

MONETARY BASE CONTROL

PART 3

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Effects of Fiscal and Monetary Policy Changes
Document

Table 26 CENTRAL GOVERNMENT INVESTMENT, FIXED MAGGWT

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI inf/in rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of inputs	Real take-home pay	Real exch. rate	Competitive rate	PSBR	% of Trade balance	GDP	Current a/c
	%	%	%	000s	%	Rate	%	%	%	%	%	%	%	%	%
1986/87	1.51	1.33	.45	142	.65	-.40	.07	6.17	-.02	-2.45	-1.99	1.00	-.77	-.77	-.77
1987/88	1.42	2.40	1.58	339	-224	-.94	-.29	6.14	.08	-1.49	-.76	1.00	-.61	-.77	-.77
1988/89	1.04	3.94	2.05	370	-247	-1.03	-.18	5.38	.13	-.53	.81	1.00	-.42	-.66	-.66
1989/90	.09	5.08	2.10	252	-171	-.71	.14	6.38	.02	.54	2.11	1.00	-.13	-.47	-.47

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI inf/in rate %	Short interest rates % points	Long interest rates % points	Expected capital gains % points
1986/87	-.14	-2.42	.45	1.33	.00	-.38	.38	.50	.16	2.69	-2.68
1987/88	1.02	-2.57	1.96	2.40	.00	-.69	.70	1.21	1.78	2.92	-1.00
1988/89	2.92	-3.38	4.21	3.94	.00	-.69	.71	1.77	2.46	3.00	.57
1989/90	5.03	-4.24	6.28	5.08	.00	-.62	.65	1.82	3.13	2.84	2.93

£ million at current prices

	1	2	3	4	5	6	% change in CGI
	PSBR	Fiscal adjustment	Current account	Non North Sea ICC's NAFA	Personal sector NAFA	Public sector deficit	
1986/87	3981	0	-2928	202	229	-3849	+140
1987/88	4347	0	-3187	-2517	3289	-4304	+169
1988/89	4789	0	-2991	-3519	4904	-4844	+168
1989/90	5117	0	-2199	-3915	6327	-5349	+135

Table 2c CENTRAL GOVERNMENT INVESTMENT, FIXED MONEY GDP

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI	EMPLOYMENT	UNEMPLOYMENT	change in inputs	Real labour costs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of GDP	Trade balance	Current a/c	
	%	%	rate	000s	%	%	%	%	%	%		%			
1986/87	.46	.23	.39	76	.35	-50	.75	-.08	2.56	3.03	1.00	-.32	-.45		
1987/88	.11	.00	-.33	98	.44	-65	.88	.21	1.71	2.29	1.00	-.39	-.48		
1988/89	-.19	.01	.58	98	.44	-65	1.04	-.25	1.82	2.13	1.00	-.35	-.57		
1989/90	-.70	-.01	.93	23	.10	-16	1.15	-.80	1.44	1.57	1.00	-.09	-.40		

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator prices	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	%	%	%
1986/87	-.23	2.69	.32	.23	-1.90	-2.34	-1.46	-.13	2.22	3.06	-1.87
1987/88	-.13	1.80	.25	.00	-1.87	-2.33	-1.42	.16	.61	3.44	-2.64
1988/89	.16	1.60	.37	.01	-2.63	-3.43	-1.83	.25	1.91	3.60	.79
1989/90	.68	.75	.70	-.01	-3.65	-4.53	-2.77	.53	2.88	3.36	5.14

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's	Personal sector NAFA	Public sector deficit
			account	NAFA	NAFA	
1986/87	3840	0	-1726	-640	2324	-3867
1987/88	4063	0	-1954	-506	2293	-4074
1988/89	4316	0	-2454	-1430	2653	-4399
1989/90	4557	0	-1834	-1455	3582	-4792

% change in CGI

+115
+102
+78
+52

Table 3a VAT, FIXED REAL SHORT RATES

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in inputs	Real labour costs	Cost of inputs	Real take-home pay	Real exch. rate	Competitive rate	PSBR	% of Trade balance	GDP	Current a/c
	%	%	%	000s	%	%	%	%	%	%	%	%	%	%	%
1986/87	.89	-.24	-.55	74	.34	-.21	-1.07	5.72	.47	-6.84	-7.14	1.00	-.27		-.25
1987/88	1.83	1.87	1.58	333	1.50	-.92	-2.53	.94	.78	-6.69	-7.14	1.00	-.03		-.04
1988/89	2.59	4.66	2.04	614	2.75	-1.69	-3.27	-2.73	1.78	-6.38	-5.98	1.00	-.09		-.15
1989/90	2.60	8.03	3.46	766	3.43	-2.13	-3.70	-5.33	2.45	-6.25	-4.84	1.00	-.09		-.27

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate %	Short interest rates % points	Long interest rates % points	Expected capital gains % points
1986/87	-1.08	-7.06	-.09	-.24	-1.24	-1.87	-.59	-.79	.99	2.16	.81
1987/88	.12	-8.48	1.63	1.87	-.71	-1.15	-.24	1.23	1.75	1.98	1.67
1988/89	2.09	-10.59	4.93	4.66	1.00	.71	1.33	1.73	2.55	1.76	2.80
1989/90	5.35	-13.51	9.23	8.03	3.54	3.52	3.65	2.99	3.36	1.43	3.45

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3799	0	-956	957	707	-3612
1987/88	4293	0	-159	447	3563	-4314
1988/89	4927	0	-695	-1832	6451	-4861
1989/90	5576	0	-1366	-3949	8999	-5656

change in VAT rate

-3.6
-4.6
-6.2
-7.0

Table 3b VAT FIXED MAGGWT

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Real GDP	Money GDP	Change in RPI	EMPLOYMENT	UNEMPLOYMENT	change in	Cost of	Real labour	Real take-home pay	Real exch. rate	Competitive rate	PSBR	Trade balance	% of GDP	Current a/c
%	%	%	rate	000s	000s	% Rate	capital inputs	costs	%	%	%	%	%	%	%
1986/87	.48	-.88	-1.57	59	.27	-.39	7.66	-.20	1.28	-.23	-.39	1.00	1.00	-.23	-.22
1987/88	.71	-.93	-.10	182	.82	-.51	9.02	-.58	1.21	-1.03	-1.30	1.00	1.00	-.25	-.29
1988/89	1.11	-.14	.48	335	1.50	-.93	7.86	-.68	1.32	-.90	-.94	1.00	1.00	-.38	-.48
1989/90	.99	.79	1.58	430	1.94	-1.21	8.44	-.70	1.19	-.85	-.47	1.00	1.00	-.34	-.61

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate	Short interest rates % points	Long interest rates % points	Expected capital gains % points	
1986/87	-1.38	-.08	-.31	-.88	-1.22	-1.78	-1.67	.58	2.99	-2.86	
1987/88	-1.66	-.77	-.57	-.93	-1.82	-2.51	-.18	.88	3.26	-1.42	
1988/89	-1.29	-1.20	.07	-.14	-1.90	-2.76	.34	1.30	3.39	.85	
1989/90	-.26	-2.22	1.48	.79	-2.00	-2.92	.98	2.69	3.13	4.39	

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea ICC's	North NAFA	Personal sector NAFA	Public sector deficit
1986/87	3712	0	-853	681	1452	-3508
1987/88	3953	0	-1174	362	2143	-3911
1988/89	4299	0	-2085	-416	2577	-4266
1989/90	4644	0	-2797	-2304	4315	-4774

change in VAT rate

-3.3
-3.7
-4.1
-4.3

VAT, FIXED MONEY GDP

Table 3c

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Money GDP	Change in RPI	EMPLOYMENT	UNEMPLOYMENT	change in inputs	Cost of labour	Real labour costs	Real take-home pay	Real exch. rate	Change in CPI	MO	Change in infn rate	Short interest rates	Long interest rates	Expected capital gains
%	%	rate	000s	000s	%	%	%	%	%	%	%	%	% points	% points	% points
1986/87	-0.2	-1.25	-1.32	21	.10	-14	9.54	.17	1.05	2.13	1.05	2.03	1.00	-0.01	-0.08
1987/88	.41	-1.46	-1.17	91	.41	-61	7.23	.15	1.38	1.02	1.38	.83	1.00	-.36	-.35
1988/89	.73	-1.57	-.25	241	1.08	-161	9.59	.28	1.27	1.44	1.27	1.11	1.00	-.59	-.72
1989/90	.53	-1.59	.77	310	1.40	-211	11.11	.45	.93	1.51	.93	1.38	1.00	-.51	-.83

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI	Change in infn rate	Short interest rates	Long interest rates	Expected capital gains
%	%	%	%	%	%	%	%	%	% points	% points	% points
1986/87	2.31	-0.29	-1.25	-2.17	-2.68	-1.66	-1.74	-1.74	1.64	2.66	-1.47
1987/88	1.83	-1.14	-1.46	-1.83	-2.23	-1.44	-0.56	-1.44	-0.50	2.95	-2.40
1988/89	2.54	-1.48	-1.57	-2.15	-3.08	-1.23	-0.52	-1.23	.75	3.10	1.10
1989/90	2.48	-1.12	-1.59	-3.22	-4.44	-2.00	.13	.13	2.31	2.80	6.11

£ million at current prices

1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea ICC's	Personal sector	Public sector
		account	NAFA	NAFA	deficit
1986/87	0	-322	381	2421	-3533
1987/88	0	-1386	1328	1115	-3804
1988/89	0	-3041	-245	1230	-4015
1989/90	0	-3728	-1626	2420	-4438

change in VAT rate

-3.0
-3.0
-3.2
-3.3

Table 4a EMPLOYERS' NICs: FIXED REAL SHORT RATES

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Change in CPI infln rate	Competitiveness	PSBR	% of Trade balance	% of GDP
		%	%	000s	%	Rate	%	%	%	%	%	%			
1986/87	.90	.18	-.02	91	.41	-.25	7.22	-2.08	.80	-6.12	-7.40	1.00	1.00	-.22	-.17
1987/88	1.65	2.27	1.78	377	1.70	-1.04	2.55	-2.37	1.44	-5.27	-6.14	1.00	1.00	-.14	-.18
1988/89	1.98	5.01	2.63	592	2.65	-1.63	.47	-3.08	2.16	-4.79	-4.89	1.00	1.00	-.08	-.20
1989/90	1.56	8.15	3.66	638	2.86	-1.78	-1.80	-3.19	2.65	-4.29	-3.31	1.00	1.00	-.02	-.27

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	% points	% points	% points
1986/87	-.68	-5.41	.88	.18	-.17	-.66	.34	.01	.01	1.81	-.57
1987/88	.67	-5.94	3.60	2.27	.84	.12	1.58	1.41	1.41	1.79	.71
1988/89	3.03	-7.63	7.45	5.01	2.45	1.82	3.13	2.28	2.27	1.70	1.52
1989/90	6.52	-10.17	11.99	8.15	4.39	3.94	4.90	3.22	3.22	1.49	2.48

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non North Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3849	0	-649	1548	800	-3598
1987/88	4342	0	-763	-448	3749	-4099
1988/89	4972	0	-949	-2524	6571	-4697
1989/90	5591	0	-1368	-4627	9090	-5467

change in employers' NICs rate

-3.7
-4.8
-6.3
-6.8

Table 4b EMPLOYERS' NICs, FIXED MAGGWT

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of Trade balance	GDP	Current a/c
	%	%	%	000s	000s	Rate	%	%	%	%	%	%	%	%	%
1986/87	.68	- .22	-.86	84	.38	-.23	-1.44	8.07	1.49	-1.57	-2.75	1.00	-.22		-.16
1987/88	.83	.09	.41	246	1.11	-.68	-.96	8.33	1.95	-1.16	-1.91	1.00	-.29		-.36
1988/89	.92	1.11	1.18	367	1.65	-1.02	-1.14	7.57	2.00	-.90	-1.16	1.00	-.29		-.44
1989/90	.63	2.35	1.81	401	1.81	-1.13	-1.14	7.45	1.92	-.38	-.15	1.00	-.29		-.57

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate %	Short interest rates % points	Long interest rates % points	Expected capital gains % points
1986/87	-.92	-.61	.71	-.22	.00	-.44	.44	-.67	-.50	2.48	-3.66
1987/88	-.77	-.41	1.85	.09	.00	-.98	.99	.15	.85	2.82	-1.57
1988/89	.14	-1.05	3.23	1.11	.00	-1.06	1.08	.90	1.41	2.96	.15
1989/90	1.65	-1.96	5.03	2.35	.00	-1.06	1.08	1.42	2.40	2.85	2.96

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account Sea NAFA	Non North ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3794	0	-626	1525	1174	-3588
1987/88	4074	0	-1464	-486	2785	-3904
1988/89	4449	0	-1927	-1290	3675	-4377
1989/90	4817	0	-2624	-2762	4965	-4867

change in employees' NICs rate

-3.6
-4.4
-4.9
-5.0

Table 4c EMPLOYERS' NICs, FIXED MONEY GDP

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI in Infn rate	EMPLOYMENT	UNEMPLOYMENT	change in inputs	Cost of labour	Real take-home pay	Real exch. rate	Competitiveness	PSBR	Trade balance	% of GDP	Current a/c	
	%	%	%	000s	000s	%	%	%	%	%	%	%	%	%	%
1986/87	.87	-11	-1.28	94	.43	-62	3.90	-1.45	1.90	-98	-2.18	1.00	-33	-22	
1987/88	1.24	-01	-47	296	1.34	-196	4.21	-82	2.98	.64	-31	1.00	-62	-64	
1988/89	1.05	.00	.48	418	1.88	-279	7.41	-42	3.12	2.07	1.62	1.00	-64	-86	
1989/90	.26	.00	1.30	371	1.67	-252	8.76	.32	2.48	3.11	3.30	1.00	-55	-98	

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infn rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	points	points	points
1986/87	-1.01	.10	.70	-.11	.93	.76	1.10	-.83	-1.61	1.74	-4.01
1987/88	-1.34	1.94	1.63	-.01	1.67	.71	2.63	-.48	-.70	2.14	-2.38
1988/89	-1.18	3.23	2.44	.00	.86	-.71	2.44	-.05	.96	2.30	1.17
1989/90	-.43	3.56	3.04	.00	-1.19	-2.91	.54	.55	2.60	1.93	6.72

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non North Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3807	0	-855	2025	748	-3572
1987/88	4061	0	-2603	-68	1566	-3786
1988/89	4316	0	-3716	-1774	2512	-4190
1989/90	4557	0	-4464	-2994	3465	-4696

Change in employers' NICs rate

-3.7
-4.9
-5.5
-4.9

ONE POINT INCREASE IN MARGINAL GROWTH RATE, USING SHORT RATES, FIXED PSBR

Table 5a

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Cost of	Real labour costs	Real exch. rate	Real take-home pay	Competitive rate	PSBR	Trade balance	% of GDP	Current a/c
	%	%	%	000s	%	Rate	inputs	%	%	%	%	%	%	%	%
1986/87	.40	.56	.52	19	.09	-13	-2.76	-.55	-4.18	-.20	-4.18	-4.25	.00	-.12	-.08
1987/88	.78	2.01	1.17	113	.51	-75	-5.17	-1.16	-2.93	.45	-2.93	-3.07	.00	.02	.04
1988/89	.71	3.17	1.35	160	.72	-107	-5.16	-1.38	-2.52	1.06	-2.52	-2.23	.00	.14	.14
1989/90	.50	4.28	1.14	133	.59	-90	-6.40	-1.55	-2.35	1.10	-2.35	-1.78	.00	.23	.25

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate %	Short interest rates % points	Long interest rates % points	Expected capital gains % points
1986/87	.20	-4.36	.12	.56	.63	.72	.55	.60	-.43	-.55	1.49
1987/88	1.27	-4.18	1.33	2.01	1.63	1.72	1.56	1.00	.29	-.67	1.05
1988/89	2.50	-4.91	2.85	3.17	2.63	2.81	2.47	1.14	.72	-.75	.20
1989/90	3.80	-5.95	4.15	4.28	3.63	3.97	3.33	1.21	.37	-.72	-1.17

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	53	-289	-299	237	-762	24
1987/88	161	-1147	151	-309	637	-87
1988/89	267	-2213	587	-1497	2461	-210
1989/90	326	-2176	1189	-904	2566	-299

Table 5b ONE POINT INCREASE IN MAGGWT GROWTH RATE, USING SHORT RATES, 1/2 POINT INCREASE IN PSBR

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Competitive rate	Competitive rate	PSBR	% of Trade balance	Current a/c
%		%	000s	000s	%	%	%	%	%	%	%	%	%	%	%
1986/87	.56	.80	.62	43	.19	-.28	-.12	.41	1.15	-4.06	-4.18	-4.18	.50	-.24	-.21
1987/88	.90	2.32	1.35	167	.75	-111	-.46	-1.58	1.57	-2.99	-3.25	-3.25	.50	-.07	-.09
1988/89	.94	3.80	1.55	254	1.14	-170	-.70	-1.63	2.03	-2.55	-2.43	-2.43	.50	.01	-.04
1989/90	.74	5.23	1.58	268	1.20	-182	-.75	-2.38	2.00	-2.33	-1.90	-1.90	.50	.07	-.01

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
%	%	%	%	%	%	%	%	%	%	%	%
1986/87	.26	-4.31	.14	.80	.63	.46	.81	.66	-.12	.54	-.02
1987/88	1.44	-4.41	1.33	2.32	1.63	1.35	1.92	1.14	.69	.53	.16
1988/89	2.86	-5.31	2.94	3.80	2.63	2.38	2.90	1.34	1.17	.51	.24
1989/90	4.48	-6.57	4.54	5.23	3.63	3.45	3.85	1.50	1.21	.49	.26

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's	Personal sector NAFA	Public sector deficit
1986/87	1997	-2340	-787	318	391	-1872
1987/88	2267	-3335	-382	-395	2205	-2214
1988/89	2569	-4573	-232	-1519	3938	-2492
1989/90	2816	-4795	-58	-1544	4515	-2790

Table 5C ONE POINT INCREASE IN MAGGWT GROWTH RATE, USING PSBR, FIVE YEAR SHOCK PERIOD

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Real GDP	Money GDP	Change in RPI InIn rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of inputs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	Trade balance	% of GDP	Current a/c
%	%	%	%	000s	000s	% Rate	%	%	%	%	%	%	%	%	%
1986/87	.93	1.37	1.00	93	.43	-.26	4.22	-.49	3.99	-4.17	-4.38	1.58	-1.50	-0.55	
1987/88	1.13	2.98	1.75	266	1.20	-.74	-1.48	-1.63	2.62	-3.58	-4.04	1.05	-.24	-.36	
1988/89	1.17	4.65	1.63	365	1.63	-1.01	-5.98	-2.21	1.17	-2.89	-2.93	.29	-.06	-.20	
1989/90	.66	5.82	1.62	316	1.42	-.89	-8.42	-2.19	.11	-2.20	-1.66	-.21	.17	-.01	

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains	% points
%	%	%	%	%	%	%	%	%	%	%	% points
1986/87	.41	-4.58	.21	1.37	.63	1.31	.82	.82	1.35	1.42	1.42
1987/88	1.83	-5.36	1.46	2.98	1.63	2.33	1.42	1.43	.10	5.19	1.48
1988/89	3.47	-6.20	3.30	4.65	2.63	2.97	1.48	1.48	-1.14	7.75	1.48
1989/90	5.16	-7.04	5.33	5.82	3.63	3.53	1.48	1.48	-1.99	7.93	1.48

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Non Sea ICC's NAFA	Current account	North NAFA	Personal sector NAFA	Public sector deficit
1986/87	6229	-6856	-2099	440	2975	-5994
1987/88	4629	-5905	-1500	-636	4146	-4654
1988/89	1684	-3804	-935	-1918	3591	-1623
1989/90	-551	-1392	-50	-2547	3048	560

Table Sd ONE POINT CUT IN SHORT RATES; MONEY GDP FIXED USING PSBR

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in inputs	Real labour costs	Real take-home pay	Real exch. rate	Competitiveness	PSBR	% of Trade balance	Current a/c		
%	%	%	Rate	000s	000s	%	%	%	%	%	%	%	%		
1986/87	.07	.00	-.21	-4	-.02	3	.01	-5.04	-.12	-.99	-.76	-.71	-.45	-.01	.04
1987/88	.13	.01	-.15	-14	-.06	9	.04	-5.71	-.12	-1.35	-.50	-.41	-.75	.03	.09
1988/89	.13	.00	-.06	-43	-.19	29	.12	-5.80	.02	-.54	-.51	-.29	-.59	.05	.14
1989/90	.13	.00	-.07	-66	-.30	45	.19	-5.41	.08	.02	-.49	-.25	-.45	.06	.16

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate %	Short interest rates % points	Long interest rates % points	Expected capital gains % points	
1986/87	-.05	-.69	-.02	.00	.70	1.06	.36	.01	-1.00	-1.19	1.07
1987/88	-.10	-.40	.12	.01	1.00	1.43	.57	-.08	-1.00	-1.27	-.19
1988/89	-.10	-.40	.33	.00	1.40	1.83	.96	-.02	-1.00	-1.25	-1.77
1989/90	-.12	-.36	.37	.00	1.49	1.84	1.15	-.03	-1.00	-1.12	-2.89

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea account	North ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	-1739	1681	134	140	-1475	1722
1987/88	-3050	2794	382	-75	-2433	3092
1988/89	-2563	2039	585	-63	-1883	2606
1989/90	-2027	1306	741	239	-1582	2061

1% FASTER MONEY GDP GROWTH : BALANCED EXPANSION (col. 1 of Table D)

Table 6(a)

EEPM : PRIMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Real GDP	Money GDP	Change in RPI Infn rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real home pay	Real exch. rate	Competitiveness	PSBR	% of Trade balance	Current a/c	
%	%	%	%	000s	%	Rate	%	%	%	%	%	%	%	%	
1986/87	.34	.52	.49	31	.14	-.09	2.02	-.27	1.25	-2.25	-2.34	.54	-.16	-.18	
1987/88	.52	1.44	.92	111	.50	-.31	.55	-.79	1.35	-1.95	-2.15	.56	-.06	-.10	
1988/89	.60	2.43	.95	177	.79	-.49	-.25	-1.13	1.13	-1.75	-1.75	.39	-.01	-.06	
1989/90	.49	3.38	1.07	196	.88	-.55	-.84	-1.29	1.10	-1.61	-1.40	.36	.02	-.05	

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI rate %	Infn rate %	Short interest rates %	Long interest rates %	Expected capital gains %
1986/87	.18	-2.43	.10	.52	.14	-.11	.40	.40	.40	.63	.29
1987/88	.93	-2.88	.78	1.44	.64	.36	.76	.76	.76	.58	.88
1988/89	1.84	-3.55	1.74	2.43	1.27	1.06	.88	.88	.88	.50	1.12
1989/90	2.88	-4.41	2.83	3.38	2.04	1.89	.99	.99	.99	.41	1.25

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit	
1986/87	2129	-2350	-659	131	958	-2042
1987/88	2436	-2972	-427	-207	2174	-2428
1988/89	1941	-2954	-297	-884	2651	-1901
1989/90	1968	-3026	-252	-1178	3090	-1952

19% FASTER MONEY GDP GROWTH : BALANCED EXPANSION (cont. of Table D)

Table 6a(ii)

EEPM MARY-DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in %	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of Trade balance	Current a/c	
	%	%	000s	000s	%	%	%	%	%	%	%	%	%	%	
1986/87	.45	.62	.35	39	.18	-.11	1.33	-.31	1.31	-2.42	-2.52	.50	-.21	-.19	
1987/88	.63	1.55	.89	132	.87	-.37	.53	-.82	1.50	-1.83	-2.05	.50	-.10	-.12	
1988/89	.67	2.52	1.05	199	.133	-.55	1.01	-1.09	1.67	-1.52	-1.51	.50	-.06	-.11	
1989/90	.53	3.48	1.12	221	.99	-.62	.82	-1.23	1.59	-1.33	-1.12	.50	-.03	-.11	

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate %	Short interest rates % points	Long interest rates % points	Expected capital gains % points
1986/87	.17	-2.60	.09	.62	.54	.34	.74	.41	-.12	.85	-1.02
1987/88	.92	-2.76	.79	1.55	1.19	.86	1.53	.74	.44	.95	-.84
1988/89	1.85	-3.35	1.79	2.52	1.66	1.26	2.07	.88	.88	1.05	-.31
1989/90	2.93	-4.19	2.86	3.48	2.22	1.84	2.61	1.03	1.02	1.09	.01

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	1975	-2265	-725	280	580	-1874
1987/88	2190	-2937	-509	-296	1874	-2165
1988/89	2434	-3717	-514	-1024	2920	-2384
1989/90	2642	-3866	-535	-1167	3359	-2642

Table 6b 1% FASTER MONEY GDP GROWTH: FISCAL EXPANSION

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	UNEMPLOYMENT	change in	Cost of inputs	Real labour costs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	Trade balance	Current a/c
	%	%	%	000s	%	000s	Rate	%	%	%	%	%	%	%	%
1986/87	.29	.45	.32	34	.15	-22	-.09	5.99	-.12	1.75	-1.05	-1.17	1.12	-.15	-.15
1987/88	.35	1.12	.94	114	.51	-76	-.32	7.80	-.47	2.43	-1.01	-1.27	1.12	-.11	-.20
1988/89	.39	2.02	1.05	195	.87	-130	-.54	7.52	-.87	1.64	-1.18	-1.36	.96	-.08	-.19
1989/90	.19	2.89	1.33	236	1.06	-160	-.66	7.30	-1.17	.36	-1.18	-1.22	.63	.05	-.13

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	points	points	points
1986/87	.15	-1.23	.06	.45	.00	-.39	.39	.27	.45	2.24	-3.36
1987/88	.75	-1.80	.47	1.12	.00	-.70	.71	.66	1.48	2.53	-1.24
1988/89	1.60	-2.79	1.15	2.02	.00	-.70	.71	.89	1.68	2.57	.73
1989/90	2.70	-3.84	2.19	2.89	.00	-.58	.60	1.10	2.24	2.37	2.62

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	2730	-2876	-581	161	1411	-2640
1987/88	4713	-4960	-806	-335	3845	-4722
1988/89	4426	-4649	-874	-633	4069	-4474
1989/90	3169	-3048	-597	-1508	4151	-3274

Table 6c 1% FASTER MONEY GDP GROWTH: MONETARY EXPANSION

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Money GDP	Change in RPI	EMPLOYMENT	UNEMPLOYMENT	Cost of labour	Real labour costs	Real take-home pay	Real exch. rate	Competitiveness	PSBR	% of Trade balance	Current a/c			
%	%	%	000s	000s	%	%	%	%	%	%	%	%	%	%	%
1986/87	.40	.50	.24	.10	-3.50	-.41	.06	-3.02	-3.06	.00	-.15	-.11			
1987/88	.63	1.46	.98	.43	-4.13	-.85	.42	-2.37	-2.47	.00	-.03	-.04			
1988/89	.63	2.41	1.00	.57	-5.36	-1.11	.86	-2.29	-2.08	.00	.07	.07			
1989/90	.55	3.36	.96	.55	-6.17	-1.30	.99	-2.19	-1.79	.00	.12	.13			

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI	Change in infn rate	Short interest rates	Long interest rates	Expected capital gains
%	%	%	%	%	%	%	%	%	% points	% points	% points
1986/87	-3.13	.08	.50	.85	.97	.74	.41	.41	-.66	-.70	1.33
1987/88	-3.21	.94	1.46	1.33	1.35	1.32	.69	.69	.33	-.83	1.83
1988/89	-4.02	2.08	2.41	2.10	2.25	1.98	.91	.91	.37	-.95	1.08
1989/90	-4.89	3.13	3.36	2.92	3.15	2.72	.96	.96	.30	-1.00	.27

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA.	Personal sector NAFA	Public sector deficit	
1986/87	46	-326	-414	315	-793	28
1987/88	117	-1005	-179	-469	420	-56
1988/89	203	-1755	280	-928	1581	-149
1989/90	256	-1940	611	-809	1878	-204

Table 7a

INCOME TAX, FIXED MAGGWT, LOW CAPITAL MOBILITY

EEPM PRIMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI in fin rate	EMPLOYMENT	UNEMPLOYMENT	change in inputs	Real labour costs	Cost of capital inputs	Real home pay	Real exch. rate	Real Compet. ness	PSBR	Trade balance	% of GDP	Current a/c
	%	%	rate	000s	%	%	%	%	%	%	%	%	%	%	%
1986/87	.41	.66	.53	52	.24	-.34	-.19	7.35	2.46	-1.53	-1.70	1.00	1.00	-.23	-.25
1987/88	.33	1.31	1.02	137	.62	-.91	-.68	8.17	2.11	-1.13	-1.40	1.00	1.00	-.03	-.12
1988/89	.40	2.31	1.04	210	.94	-140	-.99	8.80	1.82	-.95	-1.08	1.00	1.00	-.03	-.15
1989/90	.18	3.20	1.47	250	1.13	-171	-1.12	10.16	1.34	-.80	-.72	1.00	1.00	.01	-.21

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI in fin rate %	Short interest rates %	Long interest rates %	Expected capital gains %
1986/87	.23	-1.80	.10	.66	.00	-.53	.54	.41	.80	2.55	-2.89
1987/88	.98	-2.10	.62	1.31	.00	-.69	.70	.78	1.53	2.84	-1.78
1988/89	1.89	-2.80	1.38	2.31	.00	-.71	.73	.91	1.87	3.02	-.01
1989/90	3.01	-3.68	2.41	3.20	.00	-.69	.71	1.09	2.80	2.92	2.71

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account Sea NAFA	Non ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3900	-4147	-953	148	2109	-3786
1987/88	4218	-4613	-485	-530	3952	-4287
1988/89	4593	-5065	-669	-802	4510	-4606
1989/90	4910	-5184	-953	-1774	5667	-5022

Table 7b INCOME TAX, FIXED MAGGWT; PERFECT CAPITAL MOBILITY

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of Trade balance	% of GDP	Current a/c
%	%	%	000s	000s	%	Rate	%	%	%	%	%	%	%	%	%
1986/87	.26	.40	.10	44	.20	-.12	6.82	.16	2.75	1.03	.92	1.00	-.21	-.21	-.24
1987/88	.15	.33	.11	95	.43	-.27	8.18	-.02	2.30	.40	.16	1.00	-.24	-.24	-.30
1988/89	.43	.78	.17	172	.77	-.48	8.27	-.29	1.95	.16	-.27	1.00	-.35	-.35	-.44
1989/90	.56	1.34	.77	268	1.21	-.76	9.29	-.46	1.85	-.24	-.65	1.00	-.42	-.42	-.60

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI	infln rate	Short interest rates	Long interest rates	Expected capital gains
%	%	%	%	%	%	%	%	%	% points	% points	% points
1986/87	.09	.90	.02	.40	.00	-.48	.47	.01	.59	2.40	-3.30
1987/88	.12	.25	-.23	.33	.00	-.69	.70	.12	.53	2.74	-2.31
1988/89	.28	-.18	-.31	.78	.00	-.87	.88	.22	.51	3.00	-.66
1989/90	.72	-.99	.11	1.34	.00	-1.09	1.10	.49	1.31	2.97	2.14

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Non Sea account	North ICC's NAFA	Personal sector NAFA	Public sector deficit	
1986/87	3865	-4029	-920	163	2385	-3781
1987/88	4102	-4172	-1220	-122	2784	-4145
1988/89	4409	-4341	-1910	132	2177	-4375
1989/90	4706	-4922	-2776	-1073	2940	-4707

Table 7c INCOME TAX, FIXED MARGWT, HIGH DEGREE OF SUBSTITUTABILITY BETWEEN GILTS AND MONEY

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Money GDP	Change in RPI	EMPLOYMENT	UNEMPLOYMENT	Cost of inputs	Real labour costs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of GDP	Trade balance	Current a/c		
%	%	rate	000s	000s	%	%	%	%	%	%	%	%	%	%	%
1986/87	.34	.52	.33	45	.21	-.30	-.13	4.82	.01	2.62	-.23	-.33	1.00	-.23	-.29
1987/88	.34	.86	.57	114	.52	-.76	-.32	5.52	-.37	2.22	-.74	-.98	1.00	-.20	-.30
1988/89	.55	1.62	.67	194	.87	-.130	-.54	5.77	-.75	1.95	-.87	-1.17	1.00	-.24	-.37
1989/90	.52	2.40	1.21	264	1.19	-.180	-.75	7.13	-.98	1.71	-1.12	-1.28	1.00	-.22	-.44

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains	
%	%	%	%	%	%	%	%	%	%	%	%
1986/87	.14	-.39	.06	.52	.00	.46	.17	.81	1.36	-1.93	
1987/88	.48	-1.22	.18	.86	.00	.62	.41	1.05	1.59	-2.08	
1988/89	1.02	-1.89	.54	1.62	.00	.75	.58	1.32	1.80	-.74	
1989/90	1.84	-2.88	1.35	2.40	.00	.86	.84	2.22	1.84	.65	

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea ICC's	North NAFA	Personal sector NAFA	Public sector deficit
1986/87	3881	-4135	-1086	116	2331	-3780
1987/88	4164	-4482	-1210	-212	3102	-4189
1988/89	4509	-4945	-1614	-391	3366	-4469
1989/90	4822	-5434	-2046	-1499	4523	-4832

Table 7d INCOME TAX, FIXED MONEY; PERFECT SUBSTITUTABILITY BETWEEN GILTS AND MONEY

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of Trade balance	GDP	Current a/c
	%	%	%	000s	%	% Rate	%	%	%	%	%	%	%	%	%
1986/87	.35	.53	.36	45	.20	-.13	4.16	.00	2.61	-.33	-.43	1.00	1.00	-.24	-.30
1987/88	.37	.91	.60	114	.52	-.32	4.32	-.40	2.22	-.89	-1.12	1.00	1.00	-.22	-.32
1988/89	.60	1.69	.72	195	.87	-.54	4.24	-.81	1.97	-1.08	-1.37	1.00	1.00	-.25	-.39
1989/90	.58	2.52	1.26	262	1.18	-.74	5.43	-1.07	1.74	-1.39	-1.54	1.00	1.00	-.22	-.46

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices) %	Nominal exchange rate %	Average earnings %	Money GDP %	MAGGWT %	EM3 %	MO %	Change in CPI infln rate	Short interest rates % points	Long interest rates % points	Expected capital gains % points
1986/87	.15	-.49	.07	.53	.00	-.44	.45	.18	.87	1.02	-.42
1987/88	.50	-1.37	.21	.91	.00	-.58	.58	.42	1.11	1.06	-.29
1988/89	1.05	-2.11	.61	1.69	.00	-.68	.70	.59	1.43	1.09	-.14
1989/90	1.90	-3.19	1.45	2.52	.00	-.78	.80	.87	2.33	1.09	.42

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account NAFA	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3882	-4151	-1125	103	2351	-3779
1987/88	4170	-4524	-1294	-193	3087	-4188
1988/89	4519	-5050	-1733	-439	3444	-4468
1989/90	4835	-5583	-2130	-1508	4653	-4828

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money Change in RPI	EMPLOYMENT	UNEMPLOYMENT	Cost of labour inputs	Real labour costs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	Trade balance	% of GDP	% of GDP	Current a/c	
	%	%	000s	%	%	%	%	%	%	%	%	%	%	%	%
1986/87	.28	.43	.21	.18	-.27	-.11	2.99	.15	2.73	1.00	.93	1.00	1.00	-.22	-.29
1987/88	.24	.34	-.05	.40	-.59	-.25	3.79	.07	2.48	.73	.55	1.00	1.00	-.32	-.42
1988/89	.49	.50	-.13	.69	-.103	-.43	3.80	-.20	2.13	.45	-.01	1.00	1.00	-.46	-.57
1989/90	.63	.68	.15	1.07	-.162	-.67	5.33	-.23	2.23	.94	.40	1.00	1.00	-.52	-.71

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	%	%	%
1986/87	.10	.88	.04	.43	.00	-.39	.38	.00	.87	.50	1.44
1987/88	.02	.71	-.21	.34	.00	-.52	.52	-.08	.54	.78	2.31
1988/89	-.07	.49	-.57	.50	.00	-.72	.72	-.06	.35	1.02	3.62
1989/90	-.04	.95	-.54	.68	.00	-.98	.99	-.02	.78	1.41	4.61

£ million at current prices

	1	2	3	4	5	6
	PSBR adjustment	Fiscal adjustment	Current account	Non North Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3869	-4133	-1109	134	2550	-3783
1987/88	4103	-4336	-1717	-10	2581	-4114
1988/89	4376	-4472	-2475	237	1956	-4312
1989/90	4633	-5001	-3245	-631	2481	-4572

Table 7f INCOME TAX, FIXED MARGWT; 2/3 REVERSAL AFTER 8 YEARS

EEPMM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Real GDP	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Cost of	Real labour costs	Real take-home pay	Real exch. rate	Competitiveness	PSBR	% of GDP	Trade balance	Current a/c
%	%	%	rate	000s	000s	% Rate	%	%	%	%	%	%	%	%	%
1986/87	.29	.46	.19	46	.21	-.31	7.67	.07	2.67	.37	.25	1.00	-.21	-.24	
1987/88	.18	.58	.36	108	.49	-.71	9.23	-.19	2.23	.02	-.24	1.00	-.17	-.23	
1988/89	.38	1.18	.40	184	.83	-.123	9.84	-.45	1.90	.09	-.26	1.00	-.24	-.33	
1989/90	.37	1.77	.88	264	1.19	-.180	11.48	-.53	1.72	.18	-.09	1.00	-.28	-.46	

	1	2	3	4	5	6	7	8	9	10	11
GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains	% points
%	%	%	%	%	%	%	%	%	%	%	% points
1986/87	.13	.21	.04	.46	.00	.50	.12	.60	2.79	-4.02	
1987/88	.36	-.37	-.01	.58	.00	.73	.32	.77	3.24	-3.25	
1988/89	.74	-.70	.14	1.18	.00	.87	.42	.84	3.65	-1.94	
1989/90	1.34	-1.19	.70	1.77	.00	-1.02	.61	1.62	3.82	.35	

£ million at current prices

	1	2	3	4	5	6
PSBR	Fiscal adjustment	Current account	Non Sea ICC's	North NAFA	Personal sector NAFA	Public sector deficit
1986/87	3873	-4041	-890	165	2287	-3783
1987/88	4131	-4253	-936	-251	3114	-4187
1988/89	4457	-4468	-1434	-106	2815	-4450
1989/90	4753	-4859	-2142	-1280	3674	-4809

Table 7g INCOME TAX, FIXED MARGINT, SHOCK FULLY REVERSED AFTER 5 YEARS

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real take-home pay	Real exch. rate	Competitive ness	PSBR	% of GDP	Trade balance	Current a/c
	%	%	%	000s	%	Rate	%	%	%	%	%	%	%	%	%
1986/87	.30	.47	.22	46	.21	-.13	.06	6.76	2.67	.29	.17	1.00	1.00	-.22	-.25
1987/88	.22	.62	.38	108	.49	-.30	-.22	7.86	2.24	-.13	-.38	1.00	1.00	-.19	-.26
1988/89	.43	1.23	.43	184	.83	-.51	-.50	7.96	1.93	-.11	-.45	1.00	1.00	-.26	-.36
1989/90	.43	1.84	.91	261	1.18	-.74	-.61	8.96	1.76	-.08	-.34	1.00	1.00	-.30	-.50

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	%	%	%
1986/87	.13	.12	.04	.47	.00	-.49	.49	.12	.66	2.34	-2.94
1987/88	.36	-.51	.01	.62	.00	-.69	.69	.32	.82	2.63	-1.81
1988/89	.75	-.89	.18	1.23	.00	-.82	.83	.42	.93	2.81	-.05
1989/90	1.35	-1.43	.77	1.84	.00	-.95	.97	.60	1.73	2.71	2.71

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non North Sea ICC's	Personal sector NAFA	Public sector deficit
1986/87	3874	-4066	-946	152	2314	-3782
1987/88	4136	-4306	-1047	-223	3083	-4183
1988/89	4464	-4583	-1575	-143	2887	-4442
1989/90	4761	-5019	-2289	-1279	3777	-4793

Table 7h INCOME TAX, FIXED MARGINT; HIGHER WEIGHT ON DEMAND IN EARNINGS EQUATION

EEPMM PRIMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	Real labour costs	change in	Cost of inputs	Real labour costs	Real take-home pay	Real exch. rate	Competitiveness	PSBR	% of Trade balance	Current a/c
	%	%	%	000s	%	000s	Rate	%	%	%	%	%	%	%	%
1986/87	.31	.51	.26	46	.21	-31	-.13	7.00	.09	2.68	.15	.06	1.00	-.22	-.25
1987/88	.19	.78	.58	105	.48	-70	-.29	8.13	-.13	2.30	-.21	-.35	1.00	-.17	-.25
1988/89	.34	1.59	.74	169	.76	-113	-.47	8.29	-.36	1.98	-.22	-.37	1.00	-.21	-.33
1989/90	.27	2.42	1.29	225	1.01	-153	-.63	9.53	-.49	1.69	-.38	-.41	1.00	-.21	-.43

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	% points	% points	% points
1986/87	.16	-.05	.10	.51	.00	-.50	.50	.16	.69	2.45	-3.13
1987/88	.55	-.77	.32	.78	.00	-.70	.71	.47	1.01	2.77	-1.99
1988/89	1.20	-1.43	.82	1.59	.00	-.81	.82	.67	1.25	2.97	-.22
1989/90	2.10	-2.43	1.73	2.42	.00	-.89	.91	.93	2.17	2.90	2.59

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non North Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3879	-4070	-954	98	2316	-3776
1987/88	4155	-4319	-1013	-454	3292	-4196
1988/89	4506	-4580	-1450	-499	3302	-4494
1989/90	4824	-4930	-1970	-1659	4392	-4893

Table 7: INCOME TAX, FIXED MONEY; ANNOUNCEMENT EFFECTS

EEPM SUMMARY DIFFERENCE TABLE

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP	Money GDP	Change in RPI infln rate	EMPLOYMENT	UNEMPLOYMENT	change in	Real labour costs	Cost of capital inputs	Real home pay	Real exch. rate	Competitiveness	PSBR	% of Trade balance	GDP	Current a/c
	%	%	000s	000s	%	Rate	%	%	%	%	%	%	%	points	points
1986/87	.28	.46	.17	45	.21	-.13	7.15	7.15	2.70	.79	.66	1.00	1.00	-.20	-.23
1987/88	.11	.36	.07	96	.43	-.27	8.36	8.36	2.38	.93	.72	1.00	1.00	-.20	-.27
1988/89	.33	.66	.00	163	.73	-.46	8.38	8.38	1.97	.78	.38	1.00	1.00	-.35	-.44
1989/90	.40	.94	.31	246	1.11	-.69	10.07	10.07	1.97	1.49	1.03	1.00	1.00	-.44	-.62
1990/91	.35	1.19	.24	278	1.26	-.79	10.84	10.84	1.87	1.46	1.10	1.00	1.00	-.49	-.66

	1	2	3	4	5	6	7	8	9	10	11
	GDP deflator (mkt prices)	Nominal exchange rate	Average earnings	Money GDP	MAGGWT	EM3	MO	Change in CPI infln rate	Short interest rates	Long interest rates	Expected capital gains
	%	%	%	%	%	%	%	%	points	points	points
1986/87	.13	.62	.04	.46	.00	-.48	.48	.08	.63	2.56	-3.58
1987/88	.19	.71	-.13	.36	.00	-.69	.69	.08	.59	2.82	-2.63
1988/89	.25	.46	-.36	.66	.00	-.83	.84	.10	.39	3.01	-.92
1989/90	.44	.97	-.19	.94	.00	-1.05	1.06	.13	.92	3.36	.69
1990/91	.72	.67	.08	1.19	.00	-1.25	1.25	.27	.65	3.71	.39

£ million at current prices

	1	2	3	4	5	6
	PSBR	Fiscal adjustment	Current account	Non Sea ICC's NAFA	Personal sector NAFA	Public sector deficit
1986/87	3872	-4048	-863	208	2357	-3787
1987/88	4106	-4207	-1099	-229	3066	-4164
1988/89	4395	-4223	-1912	216	2104	-4367
1989/90	4661	-4610	-2826	-811	2625	-4679
1990/91	4973	-4620	-3204	-929	2601	-5013