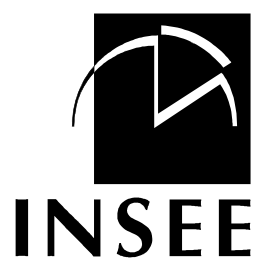


# **“L’Économie française, Édition 1997-1998”,**

**an abridged English version  
of the official French report  
on the French economy**



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## **“L'Économie française - édition 1997-1998”, a brief description**

This publication is a team effort, bringing together many researchers from the Institut National de la Statistique et des Études Économiques (INSEE), the Direction de la Prévision (Economy and Finance Ministry), and other official agencies. “L'Économie française - édition 1997-1998” provides a comprehensive panorama of the present economic situation, with a multitude of data, all of which are placed in perspective and interpreted in the light of economic theory.

This 1997-1998 edition examines the gradual acceleration in activity seen in France in 1996, with emphasis on the causes and effects of the year's principal features : the reduction in the saving ratio, the stagnation of investment and the fall in interest rates.

Three special articles deal in more detail with problems that are of particular topicality :

- ◆ The French consumer price index : unlike the United States index, the French CPI does not systematically over-estimate inflation.
- ◆ French trade in manufactures, which has been recording growing surpluses for several years -- an improvement that has withstood the appreciation of the French franc, thanks to French exporters' efforts to trim their margins and to the low level of inflation.
- ◆ The downward "stickiness" of nominal wage rates : this exists and is capable of preventing the adjustment of real wages when inflation is low, but it does not mean that there are not pay cuts associated with changes in working conditions. The first macro-economic analyses show that the influence of this phenomenon on unemployment is limited, however.

The main tables from the "Comptes de la Nation" are also included.

“L'Économie française - édition 1997-1998” will be of interest to economists, teachers and students at secondary and higher levels, journalists and many others. Ten thousand copies were sold of the 1996 edition of “L'Économie française”.

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## **“L'Economie française - édition 1997-1998”, an abridged English version**

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## Special articles :

- ♦ Does the consumer price index over-estimate inflation ? : François Lequiller (INSEE)
- ♦ The improvement in the trade balance on manufactures : Hélène Erkel-Rousse, Bertrand Saint Aubin, Gérard Ourghanlian, Gilles Mourre (Direction de la Prévision)
- ♦ Low inflation and downward "stickiness" in nominal wage rates : Xavier Bonnet, Eric Dubois, Dominique Goux, Jean-Luc Schneider (INSEE), Edouard Martin (Direction de la Prévision)

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# OVERVIEW

*In 1996, GDP grew on an annual average basis by 1.2%, according to national accounts figures using 1995 prices; using 1980 prices, the figure was slightly higher (1.5%). This average growth for the year as a whole is the result of the recovery in 1996 from the stagnation in activity seen during 1995. The year-on-year growth rate at the end of the year, i.e. between Q4 1995 and Q4 1996, was 2.0%, according to the quarterly national accounts (which are based on 1980 prices).*

*Private consumption was brisk, especially in the early part of the year, although purchasing power in the hands of households was rising only slowly at the time, therefore implying an appreciable reduction in the household saving ratio. This tendency was due at least in part to the lower remuneration of the financial investments on offer and to the increase in the value of personal financial holdings as the result of the*

*strong rises in bond and equity prices.*

*Overseas demand improved steadily in the second half of the year, providing a boost for both exports and activity, with the impact reinforced by the appreciations in the dollar, pound sterling and lira.*

*Even so, firms remained cautious, investing no more than they had in 1995, contrary to expectations and despite the fall in interest rates. They also continued to reduce their inventories, with the result that the greater firmness of final demand was only belatedly reflected in the level of output.*

*The growth enabled job losses to be kept down, but failed to stem the rise in unemployment, because of the rise in the labour force. The unemployment rate on the ILO definition rose from 11.7% at the beginning of the year to 12.7% by the end.*

Following the marked recession in 1993, growth had been strong in 1994, especially in industry, a tendency that was encouraged by the extremely favourable international environment. In addition, the first half of the year saw the major run-down in inventories that had been an important feature of 1993 replaced by significant restocking -- a movement that was amplified by the sharp price rises seen for intermediate goods. However, households and firms remained cautious : the former increased their consumption only modestly, despite the rise in their purchasing power and the increase in numbers employed; the latter invested on only a moderate scale, despite the strong economic growth and their comfortable financial situation.

There were good grounds for expecting that these "wait-and-see" attitudes would give way to more dynamic behaviour in 1995, but these hopes were not realized and growth came to a halt in the second half of the year. One reason was the rise in United States long-term interest rates which then spread to Europe and held back activity. Another was the tensions that emerged on the European currency markets in the spring of 1995. The overall result was a downward revision in demand expectations throughout Europe, and especially in France, inducing firms to postpone their investment plans. They also tended to run down their inventories again, following the strong re-stocking seen in 1994. This movement was particularly marked in the case of intermediate goods, whose prices fell. Households, for their part, remained wary, cutting back their consumption. The final part of the year saw economic activity hit by the strikes in the public transport sector, so that GDP actually fell in Q4.

The first months of 1996 saw an unexpected rebound in consumption, with households reducing their saving ratio from the high levels that had persisted since the beginning of the 1990s -- proba-

bly in reaction to the lower yields obtainable as the combined result of interest-rate cuts and the ending of certain tax advantages. Another contributory factor was the rise in bond and equity prices, with the resultant sharp increase in the value of their financial assets acting as a discouragement to their saving for the purpose of increasing the value still further.

The firmness of consumption had only a limited impact on activity, in that producers and especially wholesalers responded to the additional demand by running down their inventories, apparently regarding the rise in consumption as a temporary phenomenon. There was also substantial destocking of intermediate goods, whose prices maintained the downward movement that had begun in mid-1995 and so induced firms to keep inventories as low as possible.

The other components of demand were generally slack. The expected upturn in investment failed to materialize, despite the lower cost of borrowing and the strong cash position enjoyed by the corporate sector as a whole. Firms preferred to remain on the side-lines, not expecting the recovery in demand to last. Moreover, the margin of spare capacity remained substantial. At the same time, growth was weak in most of the EU countries.

The situation gradually improved as the year went on, mainly thanks to the renewed strength of demand in French export markets, especially the United States, the South-East Asian countries, Eastern Europe, the United Kingdom and Spain. Exports were also boosted by the depreciation in the FRF exchange rate since the beginning of the year, which steadily produced its effects. However, the supply side of the economy showed little reaction to this acceleration in demand, with producers initially meeting the rise in export orders out of inventories, so that manufacturing output picked up only very

gradually. In the business services sector the upturn was felt only towards the end of the year.

Activity in the construction sector remained weak throughout the year. Sales of new apartments were brisk, but starts failed to pick up, with promoters concentrating on running down their unsold stocks. The public works sector was held back by the measures taken by local authorities to keep spending under control.

In the final outcome, year-on-year GDP growth stood at 2.0% by the end of 1996, well above the corresponding figure for the end of 1995, when it had been only 0.3%. Even so, given the time-pattern of growth in 1994, 1995 and 1996, the annual average growth figure for 1996 was lower than in 1995.

### ***Little change in dependent employment***

In manufacturing industry, dependent employment had fallen sharply between the beginning of 1991 and the end of 1993. With the aid of the 1994 upturn, it then levelled out, a tendency that lasted until Q3 1995, before the delayed impact of the halt to growth sent it into a decline which persisted throughout 1996, although at a slower rate than in 1991-1993. The actual decline in employment between end-1995 and end-1996 amounted to 2%.

Dependent employment in the building and public works sector has followed the same time-pattern as in manufacturing since 1991, although the scale of the work-force reduction has been greater (5% between end-1995 and end-1996).

The traded tertiary sector has seen a steady rise in dependent employment since the beginning of 1994, with the 1996 amounting to 1.3%. It should be stressed, however, that temporary employment agencies are recorded in this sector, even though

many of the individuals concerned are actually working in industry.

In the non-farm traded sector as a whole, numbers employed have in fact remained practically stable, a tendency that has been encouraged by the development of part-time working, which continued in 1996, and by the easing of employers' social insurance contributions adopted as part of the government's employment policy.

When the non-traded tertiary sector (where the work-force was practically stable), farm workers and the self-employed are included, total employment fell by 0.4% between end-1995 and end-1996, representing a net fall of 85,000 jobs.

This slight decline in employment and the increase in the labour force have combined to produce an increase in the unemployment rate. On the ILO definition, the rate rose from 11.7% at end-1995 to 12.7% a year later. (These estimates are liable to be revised when the results of the March Employment survey are known.)

### ***Reduction in the public deficits***

For the second year running, the general government deficit diminished appreciably in 1996. As defined for the purposes of the Maastricht criteria, it amounted to FRF 330.2 billion, 49.2 billion less than in 1995. This fall follows a reduction of FRF 34.6 billion between 1994 and 1995 and was made possible by a simultaneous improvement in the accounts of central government, local authorities and social security organs.

The central government deficit is very close to the target set out in the initial Finance Act. On the expenditure side, the policy of keeping tight control over spending held the rise down to 1.7%, i.e., less than inflation, but also less than in 1995 (2.1%) and especially 1994 (4.6%). Net tax revenue for central government

rose by 4.4%, largely as the result of the impact in a full year of the 2-point rise in the standard VAT rate. In the absence of legislative changes, the increase would have been substantially smaller than for economic activity.

The local authority accounts showed a very small surplus, following a deficit in 1995. Three factors combined to produce this improvement : voted taxes rose by 7%, personnel costs slowed down -- having tended to rise fairly strongly since the introduction of decentralization -- and the fall in interest rates resulted in an easing of financial charges.

The financing requirement of the social security organs fell by FRF 4 billion, as the resultant of a number of opposing forces : in particular, the financing requirement of the "régime général" was reduced by FRF 11 billion, whereas the surplus of the unemployment benefit funds narrowed by FRF 9 billion. Several measures had been taken to curb spending : a ceiling of 2.1% for the growth in the health-care expenditure generated by the activity of independent practitioners; and economies affecting family allowances, including a freeze on payment schedules and the imposition of conditions for some types of allowance. Growth in benefits slowed down, with the exception of unemployment benefits, which were affected by the rise in the number of job-seekers. Contributions rose faster than benefits, despite only a moderate evolution in the contribution base, following the introduction of several measures : the suppression of the flat 42-franc reduction in old-age-insurance contributions adopted in 1995 (for which this was the first full year of application), the rises in health insurance contributions on unearned income and in the rates of contribution to the complementary retirement pension schemes.

The effect of all these measures was to increase taxes and other compulsory contributions levied on households and to curb

the growth in incomes accordingly. From a traditional Keynesian standpoint, this should have reduced consumption and held back growth. However, a number of factors operating in the opposite direction can come into play. First, substantial public deficits are liable to induce households to build up precautionary savings, which is no longer necessary when there is a clear resolve to cut these deficits. Second, lower deficits tend to mean lower interest rates. In certain circumstances, an active policy to cut deficits can stimulate a revival in activity, as has been demonstrated in several other countries.

### ***Aims and achievements of monetary policy***

The Monetary Policy Committee, which came into being in January 1994, each year draws up its plans for ensuring price stability -- the function now assigned by law to the Banque de France. The Committee has interpreted this general aim by setting a target of 2% for inflation in the current year, as well as for the medium term. It has also specified two intermediate targets : first, the French franc must remain stable in relation to other currencies participating in the exchange-rate mechanism of the European Monetary System; second, the annual growth in the broad M3 money supply aggregate must comply with a medium-term target of annual growth of the order of 5%.

The evolutions recorded in 1996 have been generally in line with these targets. Consumer prices rose by 1.7% between December 1995 and December 1996, showing a return to the rate seen before the August 1995 rise in the VAT standard rate. The target of exchange-rate stability vis-à-vis the other ERM currencies has also been met, with the franc gradually approaching its central rate versus each of these currencies in the course of the year. Meanwhile, growth in M3 was reversed, with a 3.2% decline for the year. This reversal of

tendency was due to a reduction in the flow of funds into long-term investment products, which in turn was the result of the decline in short-term rates seen since the latter months of 1995, which was unprecedented in both its extent and its rapidity. On the other hand, contractual savings investments, especially the house-purchase savings plans, continued to show an attractive return. The P1 aggregate into which these plans fall rose by 17%, and M3+P1 by 1.5%.

The Monetary Policy Committee has continued its policy of gradual but appreciable reductions in intervention rates, helped in this by the favourable economic context, consisting of an absence of inflationary pressures, stability for the franc and a continuing reduction in public deficits. For

example, the tender rate was cut in eleven steps from 4.45% to 3.15%, the lowest level since 1954 for the Banque de France's principal refinancing rate. It is in fact one of the lowest for the whole of the G7 industrialized countries, in either nominal or real terms. The 5-to-10-year repo rate, for its part, fell from 5.85% to 4.6%.

Short-term money-market rates also fell substantially, under the combined effect of the cuts in leading rates and the improved strength of the French franc. Furthermore, the fall in long rates that had begun in the early part of 1995 continued throughout 1996. The cost of bank lending to firms and households also declined in the wake of market rates.

## **THE SHARP FALL IN THE HOUSEHOLD SAVING RATIO**

Household consumption rose strongly in the early part of 1996, but from then on tended to move somewhat erratically. Over the year as a whole, however, households raised their consumption by reducing their saving ratio. There is no obvious explanation for this behaviour, especially as several factors would have suggested an increase in the ratio : the household confidence indicator remained very low throughout the year, purchasing power stagnated and unemployment remained at a high level.

On the other hand, households reacted to the fall in yields on certain liquid products by making major shifts between different forms of investment and for the same reason probably also saved less. In addition, bond and share prices were rising strongly, so that households found the value of their stock-market holdings considerably increased and this too may have induced them to reduce their saving.

## **INVESTMENT STAGNANT**

The upturn in investment expected in 1996 failed to materialize, despite the lower cost of borrowing to firms, their generally satisfactory financial situation and their need to renew their productive capital. Business leaders seem to have been held back by

poor demand expectations, by the existence of unused capacity and by adverse price movements in certain sectors. The investment ratio therefore remained at the modest level that has now prevailed for several years.

## **FINANCIAL REACTIONS TO THE FALL IN INTEREST RATES**

The fall in interest rates has affected the profitability of the lending establishments, reducing the costs of their resources but not as much as the return on their own lending. Meanwhile, non-financial firms continued to pay off their debts and to

make increasing use of direct financing, while households reacted with a major shift in their financial holdings, although without increasing their borrowing to any significant extent.

## THE INTERNATIONAL ENVIRONMENT

The year 1995 had been one of slowdown in activity in the industrialized countries in general. However, the first half of 1996 already saw a revival of activity -- the timing and intensity varying from country to country -- thanks in large part to the easing of monetary policies that had occurred in 1995. Although varying widely for individual quarters, growth in the United States was strong and well-balanced, while in Japan, activity flagged after the strong rally in the first quarter. In Europe, the upturn came later and was less intense, but activity was nevertheless stimulated by external demand and, in

some countries, by consumption. Demand in foreign markets for French manufactures in the first half of the year maintained the slowdown that had begun in 1995, before picking up again in the second half.

Inflation remained well under control in the leading countries and the relaxation of monetary policies continued, with long rates easing as of Q2. The dollar rose against the mark and the yen throughout the year, while the real effective exchange rates of the Southern European countries' currencies returned to their 1993 levels.

## A FURTHER INCREASE IN THE FRENCH TRADE SURPLUS

In line with the tendency seen since the end of the 1980s, merchandise exports rose faster than imports in 1996, producing a marked improvement in the trade surplus.

On an annual average basis, total trade rose more slowly in 1996 than in 1995, but the figures for individual quarters show a

mixed picture, with flows initially slowing down from Q3 1995 on, linked to the weakness of both home and foreign demand, before gradually improving again in 1996, so that in the final quarter the year-on-year growth rate was higher than at the end of 1995.

**SPECIAL ARTICLES**  
**(SUMMARY)**

## DOES THE CONSUMER PRICE INDEX OVER-ESTIMATE INFLATION ?

Statistical institutes in all countries have always devoted considerable resources to the consumer price index and the conceptual problems raised by the compilation of the index have been the subject of continuous and profound reflection.

And yet, the United States consumer price index has recently been subjected to intense criticism, being accused of over-estimating inflation by as much as 1.1 of a percentage point a year. At least, this was the conclusion of a report prepared by a Commission of the US Senate Finance Committee chaired by Professor Michael Boskin. The report cited two main reasons. The first was that household purchasing behaviour is constantly shifting in favour of those products whose prices grow more slowly, a tendency which the United States price index allows for only very inadequately. Second, the advantage derived by consumers from the appearance on the market of new products of higher quality than those they replace is, in the Boskin Commission's view, largely ignored.

To what extent is this criticism applicable to the French index? The methods used differ in some respects from those applied to the United States index, so that the degree of over-estimation due to product

substitution is much smaller. On the other hand, the shift towards less costly distribution circuits, especially the super- and hyper-markets, is not entirely taken into account. The over-estimation due to these substitution effects is nevertheless thought to be much smaller than in the United States, probably in the range from 0.1 to 0.25 points a year.

In neither France nor the United States, however, is it really possible to have an idea of the over-estimation resulting from the appearance of new products on the market. The Boskin Committee's calculation on this point is based on fragile and probably exaggerated estimates. Nor is it even certain that any over-estimation exists, given the methods applied and remembering that the quality of certain products has a tendency to fall.

The data collected for the compilation of the price index are used for the national accounts as well, in so doing making it possible to calculate evolutions in both value and volume. But the limited over-estimation that exists in the consumer price index is only partially passed on into the figures for household consumption and hence for GDP. In practice, the impact on the growth rate is very small indeed.

## THE IMPROVEMENT IN THE TRADE BALANCE ON MANUFACTURES

For the fifth year running, French merchandise trade was in surplus in 1996. Indeed, since 1990, it has risen continually, apart from a levelling-off in 1994. The figure for 1996 was a record FRF 120 billion (fob-fob, excluding the overseas "départements"). This improvement was largely recorded on trade in manufactures. A deficit of 59 billion francs

on trade in this sector in 1990 was turned into a surplus in 1992, with the 1996 figure (cif-fob) a record 93 billion francs.

This rapid and solid progress follows fifteen years of deficits and pessimism regarding French competitiveness and is due mainly to the fact that foreign demand for French products has grown faster than do-

mestic demand. This divergence is itself due to the fact that French growth has been structurally less strong than that of some of its major trading partners, especially the emerging Asian economies. But it is also due, to a smaller extent, to certain cyclical factors, in that the "output gap", i.e. the difference between the economy's actual and potential GDP, is greater in France than in its main partners.

The steep depreciation of certain EU currencies and the dollar might have been expected to dent this improvement, but this was not the case. French price-competitiveness deteriorated, but only to a limited extent, with French exporters

making greater efforts to trim margins than their competitors, and helped by the modest rise in wage costs.

However, the traditional determinants of foreign trade performance, namely demand and price-competitiveness, fail to explain completely the favourable tendency on foreign trade. In line with the explanations proposed by the latest developments in foreign trade theory, factors such as the quality, brand image, and diversity of the products on offer also played a part. This is the conclusion that seems to emerge from business surveys, refined sectoral analyses and econometric estimates.

### **LOW INFLATION AND DOWNWARD "STICKINESS" IN NOMINAL WAGE RATES**

The experience of the past twenty years has confirmed the theoretical result arrived at by Phelps and Friedman at the end of the 1960s : over the long term there is no trade-off between unemployment and inflation, and the acceptance of a higher inflation rate does not permit a lasting decline in unemployment. Moreover, economic theory attributes a whole range of negative effects to inflation, effects which empirical studies are starting to confirm. This provides the justification for combating inflation.

However, at very low inflation rates, certain nominal rigidities can make themselves felt, in particular, a certain downward "stickiness" in wage rates, which can in a substantial number of firms prevent the adjustment of real wages and salaries. This in turn could lead to a rise in

the NAIRU equilibrium unemployment rate, if there is insufficient flexibility in the labour market.

The available micro-economic data tend to confirm the existence of wage stickiness. On the other hand, there is evidence that a significant number of wage-earners have been taking cuts in their nominal pay associated with changes in working conditions. Macro-economic analysis shows that downward wage stickiness cannot be excluded from the picture, but as an explanation of unemployment it has to contend with other factors that may have helped to raise the NAIRU in France over the past twenty years. Its impact on this rate is therefore hard to estimate. In any event, it cannot provide more than a very partial explanation of the rise in unemployment seen in France since 1974.

# **SELECTED TABLES**

## Integrated Economic Account

### Selected items in the Integrated Economic Account

(% changes at current prices)

1993	1994	1995	1996	1996*	
					<b>Gross domestic product</b>
1.1	4.4	3.7	2.6	7,860.5	Total
0.2	4.5	3.5	2.3	6,489.0	Market sectors
5.7	4.1	4.7	3.9	1,371.5	Non-market sectors
					<b>Allocation of gross value added in the corporate sector</b>
0.3	1.9	3.9	2.6	2,698.9	Compensation of employees
0.7	11.6	2.5	-2.5	311.7	Taxes linked to production
-1.1	2.5	3.5	0.2	2,057.3	Operating surplus
					<i>of which :</i>
0.4	3.1	4.2	-0.1	1,319.5	<i>corporate and quasi-corporate enterprises (CQE)</i>
-3.7	1.4	2.2	0.8	737.8	<i>sole proprietorships (SP)</i>
					<b>Non-financial corporate and quasi-corporate enterprises</b>
-2.3	-7.9	1.7	0.2	-425.2	Property and entrepreneurial income paid (net)
-1.7	17.0	13.9	5.6	133.8	Taxes on income and wealth
2.1	9.6	4.0	-3.9	743.4	Gross saving
-8.7	1.7	3.5	-0.1	666.5	Gross fixed capital formation
-76.6	10.6	19.5	-27.5	-27.5	Change in stocks(*)
106.7	79.7	101.7	134.8	134.8	Net lending(*)
					<b>Households (including sole proprietorships)</b>
0.7	3.5	4.2	2.8	1,402.4	Gross operating surplus
1.5	2.3	3.7	2.5	2,412.0	Net wages and salaries received
6.3	2.9	3.5	3.5	1,979.3	Social benefits received
4.2	5.5	4.0	8.9	598.3	Taxes on income and wealth
3.0	2.9	4.4	2.1	5,475.7	Gross disposable income
2.4	3.5	3.2	4.0	4,768.0	Final consumption
6.6	-1.0	11.4	-9.0	707.7	Gross saving
-6.6	3.1	3.8	0.1	436.8	Gross fixed capital formation
384.1	360.0	432.4	345.4	345.4	Net lending(*)
					<b>General government</b>
2.1	7.0	5.0	7.0	2,000.6	Total revenue from taxes and social contributions
2.0	2.0	4.6	4.0	1,538.1	Actual social contributions
6.6	2.8	3.6	3.4	1,842.4	Social benefits paid
3.1	3.7	2.7	19.4	262.6	Production subsidies and investment grants paid
-0.3	0.0	0.3	-0.7	240.4	Gross fixed capital formation
-430.7	-441.2	-412.8	-356.4	-356.4	Net lending(*)
					<b>Relations with the rest of the world</b>
-2.0	8.2	7.1	4.6	1,885.6	Exports of goods and services
-5.9	8.4	6.5	3.7	1,681.2	Imports of goods and services
-82.0	-119.9	-75.4	-85.1	-85.1	Balance on distributive transactions(*)
69.6	41.1	106.1	119.3	119.3	Net lending by the Nation(*)

(\*) Billion francs.

Source : *Comptes de la Nation, 1996*

## Gross Domestic Product

### Sources and uses of gross domestic product

(% changes, 1980 prices)

1993	1994	1995	1996	
				<b>Resources in the form of goods and services</b>
-1.3	2.8	2.1	1.5	Gross domestic product
-3.5	6.7	5.1	2.5	Imports
				<b>Uses of goods and services</b>
1.0	1.3	1.2	2.0	Final consumption
0.2	1.4	1.7	2.1	<i>of which : Households</i>
3.5	1.1	0.0	1.6	<i>General government</i>
-6.7	1.3	2.5	-0.5	GFCF
-8.1	1.7	3.3	-0.7	<i>of which : CQE-SP</i>
-7.8	2.0	2.3	-0.2	<i>Households</i>
-5.3	34.8	-33.8	22.7	<i>Financial institutions</i>
-21.2	-52.9	183.0	-1.3	<i>Insurance enterprises</i>
-0.4	-0.4	-0.4	-1.2	<i>General government</i>
-55.7	4.9	14.3	-7.8	Change in stocks (*)
-0.4	6.0	6.3	4.7	Exports

(\*) Billion 1980 francs.

Source : *Comptes de la Nation, 1996.*

### Gross value added by branch of activity

(% changes, 1980 prices)

1993	1994	1995	1996	1996*	
-8.0	0.4	-0.3	7.0	182.1	Agriculture
3.6	2.8	0.6	-0.1	217.2	Agro- and food industries
3.6	-2.3	3.9	0.5	307.9	Fuel and power products
-5.0	5.7	4.6	0.9	1,176.4	Manufacturing industry
-6.3	6.7	3.2	0.1	387.1	<i>of which : intermediate goods</i>
-4.7	5.0	8.3	3.9	331.1	<i>industrial capital goods</i>
-7.0	8.7	10.4	4.6	10.2	<i>household durables</i>
-12.0	9.3	4.5	0.7	120.4	<i>land transport equipment</i>
-1.2	4.1	2.0	-1.7	327.6	<i>non-durable consumer goods</i>
-5.5	-2.8	0.4	-2.6	338.8	Construction
-1.7	0.2	2.2	1.3	800.6	Distributive services
0.0	3.1	2.5	3.5	442.3	Transport and telecommunications
-0.9	0.7	2.7	0.7	1,557.7	Miscellaneous market services
0.8	6.1	-0.3	2.0	1,122.5	Renting, insurance, finance
2.2	2.4	1.2	2.0	1,371.5	Non-market services
-1.1	2.8	2.1	1.5	7,238.8	<b>Total</b>

(\*) Billion francs.

Source : *Comptes de la Nation, 1996.*

## Employment

### Domestic employment by branch of activity

(% changes, annual averages)

1993	1994	1995	1996	1996 thousands	
-4.4	-4.1	-3.1	-3.1	997.5	Agriculture
-2.4	-0.8	-0.8	-1.0	540.8	Agro- and food industries
-1.8	-0.1	-0.1	-0.4	221.3	Fuel and power products
-5.0	-3.1	0.0	-1.5	3,445.5	Manufacturing industry
-5.3	-2.9	0.5	-1.1	1,088.7	<i>of which : intermediate</i>
-5.4	-3.3	0.8	-1.0	965.4	<i>industrial capital goods</i>
-6.5	-2.4	-2.0	-1.9	46.9	<i>household durables</i>
-2.4	-3.1	-0.1	-0.6	354.5	<i>land transport equipment</i>
-5.3	-3.0	-3.0	-1.3	990.0	<i>non-durable consumer goods</i>
-5.0	-3.0	0.1	-3.2	1,426.5	Construction
-1.4	0.1	1.0	0.6	2,713.3	Distributive services
-1.2	-0.3	0.6	1.1	1,294.8	Transport and telecommunications
-0.8	2.3	3.0	0.9	4,761.4	Miscellaneous market services
-1.5	-1.0	0.4	-1.8	590.7	Renting, insurance, finance
3.1	1.6	1.3	1.3	6,295.6	Non-market services
-1.2	-0.1	1.0	0.0	22,287.4	<b>Total</b>

Source : *Comptes de la Nation, 1996.*

## Unemployment

### Unemployment using the ILO definition

(annual averages)

1993	1994	1995	1996	
				<b>Job-seekers (thousands)</b>
1,401.0	1,486.9	1,370.4	1,508.2	Men
1,528.4	1,616.0	1,560.2	1,654.0	Women
<b>2,929.4</b>	<b>3,102.9</b>	<b>2,930.6</b>	<b>3,162.2</b>	<b>Total</b>
				<b>Job-seekers as percentage of labour force (*)</b>
<b>10.0</b>	<b>10.6</b>	<b>9.8</b>	<b>10.7</b>	<b>Men</b>
19.7	20.9	19.0	20.5	aged 15 to 24
8.9	9.6	8.9	9.7	aged 25 to 49
7.5	7.9	9.0	9.0	aged 50 and over
<b>13.7</b>	<b>14.3</b>	<b>13.8</b>	<b>14.4</b>	<b>Women</b>
26.3	28.7	28.5	29.1	aged 15 to 24
12.6	13.3	12.7	13.4	aged 25 to 49
8.4	8.5	8.5	9.2	aged 50 and over
<b>11.6</b>	<b>12.3</b>	<b>11.6</b>	<b>12.4</b>	<b>Total</b>
22.7	24.4	23.3	24.3	aged 15 to 24
10.5	11.3	10.6	11.4	aged 25 to 49
7.9	8.1	8.2	9.1	aged 50 and over

(\*) The age is that reached during the year.

Sources : INSEE, Ministry of Labour and Social Affairs.

## Investment

### Investment by institutional sector

(% changes, 1980 prices)

1993	1994	1995	1996	1996*	
-6.7	1.3	2.5	-0.5	756	<b>Total</b>
0.7	-19.8	-4.9	10.5	47	of wich : GEN**
-9.3	5.2	4.3	-2.0	369	Corporate and quasi-corporate enterprises
-0.4	-0.4	-0.4	-1.2	137	General government
-7.8	2.0	2.3	-0.2	186	Households excl. sole proprietorships

(\*) Billion francs

(\*\*) «Grandes Entreprises Nationales»: EDF, GDF, Charbonnages de France, La Poste, France Telecom, SNCF, RATP, Air France, Air Inter.

Source : *Comptes de la Nation, 1996.*

## Household consumption

### Household consumption by end-use (% changes, 1980 prices)

1993	1994	1995	1996	% share of 1996 household budgets	
1.0	0.3	1.2	0.3	18.3	Food, tobacco
-2.5	-2.6	-2.4	-0.5	5.2	Clothing
2.0	1.1	3.4	3.7	19.5	Rent
-0.6	0.8	1.3	1.0	7.4	Furniture and household equipment
4.2	1.1	1.5	1.9	12.4	Medical care and health expenses
-3.4	3.9	1.4	4.3	16.8	Transport and communication
-0.4	3.2	2.5	2.3	8.8	Recreation and entertainment
-0.7	1.5	1.8	0.8	11.6	Miscellaneous
<b>0.2</b>	<b>1.4</b>	<b>1.7</b>	<b>2.1</b>	<b>100.0</b>	<b>Total</b>

Source : Comptes de la Nation, 1996.

### Household consumption, by life of product (% changes, 1980 prices)

1993	1994	1995	1996	% share of 1996 household budgets	
-6.7	7.1	1.3	5.8	9.4	Durable goods
-15.1	14.8	-3.2	11.8	3.7	<i>of which : cars</i>
0.1	5.9	2.4	2.4	0.7	<i>television sets</i>
-5.4	7.0	2.5	-1.6	0.2	<i>refrigerators</i>
-2.3	0.1	1.2	0.2	13.1	Semi-durable goods
1.2	0.1	1.8	1.4	36.0	Non-durable goods
1.3	0.6	1.3	0.5	17.7	<i>of which : food</i>
1.7	1.8	1.8	2.4	41.5	Services
<b>0.2</b>	<b>1.4</b>	<b>1.7</b>	<b>2.1</b>	<b>100.0</b>	<b>Total</b>

Source : Comptes de la Nation, 1996.

## External trade in merchandise

### External trade by product groups

(cif/fob, billion francs)

1993	1994	1995	1996	
				<b>Agriculture</b>
80.0	72.6	76.1	79.4	Exports
47.2	54.5	56.0	54.7	Imports
169.5	133.2	135.9	145.1	Export-import ratio*
				<b>Processed agricultural products</b>
121.2	131.0	139.8	141.9	Exports
97.2	104.2	108.3	109.0	Imports
124.7	125.7	129.1	130.2	Export-import ratio*
				<b>Energy</b>
35.7	33.9	35.6	39.4	Exports
104.4	99.6	94.8	117.3	Imports
34.2	34.0	37.6	33.6	Export-import ratio*
				<b>Intermediate goods</b>
281.1	312.0	352.2	351.5	Exports
281.7	322.6	367.6	352.4	Imports
99.8	96.7	95.8	99.7	Export-import ratio*
				<b>Industrial capital goods</b>
321.1	354.3	396.2	427.0	Exports
280.1	309.4	338.9	361.3	Imports
114.6	114.5	116.9	118.2	Export-import ratio*
				<b>Household durables</b>
22.1	22.6	25.3	26.6	Exports
31.6	32.1	34.1	32.5	Imports
69.9	70.4	74.2	81.9	Export-import ratio*
				<b>Land transport equipment</b>
154.8	179.5	186.3	198.6	Exports
127.0	148.4	160.6	168.6	Imports
121.9	121.0	116.0	117.8	Export-import ratio*
				<b>Non-durable consumer goods</b>
187.1	204.2	218.0	229.0	Exports
202.8	212.8	223.6	229.1	Imports
92.3	96.0	97.5	99.9	Export-import ratio*
				<b>Total</b>
<b>1,203.3</b>	<b>1,310.0</b>	<b>1,429.5</b>	<b>1,493.4</b>	<b>Exports</b>
<b>1,172.0</b>	<b>1,283.6</b>	<b>1,383.9</b>	<b>1,424.9</b>	<b>Imports</b>
<b>102.7</b>	<b>102.1</b>	<b>103.3</b>	<b>104.8</b>	<b>Export-import ratio*</b>

(\*) percentages

Source : *Comptes de la Nation, 1996.*

## Relations with the rest of the world

### Relations with the rest of the world

(Balance in billion francs)

1993	1994	1995	1996	
31.3	26.5	45.6	68.5	<b>Trade in goods (1)</b>
60.8	75.2	80.4	82.1	<b>Trade in services excluding tourism (2)</b>
3.0	2.7	2.3	2.5	<i>of which : processing and repair</i>
23.9	28.3	27.3	25.6	<i>transportation</i>
-0.1	-0.2	0.3	0.6	<i>telecommunications</i>
34.8	35.4	41.8	47.9	<i>services provided to firms</i>
6.7	6.6	6.6	6.7	<i>instruction, research</i>
-4.1	-1.5	-0.8	-3.6	<i>insurance</i>
-3.4	3.8	2.9	2.4	<i>financial organisms</i>
59.5	59.4	55.5	53.8	<b>Tourism (3)</b>
-82.0	-119.9	-75.4	-85.1	<b>Distributive transactions (4)</b>
-1.6	-1.8	4.0	4.2	<i>of which : compensation of employees</i>
-57.9	-60.4	-63.8	-54.1	<i>taxes linked to production and imports</i>
59.9	53.7	53.5	53.5	<i>subsidies</i>
-67.5	-57.9	-40.5	-41.7	<i>interest</i>
-3.8	-4.3	-2.4	-3.9	<i>income from land and intangible assets</i>
16.7	11.0	8.2	10.9	<i>dividends</i>
-4.3	-3.2	-2.2	-2.8	<i>insurance premiums</i>
10.1	11.0	10.0	4.8	<i>insurance claims</i>
-60.3	-67.2	-60.4	-67.6	<i>current international cooperation</i>
37.4	36.8	38.3	30.3	<i>miscellaneous current transfers</i>
5.7	-24.7	-2.9	0.9	<i>miscellaneous capital transfers</i>
69.6	41.1	106.1	119.3	<b>Lending capacity of the Nation (1+2+3+4)</b>

Source : Comptes de la Nation, 1996.

## Consumer prices

### Consumer price index, by product

(% changes, year-on-year)

1993	1994	1995	1996	Weighting in total consumption	
0.4	1.0	1.5	1.3	20.2	Foodstuffs
1.1	0.3	1.2	0.5	33.1	Private-sector manufactured products
3.5	2.5	3.1	1.9	19.8	Private-sector services
3.8	-0.2	3.6	6.6	8.3	Energy
6.6	6.4	2.5	2.0	6.6	Public utilities excl. energy
4.1	3.8	3.2	2.2	6.6	Rents, water charges
0.5	2.8	2.2	1.1	5.6	Health care
<b>2.1</b>	<b>1.6</b>	<b>2.1</b>	<b>1.7</b>	<b>100</b>	<b>Total</b>

Source : INSEE.

### Consumer price index, by product

(% changes, annual averages)

1993	1994	1995	1996	Weighting in total consumption	
-0.1	0.9	1.2	1.2	20.2	Foodstuffs
1.2	0.5	0.8	1.0	33.1	Private-sector manufactured products
4.0	2.8	2.7	2.7	19.8	Private-sector services
2.0	1.6	1.9	5.1	8.3	Energy
6.6	5.6	3.3	2.7	6.6	Public utilities excluding energy
4.9	4.0	3.2	2.6	6.6	Rents, water charges
0.8	1.5	3.2	1.2	5.6	Health care
<b>2.1</b>	<b>1.7</b>	<b>1.7</b>	<b>2.0</b>	<b>100</b>	<b>Total</b>

Source : INSEE.

## Household

### Principal ratios derived from the accounts of the household sector (percentages)

1993	1994	1995	1996	
3.0	2.9	4.4	2.1	Change in gross disposable income (GDI)
48.9	48.6	48.3	48.4	Gross wages and salaries as of GDI before tax
40.3	40.0	39.8	39.7	Gross wages and salaries as of GDI before tax
12.8	12.6	12.4	12.1	Gross operating surplus of SP as % of GDI before tax
32.7	32.6	32.3	32.6	Social benefits as % of GDI before tax
9.1	9.3	9.3	9.9	Tax/GDI before tax
14.1	13.6	14.5	12.9	Saving ratio
7.7	7.0	8.1	6.3	Financial saving ratio

Source : *Comptes de la Nation, 1996.*

### Social benefits received by households (% change over previous year)

1993	1994	1995	1996	1996*	
4.1	2.4	4.3	3.9	544.0	Health care
4.4	2.3	4.5	3.9	372.2	<i>of which : sickness</i>
5.4	3.3	3.7	3.6	982.1	Old-age and survivors' benefits
9.4	3.7	4.1	2.5	256.5	Maternity and family benefits
0.2	2.6	4.4	-0.3	22.3	<i>of which : maternity</i>
10.4	3.8	4.0	2.8	234.3	<i>family benefits</i>
12.3	0.3	-2.7	2.6	167.7	Employment benefits
17.0	9.5	15.5	3.6	47.7	Others (including transfers from non-residents)
6.3	2.9	3.6	3.5	1,998.0	<b>Total benefits</b>

(\*) Billion francs

Source : *Social security satellite account.*

## Corporate sector

### Principal ratios : all non-financial enterprises (COE, including « GEN »\*)

(percentages)

1993	1994	1995	1996	
50.3	49.9	50.0	50.0	<b>Value-added ratio (1)</b>
				<b>Allocation of value added</b>
60.3	59.6	59.6	60.3	Compensation of employees
32.0	32.0	32.0	31.5	Gross operating surplus
11.0	8.9	8.7	7.6	of which : interest paid
2.5	2.8	3.1	3.2	current taxes on income and wealth
17.7	18.8	18.8	17.8	gross saving
				<b>Capital accumulation</b>
16.7	16.4	16.3	15.9	Investment ratio (2)
106.1	114.3	114.9	111.6	Self-financing ratio (narrowly defined) (3)
116.8	110.8	113.2	118.8	Self-financing ratio (broadly defined) (4)

(\*) «Grandes entreprises nationales» : EDF, GDF, Charbonnages de France, La Poste, France Telecom., SNCF, RATP, Air France, Air Inter.

(1) Value added / value of production.

(2) GFCF / value added.

(3) Saving / GFCF.

(4) (Saving and net capital transfers) / (GFCF + acquisitions of land and intangible assets + stock changes).

Source : Comptes de la Nation, 1996.

### Principal ratios : all non-financial enterprises, excluding GEN\*

(percentages)

1993	1994	1995	1996	
48.8	48.6	48.7	48.8	<b>Value-added ratio (1)</b>
				<b>As % of value added :</b>
61.2	60.3	60.1	60.8	Compensation of employees
30.2	30.5	30.9	30.3	Gross operating surplus
10.5	8.3	8.2	7.2	of which : interest paid
2.7	2.8	3.1	3.2	current taxes on income and wealth
16.6	17.8	17.9	16.7	gross saving
				<b>Capital accumulation</b>
15.7	16.0	16.0	15.4	Investment ratio (2)
105.9	111.5	112.4	108.8	Self-financing ratio (narrowly defined) (3)
117.3	107.2	109.6	116.5	Self-financing ratio (broadly defined) (4)

(\*) «Grandes entreprises nationales» : EDF, GDF, Charbonnages de France, La Poste, France Telecom, SNCF, RATP, Air France, Air Inter.

(1) Value added / value of production.

(2) GFCF / value added.

(3) Saving / GFCF.

(4) (Saving and net capital transfers) / (GFCF + acquisitions of land and intangible assets + stock changes).

Source : Comptes de la Nation, 1996.

## Taxes and other compulsory contributions

### Taxes and other compulsory contributions raised by general government

1993	1994	1995	1996	
				Billion francs
1,722	1,842	1,935	2,055	<b>Taxes after current transfers of revenue (1)</b>
1,058	1,170	1,231	1,243	Central government and related
1,037	1,085	1,142	1,199	<i>of which : Central government</i>
478	502	524	553	Local government
108	86	99	178	Social security funds
78	83	80	81	European Union institutions
1,387	1,414	1,479	1,538	<b>Actual social contributions</b>
3,110	3,256	3,414	3,593	<b>Actual taxes and other compulsory contributions</b>
3,098	3,234	3,382	3540	<b>Actual taxes and other compulsory contributions net of special exemptions (2)</b>
				As % of gross domestic product
24.3	24.9	25.2	26.1	<b>Taxes after current transfers of revenue (1)</b>
15.0	15.8	16.1	15.8	Central government and related
14.7	14.7	14.9	15.3	<i>of which : Central government</i>
6.8	6.8	6.8	7.0	Local government
1.5	1.2	1.3	2.3	Social security funds
1.1	1.1	1.0	1.0	European Union institutions
19.6	19.1	19.3	19.6	<b>Actual social contributions</b>
43.9	44.1	44.6	45.7	<b>Actual taxes and other compulsory contributions</b>
43.8	43.8	44.1	45.0	<b>Actual taxes and other compulsory contributions net of special exemptions (2)</b>

(1) These transfers mainly consist of part of the transfers from central government to local authorities and the payments made by central government to the European Union institutions.

(2) Starting in 1991, the government took over the payment of certain employers' contributions. In accordance with national accounting conventions, however, the actual social contributions are recorded as before and the operations treated as the payment of a subsidy by the government. This item shows the sum that would have remained if they had in fact been treated as a reduction in contributions.

### International comparison of taxes and compulsory contributions

(as % of GDP)

1985			1994			
Total	Taxes	Social security contributions	Total	Taxes	Social security contributions	
44.5	25.2	19.3	44.1	24.9	19.2	France
38.1	24.2	13.9	39.3	23.9	15.4	Germany
37.9	31.2	6.7	34.1	27.9	6.2	United Kingdom
50.0	37.5	12.5	51.0	37.2	13.8	Sweden
26.0	19.5	8.5	27.6	20.6	7.0	United States
27.6	19.3	8.3	27.8	18.1	9.7	Japan

Source : OECD. The conventions adopted by the OECD differ from those used in the French national accounts or by EUROSTAT, mainly as regards contributions to retirement pension funds.

## Government debt

### General government debt

1993	1994	1995	1996	
3,199	3,554	4,003	4,360	Consolidated gross debt (in billion francs)
45.2	48.1	52.2	55.5	As % of GDP
2,420	2,787	3,126	3,415	Consolidated gross central government debt (in billion francs)
34.2	37.7	40.8	43.4	As % of GDP

Source : Banque de France.

### Structure of French central government debt

(percentages)

1993	1994	1995	1996	
<b>86.7</b>	<b>85.4</b>	<b>86.9</b>	<b>88.3</b>	<b>Negotiable debt</b>
54.9	53.7	54.6	57.4	of which : Bonds (including OAT)
31.8	31.7	32.3	30.9	Bills (including BTF, BTAN)
<b>13.3</b>	<b>14.6</b>	<b>13.1</b>	<b>11.7</b>	<b>Non-negotiable debt</b>
13.2	12.5	11.8	11.2	of which : security dealers' deposits
0.6	0.4	0.3	0.3	non-negotiable notes

Source : French Treasury.

### EU countries' consolidated gross general government debt

(as % of GDP)

1993	1994	1995	1996	
48.2	50.4	58.1	60.7	Germany
62.8	65.1	69.3	70.0	Austria
136.8	134.8	133.5	130.0	Belgium
80.2	76.2	72.1	70.2	Denmark
60.5	63.0	65.7	69.9	Spain
58.0	59.6	58.8	58.7	Finland
45.2	48.1	52.2	55.5	France
111.8	110.4	111.8	111.8	Greece
119.1	125.1	124.4	123.7	Italy
94.5	87.9	81.5	72.8	Ireland
6.1	5.7	5.9	6.4	Luxembourg
80.5	77.3	79.6	78.5	Netherlands
64.3	66.7	66.6	65.8	Portugal
48.5	50.5	54.2	54.5	United Kingdom
76.0	79.3	78.2	77.7	Sweden
66.1	68.1	71.2	73.2	European Union

Source : Banque de France for France, European Commission - Economic Budgets for spring 1997 for other countries.

## Accounts of financial institutions

### Principal operating by financial institutions (billion francs)

1993	1994	1995	1996	
				<b>Non-financial operations</b>
254.8	315.4	296.9	316.5	Value added
274.3	335.2	315.6	334.7	<i>of which : credit institutions</i>
114.8	175.3	153.1	166.6	Gross operating surplus
134.3	195.1	171.8	184.7	<i>of which : credit institutions</i>
185.7	164.7	162.6	135.9	Dividends paid
25.5	29.4	28.5	35.2	<i>of which : credit institutions</i>
1,113.0	905.6	930.5	873.9	Interest paid
1,113.0	905.6	918.0	863.9	<i>of which : credit institutions</i>
1,554.5	1,298.0	1,321.6	1,237.1	Interest received
1,381.3	1,150.0	1,163.0	1,116.1	<i>of which : credit institutions</i>
92.0	142.8	123.0	135.8	Disposable income
32.3	52.5	15.3	31.1	Net lending
28.3	46.9	11.2	27.0	<i>of which : credit institutions</i>
4.0	5.6	4.1	4.1	<i>UCITS</i>
				<b>Financial operations</b>
1,244.5	144.2	1,043.8	616.7	Flows of financial assets (total)
1,222.3	93.5	1,010.0	585.4	Flows of debts (total)

Source : Banque de France.

## Money supply aggregates

### Money supply aggregates

(amounts outstanding on 31 december, gross, in billion francs, % changes year-on-year)

1995		1996		
Amounts	% changes	Amounts	% changes	
				<b>Agregates of money</b>
255.7	1.4	257.9	0.8	Notes and coins
1,544.0	8.8	1,550.8	0.4	Sight deposits
<b>1,799.7</b>	<b>7.7</b>	<b>1,808.7</b>	<b>0.5</b>	<b>Total M1</b>
<b>1,446.1</b>	<b>8.5</b>	<b>1,548.4</b>	<b>7.1</b>	<b>M2-M1</b>
732.5	6.9	679.0	-7.3	Tax-exempt savings - Livrets A
97.7	10.2	92.1	-5.7	Tax-exempt savings - Livrets bleus
141.4	3.3	152.7	8.0	Housing saving accounts
192.8	24.0	201.6	4.6	Industrial development accounts
100.4	12.6	170.7	69.9	Tax-exempt savings - Livrets d'épargne populaire
0.0		25.4		Tax-exempt savings - Livrets jeunes
181.3	2.5	227.0	25.2	Taxable savings pass-books
<b>3,245.8</b>	<b>8.1</b>	<b>3,357.1</b>	<b>3.4</b>	<b>Total M2</b>
<b>2,217.6</b>	<b>-0.2</b>	<b>1,929.9</b>	<b>-13.0</b>	<b>M3-M2</b>
102.0	19.0	105.9	3.8	Foreign-currency deposits and negotiable debt securities
490.1	23.6	370.0	-24.5	Term deposits
185.4	-9.5	162.8	-12.1	Saving notes
371.7	0.5	285.8	-23.1	Negotiable debt securities (1)
1,042.4	-8.4	991.0	-4.9	Shares in short-term mutual funds
26.0	-4.1	14.3	-45.1	Shares in securized debt funds
<b>5,463.4</b>	<b>4.6</b>	<b>5,287.0</b>	<b>-3.2</b>	<b>Total M3</b>
<b>77.2</b>	<b>8.8</b>	<b>83.2</b>	<b>7.7</b>	<b>M4-M3</b>
59.5	25.3	59.5	0.0	Treasury notes (1)
17.7	-24.5	25.2	33.3	Treasury bills (1)
<b>5,540.6</b>	<b>4.6</b>	<b>5,370.2</b>	<b>-3.1</b>	<b>Total M4</b>

(1) Negotiable debt securities held by resident non-financial agents are counted in M3-M2 if they are issued by credit institutions. When they are issued by resident non-financial agents, they are counted in M4-M3.

Source : Banque de France.

## Total domestic debt

### Total domestic debt

(amounts outstanding on 31 decembrer, gross, in billion francs, and contribution to year-on-year changes in percentage points)

1995		1996		
Amounts	Contribution	Amounts	Contribution	
<b>10,562.4</b>	<b>5.1</b>	<b>10,842.7</b>	<b>2.7</b>	<b>Total domestic indebtedness</b>
3,211.0	3.8	3,478.3	2.5	Government
3,812.9	0.2	3,725.4	-0.8	Corporate sector
2,513.1	0.2	2,591.6	0.7	Households
1,025.3	1.0	1,047.4	0.2	Other (1)
<b>6,517.5</b>	<b>1.4</b>	<b>6,338.6</b>	<b>-1.7</b>	<b>Credit</b>
3,022.3	0.2	2,874.1	-1.4	Corporate sector
2,513.1	0.2	2,591.6	0.7	Households
982.0	1.0	872.9	-1.0	Other (1)
<b>305.7</b>	<b>0.3</b>	<b>304.4</b>	<b>0.0</b>	<b>Non-negotiable government net debt</b>
<b>3,483.8</b>	<b>3.5</b>	<b>3,915.6</b>	<b>4.1</b>	<b>Financing raised on domestic markets (2)</b>
1,213.2	1.3	1,320.5	1.0	On the money market
1,061.0	1.3	1,091.2	0.3	<i>Central government</i>
152.2	0.0	194.3	0.4	<i>Corporate sector</i>
-	-	35.0	0.3	<i>Other (1)</i>
2,270.6	2.1	2,595.1	3.1	On the bond market
1,799.2	2.2	2,046.9	2.3	<i>Central government</i>
428.2	0.0	458.3	0.3	<i>Corporate sector</i>
43.3	0.0	89.9	0.4	<i>Other (1)</i>
<b>129.2</b>	<b>-0.1</b>	<b>133.6</b>	<b>0.0</b>	<b>Credit obtained from non-resident agents</b>
<b>126.1</b>	<b>0.0</b>	<b>150.5</b>	<b>-0.2</b>	<b>International bonds</b>

(1) Obtained by difference. This item consists mainly of the debt of general government excluding central government.

(2) Obtained from resident and non-resident agents.

Source : Banque de France

## Financial markets

### Data concerning the financial markets

(billion francs)

1993	1994	1995	1996	
<b>974.9</b>	<b>811.3</b>	<b>680.4</b>	<b>954.1</b>	<b>Gross issues of securities</b>
767.0	671.0	631.8	761.0	Domestic market :
240.4	267.6	260.5	285.9	Shares (1)
526.6	403.4	371.3	475.1	Bonds (including government bonds and non-voting loan stock) (1)
207.9	140.3	48.6	193.1	International market : gross issues of bonds in Eurofrancs and Euroecus quoted on the Paris Bourse
128.5	61.6	11.2	31.7	by residents
79.4	78.7	37.4	161.4	by non-residents
<b>6,414.0</b>	<b>5,949.6</b>	<b>6,420.0</b>	<b>7,466.0</b>	<b>Stock market capitalization at end-year (official market) (2)</b>
2,537.2	2,257.3	2,294.6	2,866.5	Shares
3,876.8	3,692.3	4,125.4	4,599.5	Bonds
<b>8,030.6</b>	<b>7,778.8</b>	<b>6,531.1</b>	<b>7,721.7</b>	<b>Trading on the official market during the year (2)</b>
956.9	1,102.8	1,005.5	1,368.6	Shares
7,073.7	6,676.0	5,525.6	6,353.1	Bonds
				<b>Number of French companies listed at 31 December (2)</b>
472	459	444	406	Official market
254	265	266	280	Second market
				<b>Collective investment vehicles</b>
				SICAV (open-end investment trusts) : (3)
-53.7	-215.4	-271.7	-107.7	Net purchases (4)
2,012.1	1,767.2	1,602.9	1,638.4	Net assets at 31 December
1,031	1,058	1,075	1,114	Number of SICAV at 31 December
				FCP (closed-end investment trusts) : (3)
69.1	36.5	-22.2	nd	Net purchases (4)
844.0	909.6	951.3	1,128.1	Net assets at 31 December
3,450	3,768	3803	4,159	Number of FCP at 31 December

(1) Source : Banque de France and Société des Bourses françaises (SBF).

(2) Source : SBF.

(3) Source : Fininfo and Commission des opérations de Bourse (COB).

(4) Subscriptions net of repurchases, including entry fees.

Table prepared by Banque de France.