real national income	79.3	83.3	86.0	87.5	89.5
Disposable wages and salaries	37.8	39.4	40.0	40.7	41.3
Disposable household grants	4.7	4.7	5.3	5.4	6.0
Disposable property income	17.6	19.0	19.4	19.1	19.5
Private disposable income	60.0	63.2	64.7	65.3	66.8
Public sector disposable income	19.3	20.1	21.3	22.3	22.7
Real national income	79.3	83.3	86.0	87.5	89.5

1968	1969	1970	1971	1972	1973	1974	1975
55.5	56.0	57.0	58.6	61.6	63.3	63.0	63.0
9.7	10.2	10.4	10.8	11.5	12.6	11.9	11.4
0.7	1.0	0.8	-0.7	0.0	1.8	0.5	-2.4
65.9	67.2	68.2	68.7	73.1	77.7	75.4	72.0
19.0	18.6	19.0	19.6	20.2	20.6	21.2	22.6
8.0	7.4	7.8	7.9	7.4	8.3	8.6	8.8
27.0	26.1	26.8	27.5	27.7	28.9	29.8	31.3
92.9	93.3	95.0	96.1	100.8	106.6	105.2	103.3
-0.6	0.9	1.4	1.8	0.2	-1.2	-4.5	-1.7
92.3	94.2	96.4	98.0	101.0	105.4	100.7	101.6
41.3	41.5	42.8	43.8	46.0	47.4	48.5	47.9
6.5	6.6	6.8	6.9	7.7	7.7	8.1	9.0
20.8	20.6	19.9	21.4	23.6	26.5	21.5	22.6
68.6	68.7	69.5	72.1	77.2	81.6	78.1	79.5
23.8	25.5	26.9	25.9	23.7	23.8	22.6	22.2
92.3	94.2	96.4	98.0	101.0	105.4	100.7	101.6

Table A.2 Disposable income and expenditure (b) under existing arrangements (£1975 billion)

	1975	1976	1977	1978	1979	1980
Consumers' expenditure	63.0	65.1	63.4	64.8	66.7	68.0
Private fixed investment	11.4	11.9	13.0	14.4	14.9	15.5
Private stockbuilding	- 2.4	- 0.3	0.3	0.8	1.4	1.4
Total private expenditure	72.0	76.7	76.8	79.9	83.0	84.9
Public current expenditure	22.6	23.0	23.2	23.2	23.2	23.4
Public investment	8.8	8.5	8.0	7.7	7.7	8.0
Total public expenditure	31.3	31.5	31.2	30.9	31.0	31.5
Total domestic expenditure	103.3	108.2	107.9	110.8	114.0	116.3
Current balance of payments	- 1.7	- 2.4	- 1.2	- 0.6	0.0	1.0
Real national income	101.6	105.8	106.7	110.2	114.0	117.3
Disposable wages and salaries	47.9	46.6	43.8	44.0	44.9	45.5
Disposable household grants	9.0	9.6	10.0	10.5	10.8	11.0
Disposable property income	22.6	26.4	26.1	27.4	29.0	30.2
Private disposable income	79.5	82.6	79.9	82.0	84.8	86.7
Public sector disposable income	22.2	23.2	26.8	28.2	29.1	30.6
Real national income	101.6	105.8	106.7	110.2	114.0	117.3

Table A.2 Disposable income and expenditure (c) under devaluation (£1975 billion)

	1975	1976	1977	1978	1979	1980
Consumers' expenditure	63.0	64.7	63.5	66.7	70.3	73.3
Private fixed investment	11.4	11.9	13.4	15.8	17.7	19.0
Private stockbuilding	- 2.4	0.0	1.8	2.9	3.2	2.3
Total private expenditure	72.0	76.6	78.6	85.4	91.2	94.6
Public current expenditure	22.6	23.0	23.1	23.0	23.0	23.1
Public investment	8.8	8.6	8.1	7.9	7.9	8.1
Total public expenditure	31.3	31.6	31.2	30.9	30.9	31.2
Total domestic expenditure	103.3	108.2	109.8	116.3	122.0	125.9
Current balance of payments	- 1.7	- 2.4	- 1.2	- 0.6	0.0	1.0
Real national income	101.6	105.8	108.6	115.7	122.0	126.9
Disposable wages and salaries	47.9	46.4	43.1	43.3	44.8	46.4
Disposable household grants	9.0	9.4	9.5	9.8	9.9	10.2
Disposable property income	22.6	27.0	29.9	34.5	36.8	37.6
Private disposable income	79.5	82.8	82.5	87.5	91.5	94.2
Public sector disposable income	22.2	23.0	26.1	28.2	30.5	32.7
Real national income	101.6	105.8	108.6	115.7	122.0	126.9

Table A.2 Disposable income and expenditure (d) under import restriction (£1975 billion)

	1975	1976	1977	1978	1979	1980
Consumers' expenditure	63.0	65.4	65.9	69.2	73.7	76.8
Private fixed investment	11.4	12.0	13.5	15.4	16.3	17.0
Private stockbuilding	-2.4	-0.2	2.4	2.9	2.7	2.4
Total private expenditure	72.0	77.2	81.9	87.5	92.7	96.3
Public current expenditure	22.6	23.0	23.1	23.0	23.0	23.1
Public investment	8.8	8.5	8.2	7.9	7.8	8.1
Total public expenditure	31.3	31.5	31.3	30.9	30.8	31.2
Total domestic expenditure	103.3	108.6	113.2	118.4	123.5	127.5
Current balance of payments		-2.4	-1.2	-0.6	0.0	1.0
Real national income	101.6	106.2	112.0	117.8	123.5	128.5
Disposable wages and salaries	47.9	46.8	45.9	47.4	50.2	52.4
Disposable household grants	9.0	9.6	10.1	10.6	11.1	11.5
Disposable property income	22.6	26.5	28.3	30.0	31.4	32.4
Private disposable income	79.5	82.9	84.3	87.9	92.8	96.3
Public sector disposable income	22.2	23.4	27.7	29.9	30.7	32.2
Real national income	101.6	106.2	112.0	117.8	123.5	128.5

Table A.3 Earnings, costs and prices (a) historical series (% increase over previous year)

	1963	1964	1965	1966	1967
Money wage settlements	0.8	8.0	5.9	-0.8	8.0
Real value of settlements	-1.3	4.6	0.2	-5.9	4.5
Average money earnings before tax	5.3	7.6	7.6	6.9	6.0
Average disposable money earnings	5.7	7.0	5.3	5.7	5.7
Average real disposable earnings	3.8	3.5	1.2	1.6	3.3
Unit labour costs	0.9	2.9	3.7	3.8	1.8
Other domestic costs per unit output	4.2	5.4	6.5	7.1	5.0
Import costs per unit input	2.3	4.3	3.1	1.0	-0.9
Full costs per unit sales	1.6	3.5	3.9	3.6	1.6
Business output prices	2.0	2.8	3.6	3.4	1.7
Consumer prices	1.8	3.4	4.1	4.0	2.3

Table A.3 Earnings, costs and prices (b) under existing arrangements (% increase over previous year)

	1975	1976	1977	1978	1979	1980
Money wage settlements	35.9	13.0	11.0	10.0	10.0	10.0
Real value of settlements	8.4	-7.8	-7.6	-2.8	-0.3	-0.5
Average money earnings before tax	27.3	18.9	13.8	12.4	12.2	12.3
Average disposable money earnings	21.6	14.6	13.8	12.4	12.2	12.2
Average real disposable earnings	-0.3	-1.9	-4.9	0.9	2.1	1.4
Unit labour costs	23.7	13.9	9.9	8.0	8.0	8.2
Other domestic costs per unit output	22.1	23.1	14.5	13.5	12.6	12.4
Import costs per unit input	10.4	16.5	16.8	15.1	14.3	14.7
Full costs per unit sales	19.5	15.7	12.5	11.0	10.9	11.2
Business output prices	23.2	16.8	13.4	11.5	11.0	11.2
Consumer prices	22.0	16.8	19.7	11.3	9.9	10.6

1968	1969	1970	1971	1972	1973	1974	1975
5.1	4.1	14.7	12.3	11.4	11.5	12.6	35.9
-0.6	-2.1	6.3	3.8	4.1	0.9	-3.2	8.4
8.6	7.8	12.6	12.6	12.2	13.9	20.8	27.3
6.6	6.6	10.7	12.8	13.1	13.0	17.9	21.6
1.7	1.5	3.9	4.2	5.1	1.9	2.6	-0.3
4.0	4.2	8.8	7.8	8.0	9.8	16.9	23.7
4.5	7.6	8.1	10.3	7.2	12.2	3.6	22.1
11.2	2.2	7.1	3.9	1.5	21.1	41.8	10.4
5.5	4.2	8.3	7.2	6.3	12.7	21.6	19.5
4.0	3.8	6.9	9.7	8.7	11.3	17.5	23.2
4.9	5.1	6.6	8.3	7.6	10.9	14.9	22.0

Table A.3 Earnings, costs and prices (c) under devaluation (% increase over previous year)

	1975	1976	1977	1978	1979	1980
Money wage settlements	35.9	13.0	7.5	7.5	7.5	7.5
Real value of settlements	8.4	-8.7	-11.5	-4.5	-0.3	1.0
Average money earnings before tax	27.3	19.3	12.4	9.9	9.8	9.6
Average disposable money earnings	21.6	15.3	13.3	10.3	9.6	9.3
Average real disposable earnings	-0.3	-2.6	-7.1	-0.3	2.5	3.1
Unit labour costs	23.7	14.0	7.9	5.1	5.5	5.6
Other domestic costs per unit output	22.1	24.9	17.8	14.1	10.5	9.7
Import costs per unit input	10.4	27.0	30.5	14.4	9.2	8.3
Full costs per unit sales	19.5	18.9	16.0	9.9	8.0	7.6
Business output prices	23.2	19.1	16.9	11.6	8.6	7.8
Consumer prices	22.0	18.4	21.9	10.7	7.0	6.0

Table A.3 Earnings, costs and prices (d) under import restriction (% increase over previous year)

	1975	1976	1977	1978	1979	1980
Money wage settlements	35.9	13.0	11.0	10.0	10.0	10.0
Real value of settlements	8.4	-7.6	-6.2	-1.5	2.5	2.0
Average money earnings before tax	27.3	18.9	14.9	12.6	12.2	12.4
Average disposable money earnings	21.6	14.5	14.6	12.3	11.8	12.0
Average real disposable earnings	-0.3	-1.5	-2.3	2.4	5.3	3.8
Unit labour costs	23.7	13.8	9.7	8.1	7.9	8.2
Other domestic costs per unit output	22.1	22.7	14.8	12.7	11.5	11.2
Import costs per unit input	10.4	14.0	14.8	11.8	10.7	11.3
Full costs per unit sales	19.5	14.9	11.5	9.6	9.1	9.4
Business output prices	23.2	16.2	12.5	10.3	9.4	9.4
Consumer prices	22.0	16.3	17.2	9.7	6.2	7.9

Table A.4 Balance of payments (a) historical series

	1963	1964	1965	1966	1967
(Indices, 1970=100)					
Volume of exports of goods and services	68.0	70.9	74.2	77.2	78.1
Volume of imports of food and materials	87.7	91.4	91.5	90.9	93.5
Volume of imports of manufactures	50.4	61.0	61.7	65.0	73.3
Total volume of imports of goods and services	71.4	78.0	78.7	80.7	86.1
Terms of trade on all goods and services	99.2	97.1	98.2	99.7	100.3
Terms of trade excluding fuels	101.8	99.2	101.0	102.4	104.0
(£1975 billion)					
Value of exports of goods and services	15.09	15.39	15.78	16.20	16.21
Value of imports of goods and services	15.42	16.83	16.44	16.40	17.21
Net goods and services	-0.34	-1.44	-0.66	-0.20	-1.00
Net income from abroad	0.68	0.55	0.60	0.42	0.33
Current balance of payments	0.34	-0.89	-0.06	0.23	-0.67
Net goods and services excluding fuels	0.51	-0.57	0.35	0.87	0.30
(Indices, 1970=100)					
Weighted sterling exchange rate	117.7	117.4	117.6	117.6	114.7
Export cost competitiveness	105.6	107.2	107.5	106.8	106.6
Volume of world trade	54.0	60.0	64.0	69.0	73.0
World terms of trade for raw materials	108.2	112.8	109.1	104.4	103.3
World terms of trade for oil	137.8	132.2	123.3	111.2	119.0

1968	1969	1970	1971	1972	1973	1974	1975
87.1	95.2	100.0	107.0	109.3	121.8	130.0	124.6
98.8	97.4	100.0	99.1	100.7	104.8	98.7	89.8
85.3	92.0	100.0	109.9	131.3	159.5	166.9	155.5
92.4	95.1	100.0	104.8	116.9	132.8	133.2	127.0
98.3	98.3	100.0	100.6	101.9	95.3	81.9	88.9
101.5	99.3	100.0	102.1	103.3	97.2	91.3	98.3
18.76	19.95	21.26	21.87	21.18	24.47	27.42	25.66
19.56	19.57	20.53	20.56	21.48	27.06	33.11	28.40
- 0.80	0.38	0.73	1.31	- 0.30	- 2.59	- 5.69	- 2.74
0.22	0.55	0.65	0.51	0.50	1.38	1.16	1.04
- 0.59	0.93	1.39	1.81	0.20	- 1.22	- 4.53	- 1.71
0.57	1.39	1.59	2.51	0.83	- 1.11	- 1.32	0.52
100.6	101.0	100.0	99.8	96.0	86.3	83.0	75.1
97.4	99.2	100.0	105.4	107.7	101.4	94.6	92.8
82.0	91.0	100.0	107.0	116.0	129.0	138.0	132.0
101.1	101.1	100.0	98.1	102.6	126.3	130.8	107.4
120.9	109.4	100.0	116.5	109.5	125.5	283.4	251.4

Table A.4 Balance of payments (b) under existing arrangements

	1975	1976	1977	1978	1979	1980
(Indices, 1970 = 100)						
Volume of exports of goods and services	124.6	130.8	143.8	162.3	180.6	199.6
Volume of imports of food and materials	89.8	90.7	88.0	89.9	91.8	92.3
Volume of imports of manufactures	155.5	176.8	189.3	216.2	244.3	269.0
Total volume of imports of goods and services	127.0	138.0	144.1	158.2	172.9	185.9
Terms of trade on all goods and services	88.9	91.1	91.8	92.8	93.6	94.3
Terms of trade excluding fuels	98.3	98.2	96.8	95.7	94.5	93.5
(£1975 billion)						
Value of exports of goods and services	25.66	27.19	29.52	34.60	39.88	45.36
Value of imports of goods and services	28.40	30.40	31.11	35.07	39.40	43.25
Net goods and services	- 2.74	- 3.21	- 1.60	- 0.47	0.49	2.11
Net income from abroad	1.04	0.82	0.40	- 0.13	- 0.49	- 1.11
Current balance of payments	- 1.71	- 2.40	- 1.20	- 0.60	0.00	1.00
Net goods and services excluding fuels	0.52	- 0.73	- 0.15	- 0.15	- 0.45	- 0.28
(Indices, 1970 = 100)						
Weighted sterling exchange rate	75.1	65.6	58.3	53.8	50.8	47.8
Export cost competitiveness	92.8	92.8	90.0	87.3	84.7	82.1
Volume of world trade	132.0	138.6	152.5	170.8	187.8	204.7
World terms of trade for raw materials	107.4	104.3	106.3	108.3	110.3	112.3
World terms of trade for oil	251.4	241.6	241.6	241.6	241.6	241.6

Table A.4 Balance of payments (c) under devaluation

	1975	1976	1977	1978	1979	1980
(Indices, 1970=100)						
Volume of exports of goods and services	124.6	135.4	157.7	183.2	205.7	226.4
Volume of imports of food and materials	89.8	92.0	93.0	98.3	101.2	101.4
Volume of imports of manufactures	155.5	175.5	193.5	234.0	272.8	305.3
Total volume of imports of goods and services	127.0	138.1	147.9	169.0	188.7	204.7
Terms of trade on all goods and services	88.9	87.7	85.4	88.0	89.8	91.5
Terms of trade excluding fuels	98.3	94.9	90.6	91.2	91.5	91.7
(£1975 billion)						
Value of exports of goods and services	25.66	29.11	35.61	43.89	50.66	56.82
Value of imports of goods and services	28.40	32.69	37.75	44.45	49.94	54.22
Net goods and services	-2.74	-3.57	-2.14	-0.56	0.71	2.60
Net income from abroad	1.04	1.18	0.95	-0.04	-0.71	-1.60
Current balance of payments	-1.71	-2.40	-1.20	-0.60	0.00	1.00
Net goods and services excluding fuels	0.52	-0.73	-0.05	0.33	0.25	0.55
(Indices, 1970=100)						
Weighted sterling exchange rate	75.1	58.3	45.6	43.3	43.1	43.2
Export cost competitiveness	92.8	84.1	74.0	74.0	74.0	74.0
Volume of world trade	132.0	138.6	152.5	170.8	187.8	204.7
World terms of trade for raw materials	107.4	104.3	106.3	108.3	110.3	112.3
World terms of trade for oil	251.4	241.6	241.6	241.6	241.6	241.6

Table A.4 Balance of payments (d) under import restriction

	1975	1976	1977	1978	1979	1980
(Indices, 1970=100)						
Volume of exports of goods and services	124.6	127.6	135.8	150.0	162.8	175.1
Volume of imports of food and materials	89.8	91.0	94.7	98.3	100.2	101.6
Volume of imports of manufactures	155.5	170.2	160.9	175.8	190.9	198.6
Total volume of imports of goods and services	127.0	135.4	134.9	144.6	154.0	160.1
Terms of trade on all goods and services	88.9	91.8	92.0	93.3	94.4	95.2
Terms of trade excluding fuels	98.3	99.0	97.7	97.1	96.5	95.7
(£1975 billion)						
Value of exports of goods and services	25.66	26.27	27.50	31.11	34.77	38.02
Value of imports of goods and services	28.40	29.33	28.68	31.05	33.64	35.26
Net goods and services	-2.74	-3.06	-1.18	0.07	1.13	2.76
Net income from abroad	1.04	0.67	-0.01	-0.66	-1.13	-1.77
Current balance of payments	-1.71	-2.40	-1.20	-0.60	0.00	1.00
Net goods and services excluding fuels	0.52	-0.63	0.48	0.77	0.80	1.28
(Indices, 1970=100)						
Weighted sterling exchange rate	75.1	67.9	62.8	60.3	59.6	58.8
Export cost competitiveness	92.8	95.6	95.6	95.6	95.6	95.6
Volume of world trade	132.0	138.6	152.5	170.8	187.8	204.7
World terms of trade for raw materials	107.4	104.3	106.3	108.3	110.3	112.3
World terms of trade for oil	251.4	241.6	241.6	241.6	241.6	241.6

Table A.5 Private sector accounts (a) historical series (% of national income, at current prices)

	1963	1964	1965	1966	1967
Income from employment	59.5	59.2	59.3	59.8	59.2
<i>less</i> Direct tax and insurance	- 8.8	- 9.0	- 10.1	- 10.8	- 10.8
Disposable income from employment	50.7	50.2	49.2	49.0	48.4
Disposable household grants	6.3	6.1	6.5	6.6	7.0
Gross trading income and rent	24.1	24.3	23.7	23.0	22.8
Net income from abroad and North Sea	1.3	1.1	1.0	0.9	0.9
Net interest	3.2	3.1	3.0	3.0	3.2
Property income before tax	28.6	28.5	27.8	26.8	26.9
Grants from public sector	0.9	1.0	1.1	1.2	1.8
<i>less</i> Direct taxes	- 5.9	- 5.3	- 5.1	- 4.9	- 6.1
Property income after tax	23.6	24.2	23.8	23.1	22.6
<i>less</i> Stock appreciation	- 0.6	- 0.9	- 0.8	- 0.9	- 0.5
Disposable property income	23.0	23.4	22.9	22.2	22.1
Total private disposable income	79.9	79.6	78.6	77.7	77.5
<i>less</i> Expenditure on goods and services	- 75.8	- 76.7	- 75.5	- 74.1	- 73.3
Private sector financial surplus	4.2	2.9	3.1	3.6	4.2
<i>less</i> Taxes on capital	- 1.0	- 0.9	- 0.8	- 0.8	- 0.9
Net acquisition of financial assets	3.1	2.0	2.3	2.8	3.4

1968	1969	1970	1971	1972	1973	1974	1975
58.5	58.1	59.2	59.2	59.4	59.6	63.8	64.5
-11.5	-12.0	-13.0	-12.9	-12.5	-12.9	-15.0	-17.4
46.9	46.1	46.2	46.3	46.8	46.7	48.7	47.1
7.4	7.4	7.4	7.3	7.8	7.6	8.2	8.8
23.4	22.3	22.2	23.0	24.2	26.3	26.5	24.0
0.9	1.3	1.1	0.8	0.8	1.7	1.7	1.6
3.3	3.1	3.0	2.9	2.9	3.9	3.1	2.8
27.5	26.7	26.2	26.8	27.9	31.0	31.2	28.5
2.3	2.5	2.3	2.4	2.3	2.1	2.1	2.0
-5.9	-5.8	-5.9	-5.5	-5.0	-4.4	-5.2	-4.4
24.0	23.4	22.6	23.7	25.2	28.8	28.2	26.1
-1.3	-1.5	-2.1	-1.9	-2.1	-4.3	-6.9	-3.9
22.7	21.8	20.5	21.8	23.1	24.5	21.3	22.3
77.0	75.3	74.0	75.4	77.8	78.7	78.2	78.2
-74.0	-73.7	-72.7	-71.8	-73.7	-75.0	-75.5	-70.8
3.0	1.6	1.4	3.6	4.2	3.8	2.7	7.3
-1.0	-1.3	-1.3	-1.2	-1.2	-1.1	-0.9	-0.8
2.0	0.3	0.0	2.4	3.0	2.7	1.7	6.6

Table A.5 Private sector accounts (b) under existing arrangements (% of national income, at current prices)

	1975	1976	1977	1978	1979	1980
Income from employment	64.5	62.6	59.6	58.0	57.1	56.1
less Direct tax and insurance	- 17.4	- 18.6	- 17.6	- 17.2	- 17.0	- 16.7
Disposable income from employment	47.1	44.0	41.9	40.8	40.1	39.4
Disposable household grants	8.8	9.0	9.6	9.8	9.7	9.6
Gross trading income and rent	24.0	25.0	24.1	25.0	25.7	26.2
Net income from abroad and North Sea	1.6	1.8	2.1	2.2	2.2	2.4
Net interest	2.8	3.6	3.5	3.0	2.5	2.0
Property income before tax	28.5	30.4	29.7	30.3	30.4	30.6
Grants from public sector	2.0	1.9	1.8	1.9	1.9	2.0
less Direct taxes	- 4.4	- 3.6	- 4.2	- 4.6	- 4.2	- 4.2
Property income after tax less Stock appreciation	26.1	28.6	27.3	27.5	28.1	28.4
	- 3.9	- 3.7	- 3.3	- 3.1	- 3.2	- 3.4
Disposable property income	22.3	24.9	24.1	24.4	24.8	25.0
Total private disposable income	78.2	77.9	75.6	75.0	74.7	74.0
less Expenditure on goods and services	- 70.8	- 72.4	- 72.6	- 73.1	- 73.0	- 72.4
Private sector financial surplus	7.3	5.5	3.0	1.9	1.6	1.6
less Taxes on capital	- 0.8	- 0.8	- 0.9	- 1.0	- 1.0	- 1.1
Net acquisition of financial assets	6.6	4.7	2.1	1.0	0.6	0.5

Table A.5 Private sector accounts (c) under devaluation (% of national income, at current prices)

	1975	1976	1977	1978	1979	1980
Income from employment	64.5	62.1	57.2	53.8	52.5	52.0
<i>less</i> Direct tax and insurance	- 17.4	- 18.3	- 16.5	- 15.4	- 15.1	- 15.0
Disposable income from employment	47.1	43.8	40.6	38.4	37.5	37.0
Disposable household grants	8.8	8.9	9.0	8.6	8.3	8.1
Gross trading income and rent	24.0	26.0	27.3	29.7	30.8	31.4
Net income from abroad and North Sea	1.6	2.1	2.8	2.5	2.1	2.1
Net interest	2.8	3.7	3.7	3.1	2.6	1.9
Property income before tax	28.5	31.8	33.8	35.3	35.4	35.4
Grants from public sector	2.0	1.9	1.8	1.8	1.8	1.9
<i>less</i> Direct taxes	- 4.4	- 3.6	- 4.1	- 4.6	- 4.8	- 5.4
Property income after tax	26.1	30.1	31.5	32.5	32.4	31.9
<i>less</i> Stock appreciation	- 3.9	- 4.5	- 4.2	- 3.0	- 2.6	- 2.6
Disposable property income	22.3	25.6	27.4	29.6	29.8	29.3
Total private disposable income	78.2	78.3	77.0	76.6	75.6	74.4
<i>less</i> Expenditure on goods and services	- 70.8	- 72.4	- 73.4	- 74.8	- 75.3	- 74.8
Private sector financial surplus	7.3	5.9	3.6	1.8	0.3	- 0.3
<i>less</i> Taxes on capital	- 0.8	- 0.9	- 0.9	- 1.0	- 1.0	- 1.0
Net acquisition of financial assets	6.6	5.0	2.7	0.9	- 0.7	- 1.4

Table A.5 Private sector accounts (d) under import restrictions (% of national income, at current prices)

	1975	1976	1977	1978	1979	1980
Income from employment	64.5	62.6	59.6	58.4	58.4	58.3
<i>less</i> Direct tax and insurance	- 17.4	- 18.6	- 17.8	- 17.6	- 17.7	- 17.9
Disposable income from employment	47.1	44.0	41.8	40.8	40.7	40.5
Disposable household grants	8.8	9.0	9.1	9.1	9.0	8.9
Gross trading income and rent	24.0	24.9	25.2	26.0	26.8	27.1
Net income from abroad and North Sea	1.6	1.6	1.5	1.4	1.2	1.2
Net interest	2.8	3.6	3.3	2.7	2.1	1.6
Property income before tax	28.5	30.0	30.0	30.1	30.1	29.9
Grants from public sector	2.0	1.9	1.8	1.8	1.8	1.9
<i>less</i> Direct taxes	- 4.4	- 3.6	- 4.0	- 4.4	- 4.4	- 4.4
Property income after tax	26.1	28.3	27.7	27.5	27.5	27.3
<i>less</i> Stock appreciation	- 3.9	- 3.5	- 3.0	- 2.8	- 2.7	- 2.9
Disposable property income	22.3	24.8	24.7	24.7	24.7	24.4
Total private disposable income	78.2	77.8	75.6	74.7	74.4	73.8
<i>less</i> Expenditure on goods and services	- 70.8	- 72.4	- 73.5	- 74.3	- 74.4	- 73.8
Private sector financial surplus	7.3	5.4	2.1	0.4	0.1	0.1
<i>less</i> Taxes on capital	- 0.8	- 0.9	- 0.9	- 0.9	- 1.0	- 1.0
Net acquisition of financial assets	6.6	4.5	1.3	- 0.6	- 0.9	- 1.0

Table A.6 Public sector accounts (a) historical series (% of national income, at current prices)

	1963	1964	1965	1966	1967
Direct tax and insurance on wages and salaries	8.8	9.0	10.1	10.8	10.8
Other direct taxes	6.5	5.9	5.8	5.6	6.6
Total direct taxes	15.3	14.9	15.9	16.3	17.4
Grants to households	6.4	6.2	6.7	6.7	7.2
Other grants and transfers	1.4	1.5	1.6	1.6	2.2
Total grants	7.8	7.7	8.2	8.4	9.4
Net indirect taxes on consumption	6.8	7.0	7.2	7.5	7.8
Other net indirect taxes	4.5	4.8	5.0	5.2	5.1
Indirect taxes less subsidies	11.3	11.8	12.2	12.7	12.9
Taxes less grants and subsidies	18.9	19.0	19.9	20.7	21.0
Net property income and debt interest	1.2	1.4	1.5	1.6	1.6
Public sector disposable income	20.1	20.4	21.4	22.3	22.5
less Expenditure on goods and services	-23.8	-24.3	-24.6	-25.6	-27.5
Public sector financial surplus	-3.7	-3.9	-3.2	-3.3	-5.0
plus Taxes on capital	1.0	0.9	0.8	0.8	0.9
Net acquisition of financial assets	-2.7	-3.0	-2.4	-2.5	-4.1

1968	1969	1970	1971	1972	1973	1974	1975
11.5 6.4	12.0 6.4	13.0 6.7	12.9 6.2	12.5 5.6	12.9 5.1	15.0 6.0	17.4 5.1
18.0 7.7 2.7	18.4 7.6 2.9	19.7 7.6 2.6	19.1 7.5 2.7	18.1 8.1 2.6	18.0 7.8 2.6	21.0 8.5 2.5	22.6 9.3 2.3
10.3 8.2 5.4	10.5 8.8 6.1	10.2 8.5 6.2	10.3 8.0 6.0	10.7 7.5 5.4	10.4 7.3 4.6	11.0 6.1 4.2	11.5 5.4 4.5
13.6 21.3 1.8	14.9 22.8 1.9	14.7 24.2 1.8	13.9 22.7 1.9	12.9 20.3 1.9	11.8 19.4 1.9	10.3 20.3 1.6	10.0 21.0 0.8
23.0 -26.6	24.7 -25.3	26.0 -25.9	24.6 -26.4	22.2 -26.1	21.3 -26.2	21.8 -29.0	21.8 -30.8
-3.6 1.0	-0.6 1.3	0.1 1.3	-1.7 1.2	-3.9 1.2	-4.9 1.1	-7.2 0.9	-9.0 0.8
-2.6	0.7	1.4	0.6	-2.8	-3.9	-6.2	-8.3

Table A.6 Public sector accounts (b) under existing arrangements (% of national income, at current prices)

	1975	1976	1977	1978	1979	1980
Direct tax and insurance on wages and salaries	17.4	18.6	17.6	17.2	17.0	16.7
Other direct taxes	5.1	4.5	5.2	5.7	5.8	6.0
Total direct taxes	22.6	23.1	22.8	22.9	22.8	22.7
Grants to households	9.2	9.4	10.1	10.3	10.2	10.0
Other grants and transfers	2.3	2.3	2.3	2.4	2.4	2.5
Total grants	11.5	11.8	12.4	12.6	12.6	12.6
Net indirect taxes on consumption	5.4	5.4	8.2	8.0	7.4	7.1
Other net indirect taxes	4.5	5.2	5.3	5.5	5.8	6.0
Indirect taxes less subsidies	10.0	10.5	13.5	13.5	13.2	13.1
Taxes less grants and subsidies	21.0	21.8	23.9	23.8	23.4	23.3
Net property income and debt interest	0.8	0.3	0.5	1.2	2.0	2.8
Public sector disposable income	21.8	22.1	24.4	25.0	25.3	26.0
less Expenditure on goods and services	-30.8	-29.9	-28.5	-27.5	-27.0	-26.8
Public sector financial surplus	-9.0	-7.8	-4.1	-2.5	-1.6	-0.8
plus Taxes on capital	0.8	0.9	0.9	1.0	1.0	1.1
Net acquisition of financial assets	-8.3	-7.0	-3.2	-1.5	-0.6	0.3

Table A.6 Public sector accounts (c) under devaluation (% of national income, at current prices)

	1975	1976	1977	1978	1979	1980
Direct tax and insurance on wages and salaries	17.4	18.3	16.5	15.4	15.1	15.0
Other direct taxes	5.1	4.5	5.1	5.8	6.5	7.4
Total direct taxes	22.6	22.8	21.6	21.2	21.6	22.4
Grants to households	9.2	9.3	9.4	9.1	8.7	8.5
Other grants and transfers	2.3	2.3	2.3	2.3	2.3	2.4
Total grants	11.5	11.6	11.7	11.4	11.0	10.9
Net indirect taxes on consumption	5.4	5.0	7.2	6.6	5.8	4.9
Other net indirect taxes	4.5	5.2	5.4	5.5	5.8	6.1
Indirect taxes less subsidies	10.0	10.2	12.6	12.2	11.6	11.0
Taxes less grants and subsidies	21.0	21.4	22.4	22.0	22.1	22.4
Net property income and debt interest	0.8	0.3	0.6	1.4	2.3	3.2
Public sector disposable income	21.8	21.7	23.0	23.4	24.4	25.6
less Expenditure on goods and services	-30.8	-29.8	-27.7	-25.7	-24.7	-24.4
Public sector financial surplus	-9.0	-8.2	-4.7	-2.3	-0.3	1.1
plus Taxes on capital	0.8	0.9	0.9	1.0	1.0	1.0
Net acquisition of financial assets	-8.3	-7.3	-3.8	-1.4	0.7	2.2

Table A.6 Public sector accounts (d) under import restriction (% of national income, at current prices)

	1975	1976	1977	1978	1979	1980
Direct tax and insurance on wages and salaries	17.4	18.6	17.8	17.6	17.7	17.9
Other direct taxes	5.1	4.5	5.0	5.5	6.0	6.2
Total direct taxes	22.6	23.1	22.9	23.1	23.7	24.0
Grants to households	9.2	9.4	9.6	9.6	9.5	9.3
Other grants and transfers	2.3	2.3	2.2	2.2	2.3	2.4
Total grants	11.5	11.7	11.8	11.8	11.8	11.7
Net indirect taxes on consumption	5.4	5.4	7.5	7.1	5.6	4.8
Other net indirect taxes	4.5	5.1	5.1	5.3	5.4	5.6
Indirect taxes less subsidies	10.0	10.5	12.6	12.4	11.0	10.4
Taxes less grants and subsidies	21.0	21.9	23.6	23.7	23.0	22.7
Net property income and debt interest	0.8	0.3	0.8	1.7	2.6	3.5
Public sector disposable income	21.8	22.2	24.4	25.3	25.6	26.2
less Expenditure on goods and services	-30.8	-29.8	-27.6	-26.2	-25.7	-25.5
Public sector financial surplus	-9.0	-7.6	-3.2	-0.9	-0.1	0.7
plus Taxes on capital	0.8	0.9	0.9	0.9	1.0	1.0
Net acquisition of financial assets	-8.3	-6.8	-2.3	0.0	0.9	1.8