

# Keskusteluaiheita Discussion papers

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A COMPARISON OF RECENT MEDIUM-  
TERM FORECASTS\*)

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## 1 Introduction

This is already the sixth time a comparison of recent medium-term forecasts is to be presented at the spring meeting of the Working Group on Longer Term Prospects and Structural Change of the AIECE (Association des Instituts Européennes de Conjoncture Economique). Last spring the report of the same kind was prepared by the French institute BIPE.

It may be worth noting that the interest in medium-term forecasts and related issues seems to be increasing among the member institutes. This is reflected by the fact that of the 18 forecasts included in this comparison, 9 are made by the member institutes and three forecasts are provided by the observers. Practically all forecasts have been published recently or will be published in the near future.

It should be once again emphasized that, for various reasons, the forecasts as such are not directly comparable, although some effort has been made to standardize the forecasting periods. The dates of forecasts, basic assumptions, etc. vary somewhat, even though we have included no forecasts older than one year. Several forecasts comprise alternative scenarios, too. If not otherwise stated, we have in these cases tried to compare 'basic' or 'reference' alternatives. The list of institutes, the dates of the forecasts and the forecasting periods are given in Table 1, Appendix, page 1.

Forecasts for GDP, GDP-deflator and key figures for world trade are given in the Appendix. To give some perspective, we have included in the Appendix tables historical data for two periods, from 1960 to 1973 and from 1973 to 1983. Where possible we have included data also on investments, which are of great importance for the economic outlook in the medium term.

Finally, we would like to thank all those who provided the material and thereby made our efforts much easier. The errors in figures and/or in the interpretation of the analysis presented in the various reports are, of course, our own responsibility.

## 2 Forecasts for output and demand

GDP-growth in the five-year period 1985-89 is forecast to be close to 3 % per annum for the OECD-area as a whole and half a percentage point lower for the European countries. Business investments are expected to develop more favourably than during the past ten years. A short summary of economic developments in major countries is given below. Forecasts for some smaller economies are presented in the Appendix.

The medium-term forecasts for the United States reflect the uncertainty related to the U.S. Federal budget deficit, balance of payments deficit and to the value of the USD. The GNP growth rates for the second half of this decade vary between 2 and 4 % per annum, the most optimistic forecast being that of the government. One has to point out, however, that at least for the short run, the administration has recently revised their forecasts somewhat downwards. The

time profile of the expected growth recession in the U.S. also varies considerably. Some forecasters expect 1985 to be the year of weakest growth, while others expect the situation to deteriorate only in 1986 or even 1987.

Regarding the current account deficit, it has been estimated that half of the deficit is due to the overvalued dollar and the other half is due to the debt-related difficulties in developing countries, especially in Latin America, and relatively slow growth in other industrial countries. Recently, the growth differential with other industrial economies has narrowed down considerably, and generally it is expected to be relatively small even in the medium term. The dollar will remain quite high, however, and even if it falls quickly, it is estimated that it will take more than a year before this depreciation will have positive effects on the trade balance. This time delay is due to the J-curve effect. The gap between imports and exports is so big, that it will in any case take many years before the current account deficit could disappear. On the negative side the dollar depreciation would have inflationary effects in the U.S. Each 10 % depreciation would, according to some estimates, bring about a percentage point rise in consumer prices and even more in wholesale prices within a year's time.

If the interpretation that the excess demand created by the structural budget deficit combined with full employment and a non-inflationary monetary policy has pushed the USD high is correct, the above-mentioned explanations for the current account deficit would become one, and the main instrument for correcting imbalances would be a reduction in the budget deficit. The problem is that the easy



expenditure cuts have already been made and tax increases, at least until now have been ruled out by the government. The risks connected with the U.S. economic outlook would, of course, decrease considerably if a medium-term program for balancing the budget were drafted by the Congress in the near future.

The economic growth of Japan is expected to be higher in the medium term than that of any other country included in this comparison. GDP growth forecasts made for Japan for the fiscal years 1984-1989 and 1983-1993 lie in the range of 3.6-3.9 per cent per annum. This means that the Japanese economy is projected to grow approximately at the same annual rate as between 1973 and 1983. The biggest contributions to GDP growth are coming from increases in private consumption and private investments. Exports, which in the past had a sizable contribution to economic growth, are now envisaged to increase slowly, at least by Japanese standards. The Nomura Research Institute is even expecting a negative growth contribution from the real foreign balance. General government consumption expenditures and public fixed investments will also grow much more slowly than in the past due to expected tightening of budgetary policies. Inflation is envisaged to remain well under control, but unemployment to increase somewhat due to a fairly high growth rate of the labour supply. The current account is forecast to continue to show large surpluses, and Japan is expected to become the world's largest capital supplier. Investment income on rapidly growing foreign investments will compensate for the expected slight deterioration in the trade balance.

For Germany, the DIW forecast last summer for GDP growth was 1.9 per cent a year until 1990, with 2.2 per cent being an optimistic figure.

These forecasts were, however, based on rather pessimistic assumptions about world trade, and since figures for world trade and the international economic outlook on the whole have subsequently been generally revised upwards, economic prospects for Germany now look better than a year ago. The major contribution to growth is expected to come from private investments, especially investments in machinery and equipment. This means that investment activity will be much stronger in the medium term than during the 10 year period ended in 1983. This more positive picture is confirmed by the latest 'Prognose 100'-survey made by IFO-institut. According to this survey, industrial firms have revised their medium-term output expectations considerably upwards, and this is reflected in the investment intentions as well.

The real foreign balance is also expected to contribute to GDP growth. The increases in both private and general government consumption are forecast to be rather moderate. The outlook for inflation not accelerating from the present low levels is good. With the budget deficit being better under control than in most of other countries and the current account setting no constraints, there would seem to be room for a less restrictive fiscal policy. Indeed, a gradual loosening of fiscal policy is assumed by many observers. This would, of course, improve growth prospects for Germany and other countries as well.

In France the GDP growth is expected to lag behind that of its trading partners by approximately 0.3 % per annum during the forecasting period. Almost two thirds of the demand growth is expected to come from private consumption, but the share of net exports in the GDP growth is expected to be also over 10 per cent during the forecasting period. Private industrial investments are expected to grow relatively strongly, too.

Even though the inflationary outlook seems much better than in the 10 year period from 1973 to 1983, prices are expected to rise more than for the most important trading partners. Minor increases in market shares during the forecasting period could, therefore, partly be explained by the expected almost 20 % devaluation vis-à-vis the Deutschmark. All in all, France is expected to be the only big country included in the comparison where the GDP growth is not exceeding that of the previous ten-year period. One reason for this may be the relatively poor performance of total investments.

For the United Kingdom, average annual GDP growth rates ranging from 1.7 to 2.5 for the medium term have been forecast. These growth rates compare favourably with the average rate achieved during the 10 year period ended in 1983, but are somewhat below the rates forecast for the total OECD area. The differing figures reflect partly different forecast periods, but are also explained by genuine differences in views. Thanks to improved price competitiveness, exports are expected to grow somewhat faster than domestic demand in the medium term. Investments are forecast to grow in line with demand or slightly less. With general government consumption rising very slowly, growth will rest not only on exports, but also heavily on private consumption. The inflation rate is expected to remain at the present level or accelerate slightly towards the end of this decade. No significant improvement on unemployment is forecast to occur. The current account is projected to change into a deficit in the medium term, partly due to falling North Sea oil production and an assumed fall in the real price of oil.

In Italy GDP is projected to increase by close to 3 per cent p.a. in 1984-1989, which is approximately a percentage point higher average growth rate than that achieved during the ten year period from 1973 to 1983. Growth will be based mainly on increases in private consumption and industrial investments. Net exports are expected also to contribute to demand growth. Although the inflation rate is forecast to stabilize at a level which is around ten percentage points lower than the average experienced in 1973-1983, prices are expected to rise faster than in any other country included in this comparison. Economic growth could, therefore, be constrained by rapid inflation as well as by the high public sector deficit or a shaky balance of payments.

In all the large countries, with the exception of France, productive investments are expected to grow more strongly than GDP, whereas residential construction is forecast to grow more in line with the GDP. It is also interesting to note that the marginal efficiency of capital, at least if measured at the most aggregate level, is expected to decline further. This may be a reflection of the on-going process of energy saving investments, and anti-pollution investments, or the capital stock inherited from the past may still be depreciating relatively fast.

If it is true that investments in R&D and generally in human capital are not losing importance, one should be even more worried about the above-mentioned problem when recognizing the fact that these are not included in the national account investment figures.

In any case, some forecasts assume growth in the industrial production to outweigh that of the overall GDP. This re-industrialization could

partly be explained by relatively good investment performance in the manufacturing sector last year and, in some countries, even this year. On the other hand, it is widely asserted that investments in Europe have recently been more directed towards capital deepening than towards widening of the productive capacity.

### 3 World trade

The pick-up of world trade was one of the key features in the economic recovery experienced last year. According to preliminary figures, the volume of world trade expanded by 9 % and the volume of manufacturing goods even more than that (see table 3 in the appendix). It is to be noted, however, that as shown in the table below the increase has remained relatively sluggish when taking account of the associated increase in world income.

Table 1. PERCENTAGE CHANGE OF WORLD TRADE VOLUME ASSOCIATED WITH EACH ONE PER CENT CHANGE IN WORLD REAL INCOME

	1964-73	1973-79	1979-84
Total exports	1.6	1.4	0.8
Exports of manufactures	1.9	1.7	1.7

Source: GATT secretariat estimates.

At least three potential reasons may explain this. First, during the 1980s many non-oil developing countries were faced by debt crises which effectively reduced their import demand. Second, also OPEC countries had to cut their imports considerably, i.e. almost by a

quarter during the past couple of years and third, protectionism might have had, directly or indirectly, adverse effects on world trade (but on income as well).

Despite fears expressed concerning protectionism, the outlook for world trade seems rather favourable according to most of the forecasts, and the volume of world trade is generally expected to increase on the order of 4.5 to 5 % per annum in the medium term. The growth of trade in manufactures is assumed to be slightly stronger than that. This means, however, that the trade/output ratio will remain low.

Trade prices expressed in USD are forecast to rise very modestly in the coming years, and if the expected depreciation of the USD is taken into account, inflationary impulses coming via foreign trade are of minor importance for Japan and European countries as well.

#### 4 Oil and other commodities

According to all forecasts, the relative price of crude oil is expected to decline during the forecasting period. In some cases the fall is quite significant, i.e. one third from the 1984 levels. Some information on the developments in the oil market is presented in table 2.

The figures suggest that the effects of energy saving investments seem to have materialized to a greater extent after the second oil price shock, especially in the industrial sector of our economies. If this development continues, it would further weaken the position of OPEC

Table 2. INDICATORS OF OIL MARKET CONDITIONS

INDICATORS OF OIL MARKET CONDITIONS	1973	1980	1984	1980/73 average annual change at a compound rate	1984/80 average annual change at a compound rate
	levels				
OECD crude oil consumption (mil. barrels/day)	39.2	38.7	34.7	-0.2	-2.7
OECD net imports - " -	26.5	23.4	17.2	-1.8	-7.4
OPEC production - " -	31.0	27.9	18.9	-1.5	-9.3
NON-OPEC production <sup>1)</sup> - " -	14.9	20.3	24.2	4.5	4.5
OECD GDP-volume	100	118.6	129.0	2.5	2.1
OECD Industrial production	100	112.5	119.5	1.7	1.5
OECD crude oil consumption/GDP	100	83.2	68.6	-2.6	-4.7
OECD crude oil consumption/ industrial production	100	87.7	74.1	-1.8	-4.2
OECD wholesale prices of petroleum products deflated by CPI	100	219	208	11.8	-1.3

1) Excluding the production of centrally planned economies.

countries, whose production is already down to approximately 60 % of the all time high reached in 1973. During the same period the production of non-OPEC countries has increased by two thirds.

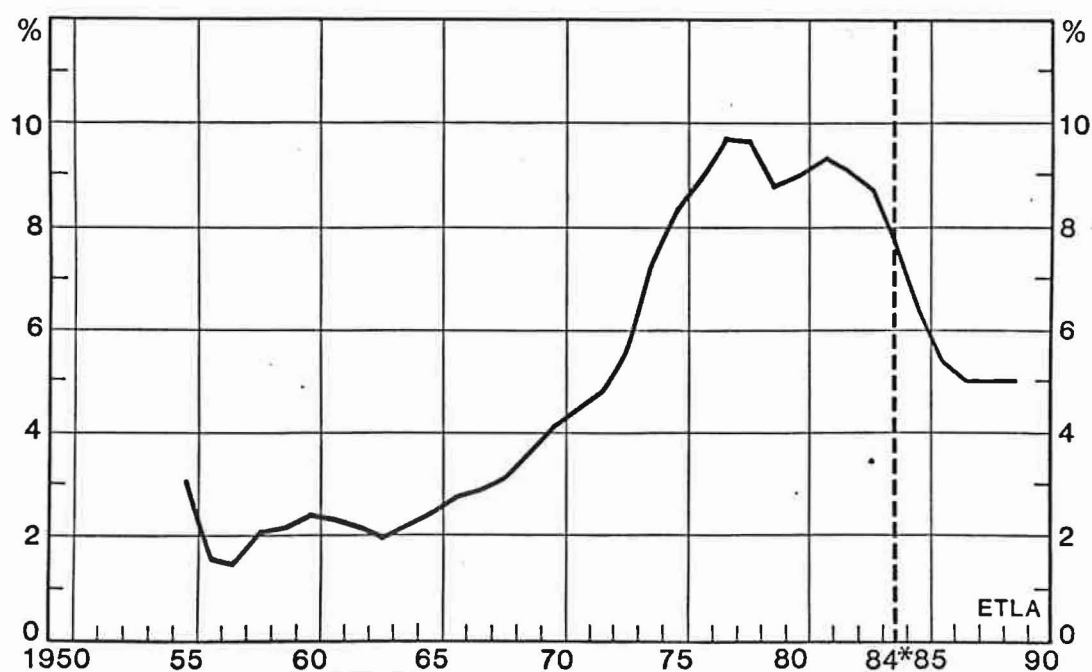
The dollar price of crude oil has come down by almost one quarter from the top levels reached in 1981. At the same time the USD has gone up vis-à-vis the European currencies by 50 per cent. European imports account for almost 60 % of the total imports of petroleum and petroleum products in the OECD area, which is about the same as the share of OPEC in total crude oil exports. All in all, it is too early to speak about the breakdown of the OPEC cartel.

Nominal prices of other commodities are generally expected to rise quite modestly. In the case of industrial raw materials, the current low level of prices is not only due to cyclical demand changes, but technological factors are regarded as important as well.

## 5 Inflation and unemployment

The decline in the industrial countries' inflation rate has been marked since 1980. This development has been made possible by reductions in the price of oil, favourable developments in non-oil commodity prices and moderate nominal wage increases combined with strong productivity growth. Economic policies were also directed towards bringing down inflation and inflationary expectations.

Chart 1. Average annual rates of change in consumer prices in industrial countries for different five-year periods, 1955-89.<sup>1)</sup>



1) The figure for the year 1984, for example, corresponds to the average annual rate of change in the five years 1980-84.

Source: IMF, International Financial Statistics. Forecasts are averages of the figures provided by the institutes included in this comparison.



Although the world economy was more buoyant last year, it proved less inflationary than expected a year ago. While forecasts for GDP growth have been revised upwards, projections for the inflation rate have again been lowered. The institutes expect, however, deceleration in the industrial countries' inflation rate to come to a halt in the course of 1985 and 1986, and in some reports inflation is expected to accelerate slightly in later years. Forecasts for average increases in GDP deflators and consumer prices for the total OECD area vary between 4 and 6 per cent. These rates are 3-5.5 percentage points lower than the average rates realized in 1973-1983. Falling real prices of oil, moderate increases in unit labour costs and non-oil commodity prices, and cautious economic policies are the main reasons for this fairly positive inflationary outlook.

Since the first oil price shock, unemployment has become an increasingly difficult structural problem in the OECD countries, especially in Western Europe. Labour demand was sluggish in Europe in the late 1970s and declined at the beginning of 1980s, whereas the labour supply increased in the same period due to demographic factors and a rise in the labour force participation rate. This development led to rapidly rising unemployment. The weak demand for labour has resulted from slow economic growth and, to some extent, real wage rigidity. In countries like the U.S. where real wages adjusted to losses in the terms-of-trade caused by oil price shocks, the employment development has been better. In Europe the adjustment process was delayed and this led to labour shedding to a greater extent than elsewhere due to substitution of capital for labour and pruning of unprofitable output. Of special concern for European governments nowadays are the very high levels of youth and long-lasting unemployment.

The unemployment rate, which in the OECD area is currently over 8 per cent on average and in OECD Europe almost 11 per cent is projected to rise slightly in the medium term. This deterioration in the employment situation results from the relatively slow GDP growth and in the U.S. and Japan from the fairly rapidly growing labour supply.

## 6           Uncertainties

As discussed in many of the reports, perhaps the biggest uncertainty affecting the developments in the world economy concerns the external value of the USD. This uncertainty is also reflected in the big spread of exchange rate assumptions and/or forecasts presented in the reports (see page 3 in the Appendix). The view that the dollar will depreciate is, however, uniform. In some reports it is asserted that this uncertainty may have negative effects on investments in the export industries, especially in Europe. However, in empirical studies no definite answer concerning the effects of exchange rate fluctuations on trade volumes has been found, and at least in the short term there are several ways to avoid foreign-trade-related exchange-rate risks.

In many reports financial markets are seen as a potential source of instability, e.g. international investors may suddenly lose confidence in the USD and in the U.S. economy in general because of cumulating deficits in the budget and in the current account as well. Others, however, do not envisage a sudden collapse of the dollar.

Better prospects for industrial countries have made the outlook brighter for developing countries, many of which are undergoing a

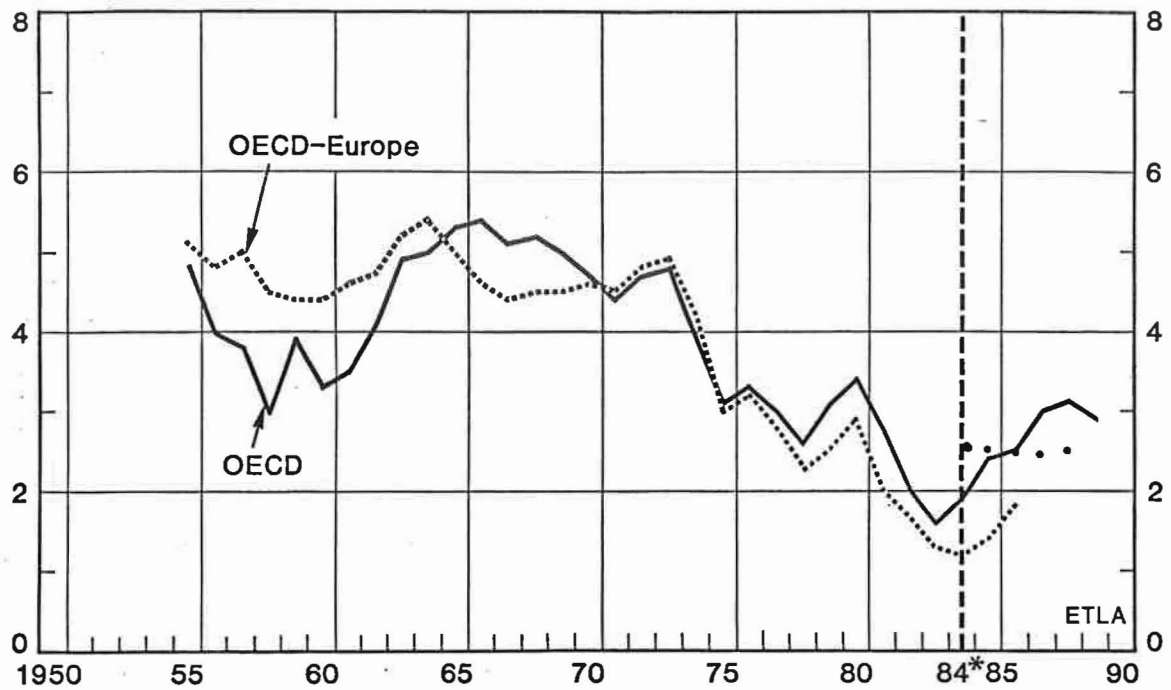
medium-term stabilization period. Should disruptions in the international capital markets occur, some developing countries could run into severe balance of payments difficulties again.

The overvaluation of the dollar has given rise to a growing protectionistic mood in the U.S. Retaliatory measures could easily lead to a vicious circle in world trade relations. In general, tariffs imposed on manufactures are probably at the lowest levels they have ever been, but various kinds of other measures, e.g. voluntary export restraints, quotas, and dumping accusation procedures, are used extensively, not to mention the barriers to trade in agricultural products. A worldwide change in mood in favour of a more open multilateral trade system would be beneficial for the business expectations and trade outlook in general.

## 7 Concluding remarks

The economic outlook in the medium term for the OECD countries seems now to be somewhat better than the outlook reported a year ago, and also better than forecast two years ago (see Chart 2 on page 15). GDP growth in the five-year period 1985-1989 is generally expected to be close to 3 % per annum. When one takes into account the relatively favourable developments last year, the forecasts included in this comparison seem to reflect a rather clear shift towards more optimistic views on the world economy. Gross fixed capital formation, especially non-residential investments, are on average forecast to grow faster than in the 10 year period after the first oil-price shock. World trade is expected to grow by close to 5 % p.a. during the forecasting

Chart 2. Average annual rates of GDP growth in the OECD area for different five-year periods, 1955-89.<sup>1)</sup>



- 1) The figure for the year 1980, for example, corresponds to the average compound rate of change in the five year period of 1976-80. Forecasts are those of ETLA, except for those with the small dots above the line in the years 1984-88, which correspond to some kind of average forecast made by the institutes included in the earlier comparisons.

period. World trade expansion is reduced by the slow import growth of several developing countries. The real price of crude oil is expected to decline and the average inflation rate is projected to stabilize at around 5 per cent in the industrial countries.

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OECD	
OECD-Europe	
United States	
Japan	
Germany	
France	
United Kingdom	
Italy	
Belgium	
Denmark	
Finland	
Greece	
Netherlands	
Norway	

Table 1. A list of medium-term forecasts included in the comparison, dates of publications and forecast periods.

Name of Institute	Date of publication	Period covered
Association Prometeia, Italy	March 1985	1985-90
Bureau d'Information et de Previsions Economique (BIPE), France	Spring 1985	1985-90
Central Bureau of Statistics (CBS), Norway	February 1985	1985-89
Centre of Planning & Economic Research (KEPE), Greece	Spring 1985	1985-87
Deutsches Institut für Wirtschaftsforschung (DIW), Germany	July 1984	1984-90
Ifo-Institut für Wirtschaftsforschung (IFO), Germany	April 1985	1985-89
National Institute of Economic and Social Research (NIESR), U.K.	November 1984	1984-89
Det Okonomiske Råd (DOR), Denmark	November 1984	1985-90
The Research Institute of the Finnish Economy (ETLA), Finland	Spring 1985	1985-89
Commission of the European Communities (EC), Brussels	November 1984	1984-88
International Monetary Fund (IMF), Washington	April 1985	1984-90
The London Business School (LBS), U.K.	January 1985	1984-88
Kredietbank, Belgium	February 1985	1985-90
Morgan Guaranty Trust (MGT), U.S.A.	January 1985	1985-90
Nomura Research Institute (NRI), Japan	August 1984	1984-93
Office of Management and Budget (OMB), U.S.A.	February 1985	1985-90
Planning Bureau, Belgium	February 1985	1985-89
World Bank, Washington	May 1984	1984-95

Table 2. Key figures for world trade

KEY FIGURES FOR WORLD TRADE	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84								
average percent change at annual rate																		
<u>World trade</u>																		
<u>Total, volume:</u>																		
IMF	9.1	2.8	8.8	5.4	5.4	← 5.3 →				5.3								
NIESR			7.5	5.0	4.5	← 4.0-4.5 →				4.5								
BIPE <sup>1)</sup>				3.9	2.1	4.5	5.6	6.3	6.0	4.5								
EC <sup>2)</sup>			← 3.5 →				n.a.	n.a.		3.5(88/83)								
ETLA			9.0	5.5	4.0	← 4.5 →				n.a.	4.5							
Planning Bureau (Belgium)			7.2	4.8	4.5	6.2	6.6	5.8	n.a.	5.6								
DIW			← 3.0 →								3.0(90/83)							
<u>World trade</u>																		
<u>Manuf. goods, volume:</u>																		
UN <sup>3)</sup>	9.5	4.0	12.0															
NIESR			8.5	5.8	5.0	← 4.5-5.0 →				n.a.	5.0							
Nomura Research Institute			← 4.2 →								4.2(93/83)							
<u>World trade</u>																		
<u>Total, prices (USD):</u>																		
IMF	3.6	7.1	-1.8	-0.2	3.0	← 7.5 →				5.0								
NIESR						← 4.5 →				4.5(89/86)								
ETLA				-3.5	3.0	← 4.0 →				2.5								
Planning Bureau (Belgium) <sup>4)</sup>			-4.4	0.7	5.5	5.3	5.6	5.6	n.a.	4.5								
<u>World trade, Manufacturing</u>																		
<u>goods, prices (USD):</u>																		
UN <sup>3)</sup>	3.6	6.8	-3.0															
NIESR			← 4.5 →				← 4.5-5.0 →				n.a.							
LBS			-2.2	5.6	8.6	5.7	5.7	n.a.	n.a.	6.4								
Morgan Guaranty Trust			-3.4	3.5	8.0	4.0	← 5.5 →				5.3							
IMF			← 4.0 →								4.0(90/84)							
BIPE			-1.0	10.1	5.5	5.5	5.4	5.3		5.0								
Nomura Research Institute			← 4.9 →								4.9(93/83)							

KEY FIGURES FOR  
WORLD TRADE (CONT.)1973/60 1983/73 1984 1985 1986 1987 1988 1989 1990 Average  
1989/84

average percent change at annual rate

Crude oil, price (USD):

HWWA	4.6	25.4	-3.2							
BIPE				-5.2	0.0	5.5	5.5	5.4	5.3	2.2
LBS <sup>5)</sup>				-8.1	0.0	0.0	0.0	n.a.	n.a.	-2.1
NIESR			← 1.5-2.0 →			← 4.0-4.5 →			n.a.	3.2
CBS(Oslo)			-5.5	-5.2	0.0	0.0	5.5	5.2	n.a.	1.0
PROMETEIA <sup>6)</sup>			-1.8	-2.0	0.0	4.0	3.0	3.3	3.7	1.6
IMF			-2.0			← 4.0 →				4.0(90/85)
Planning Bureau (Belgium)			-4.2	0.0	5.4	5.4	5.4	5.4	n.a.	4.3
Morgan Guaranty Trust				0.0	0.0	0.0	0.0	0.0	0.0	0.0
ETLA			-2.0	0.0		← 4.0 →			n.a.	2.0

Real price of crude oil:

HWWA/UN	1.0	17.5	-0.2							
BIPE				-4.2	-9.2	0.0	0.0	0.0	0.0	-2.8
LBS			-2.8	-12.9	-8.1	-5.4	-5.4	n.a.	n.a.	-8.0(88/84)
NIESR			← -2.6 →			← -0.5 →			n.a.	-1.3
CBS <sup>7)</sup>			-3.0	-5.1	-15.8	-11.4	-8.3	0.5	n.a.	-8.2
PROMETEIA			3.3	6.4	-5.7	-3.7	-2.5	-1.3	-0.8	-1.5
IMF			-0.5			← 0.0 →				-0.8
Planning Bureau <sup>8)</sup>			0.5	-0.3	0.3	0.2	0.0	0.0	n.a.	0.0
Morgan Guaranty Trust				-3.4	-7.4	-3.8	← -5.2 →			-5.0
ETLA			-0.2	1.0	-3.8	← 0.0 →			n.a.	-0.6

Exchange rate for USD:<sup>9)</sup>

IMF (SDR/USD)	-1.3	1.1	4.3							
BIPE (DEM/USD)				5.2	-8.3	-4.4	-4.2	-4.8	-4.2	-3.4
LBS				no considerable fall in the value of USD						
NIESR (nom. eff. rate for USD)				2	-17	0	0	0	n.a.	-3.3
CBS (NOK/USD)				5	-13	-7	-2	0	n.a.	-3.6
PROMETEIA (DEM/USD)				14.8	-4.6	-6.8	-2.8	-0.7	0.0	-0.3
IMF (real effective exchange rate)			8.3	4.5	-0.7	← -4.1 →				-1.8
Planning Bureau (BEF/USD)				2.5	-1.5	-1.5	-1.5	-1.5	n.a.	-0.7
MGT (nominal effective rate for USD)			7.1	2.0	-5.0	0.0	← 0.0 →			-0.6



## FOOTNOTES:

- 1) French export demand.
- 2) World trade excluding EC.
- 3) Figures for 1984 are preliminary estimates made by GATT.
- 4) Export prices.
- 5) Export price of OPEC countries.
- 6) Import price of petroleum products.
- 7) Deflated by import prices.
- 8) Relative price of energy and non-energy world imports.
- 9) In some cases it was quite a difficult task to calculate annual changes. Therefore; figures should be regarded only as crude indicators of the exchange rate assumptions or forecasts.

Table 3. Forecasts for OECD, OECD-Europe and individual countries

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
OECD	average percent change at annual rate									
<u>Gross Domestic Product-volume:</u>										
OECD	5.0	2.1	4.9							
BIPE			4.9	2.9	1.6	2.6	3.4	3.9	3.5	2.9
DØR				← 2.5 →			→			2.5(90/84)
LBS			4.9	3.1	2.9	2.7	2.6	n.a.		2.8(88/84)
NIESR				← 3.0 →						
EC										
IMF <sup>1)</sup>			4.9	3.1	3.0	← 3.1 →				3.1
World Bank <sup>2)</sup>										
(high case)				← 4.3 →			→			4.3
(low case)				← 2.5 →			→			2.5(95/84)
Kredietbank			5.0	3.0	3.0	0.5	1.5	4.5		2.5
Morgan Guaranty Trust			4.5	3.0	2.0	2.0	← 2.5 →			
Nomura Research Institute			← 2.7 →							2.7(93/83)
ETLA			4.9	3.5	2.5	← 2.6 →				2.8
<u>GDP-Deflator:</u>										
OECD	4.3	8.6	4.6							
BIPE				4.9	5.2	4.9	4.7	4.7	4.9	4.9
LBS <sup>3)</sup>	3.9	9.6	5.4	5.2	5.6	6.1	6.3			5.7(88/83)
NIESR <sup>3)</sup>			← 5.2 →			← 4.5-5.0 →				
EC										
IMF <sup>1)</sup>			4.1	3.9	3.7	← 3.7 →				3.7
World Bank										
(high case)				← 4.3 →			→			4.3(95/84)
(low case)				← 6.8 →			→			6.8(95/84)
<u>Gross Fixed Capital Formation-volume:</u>										
OECD	6.3	0.5	9.5							

1) Industrial countries

2) Industrial economies

3) Consumer prices

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
OECD-EUROPE	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	4.7	1.8	2.5							
EC <sup>1)</sup>	4.6	1.7	← 2.4 →					2.4(90/83)		
BIPE <sup>2)</sup>				2.2	1.8	2.3	2.7	3.0	3.1	2.4
DRI <sup>3)</sup>			2.2	2.3	2.2	1.6	2.1	2.5	2.6	2.2
Morgan Guaranty Trust			2.5	2.5	2.0	2.0	← 2.3 →			2.2
 <u>GDP-Deflator:</u>										
OECD	4.9	10.1	6.9							
EC <sup>1)</sup>	4.8	9.7	← 4.8 →					4.8(90/83)		
BIPE <sup>2)</sup>				4.5	4.6	4.7	4.5	4.5	4.3	4.5
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	5.5	-0.1	2.2							
EC <sup>1)</sup>	5.2	-0.1	← 3.1 →							

1) EC-10. Historical figures according to the OECD.

2) Weighted by French export shares in 1983.

3) Major 4.

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
UNITED STATES	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	4.1	1.8	6.8							
Morgan Guaranty Trust			6.8	3.2	1.8	1.8	← 2.1 →			2.2
IMF			6.8	3.4	3.0	← 2.9 →				3.0
BIPE				3.2	1.0	2.5	3.5	4.5	3.5	3.0
US Budget proposal (OMB)			5.6	4.0	4.0	4.0	4.0	3.8	n.a.	4.0
Nomura Research Institute <sup>1)</sup>			← 3.3 →							3.3(93/83)
NIESR				3.5	1.5	← 3.0 →				2.8
 <u>GDP-Deflator:</u>										
OECD	3.4	7.6	3.7							
IMF			3.8	3.8	3.8	← 4.5 →				4.2
BIPE				5.1	5.5	5.0	4.5	4.5	4.5	4.9
US Budget Proposal (OMB)			3.5	4.3	4.3	4.1	3.8	3.5	n.a.	4.0
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	4.8	0.5	18.2							

1) Per Capita Income.

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
JAPAN	average percent change at annual rate									
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	10.7	3.7	5.8							
Nomura Research Institute						3.9				3.9(93/83)
Nomura Research Institute <sup>1)</sup>						5.7				
Morgan Guaranty Trust			5.5	4.0	3.0	3.0	4.0			3.6
BIPE				4.1	3.5	3.5	4.0	4.5	4.5	3.9
<u>GDP-Deflator:</u>										
OECD	3.8	5.4	0.7							
BIPE				2.0	2.5	3.0	3.0	3.0	3.0	2.7
Nomura Research Institute										
- consumer prices						3.5				3.5(93/83)
- wholesale prices						2.5				2.5(93/83)
<u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	14.1	4.7	5.3							
Nomura Research Insitute										
- private housing construction						4.1				4.1(93/83)
- private investment in plant an equip.						5.9				5.9(93/83)
- public investments						1.2				1.2(93/83)

1) Per Capita Income.

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
GERMANY	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	4.5	1.6	2.6							
DIW			←————— 1.9 —————→							1.9(90/83)
IFO <sup>1)</sup>				←————— 2.6 —————→						2.6
BIPE			n.a.	2.3	2.0	2.5	3.0	3.3	3.3	2.6
Nomura Research Institute <sup>2)</sup>			←————— 1.8 —————→							1.8(93/83)
 <u>GDP-Deflator:</u>										
OECD	4.3	4.5	1.9							
DIW			←————— 2.6 —————→							2.6(90/83)
BIPE			n.a.	2.0	2.5	3.0	3.0	3.0	3.0	2.7
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	4.1	0.2	1.3							
DIW			←————— 2.8 —————→							2.8(90/83)

1) Manufacturing production (Verarbeitende Industrie).

2) Per Capita Income

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
FRANCE	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	5.6	2.3	1.8							
BIPE						← 2.3				2.3(90/83)
Nomura Research Institute <sup>1)</sup>						← 2.0				2.0(93/83)
 <u>GDP-Deflator:</u>										
OECD	4.9	11.0	7.1							
BIPE <sup>2)</sup>						← 5.3				5.3(90/83)
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	7.6	0.5	-1.7							
BIPE						← 1.9				1.9(90/83)

### 1) Per Capita Income

2) CPI year-on-year

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
UNITED KINGDOM	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	3.2	1.0	2.5							
NIESR <sup>1)</sup>			2.0	3.3	1.4	1.2	1.3	1.2	n.a.	1.7
LBS <sup>1)</sup>			2.2	3.6	2.6	1.9	1.9	n.a.	n.a.	2.5(88/84)
BIPE			n.a.	2.5	2.0	2.5	2.5	2.5	2.5	2.4
Nomura Research Institute <sup>2)</sup>			←—————2.0—————→							2.0(93/83)
 <u>GDP-Deflator:</u>										
OECD	5.1	13.9	3.9							
NIESR <sup>3)</sup>			5.5	6.4	5.8	6.8	7.6	8.3	n.a.	7.0
LBS <sup>4)</sup>			4.6	5.3	5.1	4.8	4.6	n.a.	n.a.	4.9(88/84)
BIPE				4.5	5.0	5.0	5.0	5.0	5.0	4.9
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	4.6	-0.3	6.9							
NIESR			7.7	3.2	-0.9	0.5	1.8	1.9	n.a.	1.3
LBS			6.5	2.6	2.6	2.2	2.6	n.a.	n.a.	2.5(88/84)

1) Output measure

2) Per Capita Income

3) CPI, fourth quarter on fourth quarter

4) CPI, year-on-year



	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
ITALY	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	5.3	1.8	2.8							
PROMETEIA			2.7	2.4	2.7	3.2	3.1	3.1	3.2	2.9
BIPE				2.5	2.0	2.5	3.0	3.5	3.5	2.7
 <u>GDP-Deflator:</u>										
OECD	5.4	17.5	10.7							
PROMETEIA			10.8	8.1	7.6	7.3	7.3	6.4	5.4	7.3
BIPE				8.5	8.0	7.5	7.0	7.0	6.5	7.6
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	4.3	-0.4	2.2							
PROMETEIA			2.0	2.2	2.3	3.5	2.8	3.5	3.0	2.9

1) CPI, year-on-year

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
BELGIUM	average percent change at annual rate									
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	4.9	1.7	2.1							
Planning Bureau			1.7	1.1	1.4	3.0	3.1	2.7	n.a.	2.5
Kredietbank			1.5	1.7	2.0	0.5	0.6	3.9	4.6	2.2
BIPE				1.5	1.2	1.5	2.0	2.5	3.0	1.8
<u>GDP-Deflator</u>										
OECD	3.8	7.0	5.0							
Planning Bureau			6.7	4.2	3.2	3.1	3.9	4.0	n.a.	3.7
Kredietbank <sup>1)</sup>			6.3	4.5	5.3	4.2	3.9	4.0	4.0	4.3
BIPE			n.a.	5.5	5.0	5.0	4.5	4.5	4.5	4.9
<u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	5.1	-1.2	3.8							
Planning Bureau			6.8	4.1	0.0	4.1	4.4	3.5	n.a.	3.2
Kredietbank			3.6	2.3	4.2	2.1	1.6	5.4	6.6	3.7

1) Retail prices

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
DENMARK	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	4.4	1.6								
DØR			4.5	←—————→				2.4		2.4
 <u>GDP-Deflator:</u>										
OECD	6.5	9.8								
DØR			6.0							
 <u>Gross-Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	6.5	-3.3								
DØR			11.9							
- residential				←—————→				2.5		2.5(90/84)
- non-residential				←—————→				1.1		1.1(90/84)

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
FINLAND	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	5.0	2.8	2.9							
ETLA			2.9	3.4	2.3	0.8	2.6	3.9	n.a.	2.6
 <u>GDP-Deflator:</u>										
OECD	6.8	11.4	7.7							
ETLA			7.7	6.2	5.2	5.5	5.3	5.2	n.a.	5.5
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	4.8	0.9	-2.8							
ETLA			-2.8	4.0	2.4	-0.2	-0.1	6.6	n.a.	2.5

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
GREECE	average percent change at annual rate									
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	7.6	2.4	2.4							
KEPE <sup>1)</sup>										
- scenario 1			2.4	← 4.1 →		n.a.	n.a.	n.a.	3.0(87/84)	
- scenario 2			2.4	← 4.9 →		n.a.	n.a.	n.a.	3.5(87/84)	
<u>GDP-Deflator:</u>										
OECD	4.5	17.4	18.0							
KEPE <sup>1)</sup>										
<u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	10.0	-1.9	-4.7							
KEPE <sup>1)</sup>										
- scenario 1			-4.7	← 3.3 →		n.a.	n.a.	n.a.	1.6(87/84)	
- scenario 2			-4.7	← 10.1 →		n.a.	n.a.	n.a.	5.6(87/84)	

1) Centre of Planning &amp; Economic Research

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
NETHERLANDS	average percent change at annual rate									
<hr/>										
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	5.0	1.4	1.7							
BIPE				1.8	1.5	2.0	2.5	3.0	3.0	2.2
 <u>GDP-Deflator:</u>										
OECD	6.0	6.4	2.7							
BIPE				1.5	2.0	2.5	2.5	2.5	2.5	2.2
 <u>Gross Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	5.6	-1.6	3.2							

1) Consumer prices.

	1973/60	1983/73	1984	1985	1986	1987	1988	1989	1990	Average 1989/84
NORWAY	average percent change at annual rate									
<u>Gross Domestic</u>										
<u>Product-volume:</u>										
OECD	4.3	3.8	3.8							
CBS <sup>1)</sup>			4.3	1.1	3.4	4.1	2.3	4.4	n.a.	3.1
<u>GDP-Deflator:</u>										
OECD	5.3	9.4	6.8							
CBS <sup>1)</sup>			7.1	4.0	1.6	2.7	4.6	4.1	n.a.	3.4
<u>Gross-Fixed Capital</u>										
<u>Formation-volume:</u>										
OECD	5.8	2.0	7.0							
CBS <sup>1)</sup>			4.4	0.0	6.1	-2.4	3.0	-6.4	n.a.	0.0

1) Central Bureau of Statistics, Oslo.

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