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RFD 519

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Division of International Finance

REVIEW OF FOREIGN DEVELOPMENTS

December 29, 1964

Recent Economic Developments in France:
September-December 1964

20 pages

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Recent Economic Developments in France: September-December 1964

Summary

Industrial output in September-October failed to rise above levels attained in the early spring, and wage pressures slackened further in the third quarter. ^{1/} The Paris money market eased appreciably in the final quarter, in response to reductions in the banks' reserve requirements and a heavy inflow of foreign exchange in November.

For the first time in several years, industrial production has remained stationary over a protracted period of months, and in September-October seasonally adjusted output was no higher than in April. French government economists believe that total private consumption was unchanged or dipped slightly between the winter and mid-summer of 1964, and that consumption of nonfood manufactures declined, largely because of a jump in the propensity to save. Automobile sales in particular fell sharply. A second factor that has contributed to the stagnation of production was the relatively sluggish performance of exports after the first quarter.

The banks' liquid assets reserve requirement was reduced in October and again in December to prevent an expected tightening of the money market. These actions, and additions to official external reserves of \$39 million in October and \$97 million in November, caused the money market to become much easier, and money rates declined. The monetary authorities probably had two objectives in reducing reserve requirements: (1) to accommodate banks' liquidity needs to enable them to increase their credits up to the 10 per cent annual rate presently allowed; and (2) to

^{1/} For a review of earlier developments, see "Recent Economic Developments in France: June-September 1964," October 14, 1964.

prevent high money market rates from inducing an inflow of short-term capital. On the bond market, new issues floated in September-November have been very well received.

The French labor market eased further in the summer and early autumn, and in the third quarter the rate of rise of wage rates in private employment again declined. In the year since the stabilization program began in September 1963, wage rates in private employment rose 6.7 per cent, as compared to the 8.9 per cent increase in the previous 12 months. Because the government has been holding normal public sector wage rate increases to 4 per cent a year, a substantial differential between private and public sector wages has reappeared, and this gap motivated nationwide strikes in the public services in mid-December.

For the first time since the stabilization, increases in consumer prices, totaling 0.7 per cent in the two months September-October, were almost as much as in the same two months of 1963. These increases and a persistent rapid climb in restaurant prices caused the government to impose restaurant ceiling prices in November. Nevertheless, the stabilization program succeeded in reducing the rise in consumer prices from 5.7 per cent, in the year ending September 1963, to 2.5 per cent in the year ending September 1964, while the increase in wholesale prices was lowered from 4.6 per cent to 1.3 per cent.

Both imports and exports, seasonally adjusted, were substantially higher in September-October than in the preceding months, but exports were still only 2.4 per cent above the first quarter rate. This was a considerably smaller increase than has been customary in recent years.

Official reserves, adjusted for changes in France's IMF position, rose \$54 million in September and October combined. Accruals were particularly heavy in November--totaling \$97 million on an unadjusted basis--partly because of a reduction of the trade deficit in October, and in part because of selling pressures against sterling. Additions to reserves that reflected the persistent sterling difficulties continued into mid-December.

Industrial production remains stationary

For the first time in several years, industrial production in France has remained essentially static over a protracted period of months. Seasonally adjusted output (excluding construction) rose only negligibly in the second quarter, increased 0.4 per cent from June to September, and in October receded again to the level of April and June.^{2/} (See Table 1.)

In the textile industry, which has been notably weak, production in September was 3 per cent below the first quarter; output in the leather, rubber, and paper industries in September was either down from the first quarter or showed only fractional gains. But because of their exceedingly large weight in total output, the engineering industries have been the major cause of the general stagnation.^{3/} In this sector, in which seasonally adjusted output in September was down 1.7 per cent from the first quarter,

^{2/} The sharp dip in July-August is a statistical aberration caused by the fact that the seasonal adjustment coefficients have not been corrected to reflect the fourth week of paid vacation that has been increasingly accorded to production workers since 1963. The vacation period of production workers is almost exclusively concentrated in July-August.

^{3/} The engineering industries have a weight of 41.1 per cent in the seasonally adjusted general index (which excludes construction) and 32.7 per cent in the unadjusted general index that includes construction.

Table 1. France: Seasonally-Adjusted Industrial Production, 1963-64
(1959 = 100)

		<u>General index</u>	<u>Engineering industries</u>
<u>Quarters</u>			
1963	- I	120.3	124.0
	II	129.3	129.7
	III	129.3	130.0
	IV	133.5	136.0
1964	- I	137.1	138.3
	II	137.7	135.7
	III	132.5	130.0
<u>Months - 1964</u>			
	April	138.0	137.0
	May	137.0	133.0
	June	138.0	137.0
	July)	129.5	127.0
	August)		
	September	138.5	136.0
	October	138.0	n.a.

Source: INSEE.

Table 2. France: Production, Exports and Imports of Passenger Cars, 1963-64

		<u>Production</u>		<u>Exports</u>		<u>Imports</u>	
		<u>1963</u>	<u>1964</u>	<u>1963</u>	<u>1964</u>	<u>1963</u>	<u>1964</u>
<u>Thousands of units</u>							
Quarter	I	378	393	129	130	32	43
	II	395	382	156	133	37	45
	III	283	232	117	80	32	37
	IV	397	n.a.	125	n.a.	49	n.a.
	October	146	105	50	n.a.	17	n.a.
<u>Percentage change in 1964</u>							
<u>from 12 months earlier</u>							
Quarter	I		+4.0		+0.9		+34.0
	II		-3.3		-15.0		+21.6
	III		-17.9		-31.2		+14.2
	IV		n.a.		n.a.		n.a.
	October		-28.4		n.a.		n.a.

Source: INSEE.

the data for separate industries are not sufficiently complete or up-to-date to afford a clear picture of recent developments, but one of the weaker sectors has been the automobile industry. Production of passenger cars (unadjusted), which in the first quarter was up 4 per cent from 1963, thereafter dropped off sharply and by the third quarter was running 18 per cent below a year earlier; the shortfall widened further in October. (See Table 2.) Exports fell proportionately more than did total production, at least partly because of the heavy decline in the demand from Italy. Domestic sales have felt increasing competition from imports, which have held above the previous year's levels.

The major cause of the halt in the advance of production appears to be a change in the spending and saving propensities of the French consumer. A comprehensive INSEE survey of the French economy released during the autumn concludes that private consumption, which began to be less buoyant in the closing months of 1963, did not increase at all or may have declined slightly between the winter and mid-summer of 1964. The survey reports that, in this period, increases in consumption of food and services were offset by declines in purchases on nonfood manufactures. This view is supported by the fact that seasonally adjusted sales of Paris department stores in the third quarter were 2.9 per cent less than in the first quarter.

The cessation of the rise in over-all consumer spending was not caused, in the INSEE's view, by any slowing of the rise in the real incomes of consumers. Consumer incomes in real terms during the first eight months of 1964 probably increased as fast as in 1963, and a comparison of the movements of wage rates and consumer prices in 1963 and 1964 confirms this belief. The main cause of the leveling off of consumer spending appears

to be an increase in the propensity to save. Partial statistical evidence of the increased savings propensity in 1964 is found in the data on short-term liquid savings (savings and time deposits, and holdings by the public of Treasury bills and certain other instruments) and on new security issues. Additions to short-term liquid savings in the first ten months of 1964 were 50 per cent greater than in the same months of 1963. (See Table 3.) The additions to these savings together with new issues of securities ran above the 1963 rate by 16 per cent. These increases greatly exceeded the rise in wages; over the first nine months of 1964, wage rates in private employment were up approximately 7-1/2 per cent from the like period of 1963. The INSEE feels that the drop in the spending propensity results mainly from a change in psychology, but was reinforced by the tightening of the terms for installment buying of certain consumer durables, including automobiles, in September 1963. It adds that the increasing proportion of personal income being taken by the progressive income tax has also acted to dampen consumer spending.

A second factor contributing to the stagnation of production has been a marked slowing of the rate of rise of exports. In September-October, seasonally adjusted exports were 2.4 per cent above the first quarter level. This gain was much less than the 9-11 per cent increases, over six-month intervals, that occurred between 1) the third quarter of 1963 and the first quarter of 1964, and 2) the first and third quarters of 1963.

As the pace of consumer and export demands has slackened, there has apparently been no compensating pickup in the pace of fixed investment. The latest estimates of the National Accounts Commission place total fixed investment in real terms in 1964 at 6.6 per cent above 1963, a rise not much in excess of the 5.9 per cent increase in 1963 over 1962.

Table 3 . France: Savings Statistics, 1963-64
(In billions of francs)

	<u>Addition, January-October</u>		<u>Outstanding on 10/31/64</u>
	<u>1963</u>	<u>1964</u>	
I. <u>Short-term Liquid Savings</u>			
A. Deposits in savings banks	3.80	6.46	49.84
B. Time deposits in commercial banks	0.50	2.44	17.01
C. Treasury bills held by general public	1.64	0.52	29.42
D. Certificates of Caisse Nationale de Crédit Agricole	<u>1.18</u>	<u>1.56</u>	<u>6.59</u>
Total	7.12	10.98	102.86
II. <u>New Money Raised by Public Security Issues</u>	<u>January-October</u>		
A. Treasury bonds	<u>3.00</u>	<u>1.50</u>	
B. Other bonds	5.75	6.06	
C. Shares and partnership participations	<u>3.25</u>	<u>3.58</u>	
Total	12.00	11.14	
III. <u>Sum of I and II</u>	19.12	22.12	

Source: Conseil National du Crédit.

The restrictive actions taken under the stabilization program to reduce the budget deficit and to moderate the expansion of bank credit have greatly slowed the growth of the money supply in France, and these have served to eliminate or cut severely the excess over-all demand that formerly existed. But it does not seem likely that the halt to the rise in output has been the result of any insufficiency of bank credit or money. Monetary policy is allowing bank credit to rise by 10 per cent a year, and between the first quarter and the end of August (latest data available) the seasonally adjusted money supply grew at an annual rate of 7.6 per cent. These monetary and credit expansion rates would appear ample for further advances in output.

Labor market eases further; wage increases slow down

The slowing of production has been accompanied by some further easing of the labor market and another deceleration of the rise in wage rates. Unemployment rose by 12,000 over the three months from June to September and increased another 8,000 in October. Job vacancies showed only a small further decline over the summer, but in October dropped by 7,600. (See Table 4.)

Hourly wage rates in private employment rose 1.9 per cent in the second quarter; the increase was one-fourth smaller than a year earlier. This slowing down continued in the third quarter, when the 1.2 per cent increase was one-third less than in July-September 1963. (See Table 5.) In the year since the start of the stabilization program, in September 1963, wage rates have risen a total of 6.7 per cent, as compared to 8.9 per cent in the preceding 12-month period.

Table 4. France: Unemployment and Job Vacancies, 1963-64
(In thousands; seasonally adjusted)

	<u>Unemployment</u>	<u>Job vacancies</u>
1963 -June	96	51.4
September	97	52.7
December	92	51.9
1964 -March	88	51.2
June	92	45.4
September	104	44.6
October	112	37.0

Source: OECD.

Table 5. France: Hourly Wage Rates in Private Employment, 1962-64
(index: end-December 1955 = 100)

		<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
<u>Index, end of quarter:</u>	1962	161.8	165.9	169.5	173.7
	1963	176.9	181.3	184.6	187.4
	1964	191.0	194.6	196.9	n.a.
<u>Percentage increase in</u>					
<u>quarter:</u>	1962	1.95	2.53	2.17	2.48
	1963	1.84	2.49	1.82	1.52
	1964	1.92	1.88	1.20	--

Source: INSEE.

Gap in wage increases causes public sector unrest

Disparate wage increases in the private and public sectors have again led to agitation by French civil servants and employees of the nationalized enterprises. On December 11-12, France's public services were interrupted by nationwide strikes, organized mainly to protest the government's policy of limiting normal wage increases in the public sector to 4 per cent a year.^{4/} After protracted strikes in the public sector in the spring of 1963, government workers received "catch up" pay increases to close the wide gap between private and public sector wage rates that had developed between the late 1950's and the end of 1962. But the 4 per cent per year year ceiling imposed on their subsequent normal wage increases has again placed them at a disadvantage compared with workers in the private sector, where wages on the average have gone up at an annual rate of 7-1/2 per cent over the 21 months from December 1962 to September 1964.

Consumer price increases lead to new price controls

French consumer prices rose 0.5 per cent in September and 0.3 per cent in October, marking the first occasions since the stabilization program was launched in September 1963, that the monthly increase closely approached (September) or exceeded (October) the increase in the same month a year earlier. From September 1963 to September 1964, the total increase in consumer prices was 2.5 per cent, compared with 5.7 per cent over the same preceding comparable 12-month period. (See Table 6.)

^{4/} An additional grievance was the fear that workers' ability to assert their strength under collective bargaining would be impaired by an "incomes policy." For two years the government has had an "incomes policy" under study, but so far no concrete recommendations have been made by the various study groups.

Table 6. France: Consumer Price Indexes, 1962-64
(1962 = 100)

<u>Indexes</u>	<u>General index</u>	<u>Food</u>		<u>Non-food</u>	
		<u>Total</u>	<u>Restaurants</u>	<u>Manufactures</u>	<u>Services</u>
1962 - September	100.5	100.4	101.4	100.3	102.0
1963 - August	105.5	105.2	109.4	103.9	111.5
September	106.2	106.4	110.2	104.2	111.9
October	106.4	106.1	111.3	104.4	112.8
1964 - August	108.4	108.9	118.6	105.5	116.0
September	108.9	109.4	119.8	105.8	116.2
October	109.2	109.9	120.5	106.0	116.6
<u>Percentage changes</u>					
1. <u>Over 12 months</u>					
a. Sept. '62 to Sept. '63	5.67	5.98	8.68	3.89	9.71
b. Sept. '63 to Sept. '64	2.54	2.82	8.71	1.54	3.84
2. <u>In September</u>					
a. 1963	0.66	1.14	0.73	0.29	0.36
b. 1964	0.46	0.46	1.01	0.28	0.17
3. <u>In October</u>					
a. 1963	0.19	-0.28	1.00	0.19	0.80
b. 1964	0.28	0.46	0.58	0.19	0.34

In the year ending in September, the 1.5 per cent rise in prices of nonfood manufactured consumer goods was between one-third and one-half as large as in the year before. The increase in the prices of services, although still 2-3 times greater than the rise in prices of manufactures, was less than half as large as in the year-ago period. Although food prices also rose less than half as much as before, the cost of restaurant meals continued to soar as fast as formerly, and the rise of 8.7 per cent far outstripped the increases in prices of either foods or other services. For this reason, and because of the increases in over-all consumer prices in September-October, the Finance Minister in November imposed controls on the retail prices of several meat products, announced that the increase in blocked rents scheduled for January 1 would not take place, and placed ceiling prices on restaurant meals at the levels charged in October. Given the wide scope for "product differentiation" by restaurateurs, the effectiveness of the price freeze on restaurant meals is considered doubtful.

In recent months, wholesale prices have generally continued to show much smaller increases than in the previous year. In October, wholesale prices were 0.9 per cent higher than a year earlier--owing to the deceleration of demand and the freeze on factory prices--despite the fact that prices of imported goods had moved up nearly 6 per cent.

Reserve requirement is cut and money market eases

The Paris money market turned easier in the fourth quarter, and rates declined, notwithstanding discount rate increases in the U.K., U.S., Canada, and Sweden in November. The main factors responsible for the easing in Paris were 1) heavy inflows of foreign exchange in November, and 2) two reductions in the banks' liquid assets reserve requirement, effected to forestall an expected tightening of the market.

The Bank of France kept the rate for day-to-day money against private paper from exceeding 5-1/2 per cent over the September month-end by special arrangements which it began to employ earlier this year to combat exceptional month-end tightness. Under agreements between the individual banks and the Bank of France, some of the banks' rediscounts of short-term inland commercial bills have not been counted against the banks' rediscount ceilings, and the Bank of France has been extending this special accommodation at the going market rate for private money market paper. This new policy instrument was adopted to obviate the need for rediscounts which, by bringing a bank's total rediscounts to more than 110 per cent of its ceiling, would bear the 7-1/2 per cent "super hell" penalty rate and push up market rates accordingly.

In August, the banks' liquid assets reserve requirement was restored to the customary 36 per cent, following the temporary reduction ordered in June. In mid-October, the Bank of France--fearing an unwanted and at least partly seasonal tightness in the money market during the rest of the year--announced that the requirement would be cut to 34 per cent for the months October-December. This reduction has permitted the banks to rediscount additional quantities of export and medium-term paper which, although not subject to the rediscount ceilings, the banks would otherwise have had to retain to meet reserve requirement of 36 per cent. The money market eased after this action and eased still further when foreign exchange inflows became heavy in November. (See Table 7.) Day-to-day money against private paper was quoted no higher than 4-3/8 per cent over the November month-end. Nevertheless, the Bank of France still believed that the year-end currency drain might tighten the market excessively in late December, and in early December

Table 7. France: Rates for Day-to-day Money against Private Paper, 1964^{1/}
(at opening of the market; in per cent per annum)

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>
January	5.25	3.00	4.13
February	6.00	3.50	4.33
March	6.25	4.00	4.98
April	6.50	4.13	5.03
May	6.50	5.25	6.18
June	6.50	3.88	4.86
July	5.38	4.13	4.77
August	5.38	4.00	4.72
September	5.50	4.13	4.75
October	5.50	3.88	4.36
November	4.63	3.25	4.15

Daily range

December	1 : 4.13-4.38
	3 : 4.25
	10 : 4.13
	17 : 3.88-4.00

^{1/} The term "private paper" is used officially to mean all money market paper except Treasury bills. It includes bankers' acceptances, promissory notes of the French National Railways, paper guaranteed unconditionally by the Caisse Nationale des Marchés de l'Etat, export paper with maturities of two years or less, and other paper relative to the export trade which is guaranteed by a bank.

Source: Conseil National du Crédit and Bank of France.

announced that the reserve requirement for the December accounting would be lowered to 33 per cent. In mid-December, day-to-day money was around 4 per cent.

Two reasons can be advanced for the authorities' action to counter market tension. In the first place, the authorities evidently aimed to prevent market tightness from depressing the rate of bank credit expansion below the permitted limit, especially in view of the recent halt in the advance of domestic production. In addition, high rates have in the recent past induced French banks to borrow foreign exchange abroad and convert these funds into francs.^{5/} Sudden inflows, and possible subsequent outflows, of short-term funds in the future could disrupt the orderly expansion of credit, and might complicate the authorities' task of conserving bank cooperation in limiting credit expansion to no more than 10 per cent at an annual rate.

New bond issues well received

Financial circles have been heartened over the good reception accorded to new bond issues during the autumn. In September-October, a group of steel companies marketed the largest private-sector bond issue (600 million francs) in the history of the Paris new-issue market, and in those two months total new bond issues (excluding Treasury issues) exceeded the amount raised in the same months of 1963 by 37 per cent. By contrast, in the first eight months of 1964 new bond issues (excluding Treasury bonds) ran slightly behind January-August last year. (See

^{5/} Contrary to a widespread belief, the banks are able to perform this operation in spite of the requirement that they maintain at least a balanced position in foreign exchange. Because the required balance is on both spot and forward combined, the banks can maintain it, despite conversion of spot exchange into francs, by buying forward exchange.

Table 8.) In November, a loan by the French National Railways raised one-third more than was expected; although this loan brought in 20 per cent more, with an unchanged yield, than did the Railways' loan of last December, it was subscribed in a week instead of the two weeks required for the previous loan. In the market for outstanding bonds, yields on public sector issues continued to fluctuate in the same narrow range that has prevailed since February 1964, and were 5.69 per cent in mid-December. Corporate yields averaged 6.22 per cent from mid-September to mid-December; this was about 10 basis points less than during March-July, and slightly more than in August and early September when yields were seasonally low.

Imports pick up; export performance has been sluggish

French imports, seasonally adjusted, in September-October were sharply higher than during the immediately preceding months, averaging 6.8 per cent above July and 5.8 per cent higher than in the second quarter.^{6/} Earlier, imports had tended to move down considerably since January because of the slowing down of internal demand. (See Table 9.)

On the export side, September-October exports were above recent levels but still only 2.4 per cent higher than in the first quarter. This is a sluggish performance by the standards of the past several years. In 1964, France's exports felt strongly the steep fall in purchases by Italy, France's second or third largest customer in 1963-64. (West Germany and Belgium-Luxembourg currently head the list.) But after the first quarter, exports to almost every country failed to rise as fast as in 1963. On a

^{6/} The very low levels of both imports and exports in August appear at least partly a result of an inadequate seasonal adjustment, perhaps related to the fourth week of paid vacation granted to most workers since 1963.

Table 8. France: New Public Security Issues, 1963-64
(gross new money raised,; in billions of francs)

	<u>Year</u>	<u>Jan. - Aug.</u>	<u>Sept. - Oct.</u>	<u>Jan. - Aug.</u>	<u>Sept. - Oct.</u>
<u>Bonds</u>	9.97	5.75	3.00	6.19	1.37
Treasury	3.00	1.00	2.00	1.50	--
Other public sector	5.11	3.95	0.27	4.23	0.61
Private sector	1.86	0.80	0.73	0.31	0.76
European Coal and Steel Community	--	--	--	0.15	--
<u>Stocks and partnership participations</u>	4.17	2.63	0.62	2.91	0.67
Total	14.14	8.38	3.62	9.10	2.04
Total excluding Treasury	11.14	7.38	1.62	7.60	2.04

Source: Conseil National du Cr dit.

Table 9. France: Seasonally-Adjusted Foreign Trade, 1963-64
(In millions of dollars; monthly average or month)

	<u>Imports c.i.f.</u>	<u>Exports</u>	<u>Balance</u>
<u>Quarters</u>			
1963 - I	664	620	-44
II	711	688	-23
III	730	688	-43
IV	807	698	-109
1964 - I	845	749	-97
II	822	750	-71
III	824	732	-93
<u>Months-1964</u>			
January	859	739	-119
February	851	758	-93
July	814	743	-71
August	786	691	-95
September	873	762	-110
October	866	772	-94

Source: OECD.

commodity basis, the fall in automobile exports has been particularly severe, but all groups registered smaller increases or larger declines during the second and third quarters of 1964 than during 1963.

Official reserve gains are heavy in November

Accruals of official reserves, adjusted for changes in France's IMF position, came to \$21 million in September and \$43 million in October. In November, the unadjusted gain rose to \$97 million. (There appears to have been no change in the IMF position in November.) The better part of this acceleration in November is said to have been the result of a reduction, largely seasonal, in the unadjusted trade deficit in October, but to some extent it also reflected an intensification of speculative pressures against the pound sterling. According to the French financial press, devaluation fears in November motivated French exporters to speed up the conversion of sterling export proceeds into francs.

Additions to reserves arising out of market transactions continued large in the first 17 days of December. The actual reserve increase in this period was \$17 million, but it would have been \$54 million in the absence of transactions with the IMF relative to the British Fund drawing at the beginning of the month.

The United Kingdom drew \$100 million equivalent of francs from the Fund under the General Agreement to Borrow, and their conversion into other currencies caused French reserves to decline by that amount. French reserves were increased by the purchase from the Fund, in exchange for francs, of \$63 million of gold. These francs were made available to the U.K. by the IMF as part of Britain's total drawing of \$163 million of francs. However, through December 17, the U.K. had left this \$63 million equivalent of francs on deposit with the Bank of France.

Balance of payments changes compare favorably with last year

The change in the franc area over-all balance of payments surplus in the third quarter was more favorable than in the same quarter of 1963. Largely because of a sharp seasonal rise in foreign travel expenditures by French residents, the surplus fell from \$269 million in the second quarter to \$135 million (preliminary) in the third. (See Table 10.) But this decline of \$134 million was substantially less than the \$191 million decrease in the same period last year.

Three accounts were mainly responsible for the smaller decline in the over-all surplus in the third quarter this year. The inflow of \$148 million of private long-term capital was considerably more than in July-September last year. Most of this inflow represented foreign capital; but French residents, who repatriated foreign assets in large volume after the 1958 stabilization of the franc, have continued to do so on a modest scale. In addition, there were favorable changes, relative to last year, on long-term public capital movements and in the contribution of the overseas franc area to the total surplus of the franc area.

The \$94 million rise in official reserves after adjustment for a decline in France's IMF position was appreciably less than the over-all surplus. French commercial banks, which had increased their net foreign indebtedness in the second quarter in response to tightness in the Paris money market, reduced this indebtedness by \$74 million in the third quarter when the money market was easier.

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Table 10. France: Franc Area Balance of Payments, 1963-64
(In millions of dollars)

	1963			1964 ^{1/}		
	<u>I</u>	<u>II</u>	<u>III</u>	<u>I</u>	<u>II</u>	<u>III</u>
I. <u>Current Account</u>	<u>102</u>	<u>137</u>	<u>119</u>	<u>-93</u>	<u>39</u>	<u>19</u>
Merchandise f.o.b.	31	12	98	-125	-55	--
Private services	49	53	-19	-1	62	-16
Government services	10	24	14	14	6	10
Donations	13	48	26	19	26	25
II. <u>Private Long-term Capital:</u>						
Residents	7	44	11	--	18	12
Non-residents	107	115	98	110	124	136
III. <u>Private Short-term Capital</u> ^{2/}	-1	-15	-35	-27	-23	-30
IV. <u>Public Long-term Capital</u> ^{3/}	-32	-27	-57	-32	-11	4
V. <u>Overseas Franc Area</u> ^{4/}	50	23	9	66	50	53
VI. <u>Errors, Omissions, Items</u> <u>Pending Settlement</u>	-16	112	65	60	71	-58
VII. <u>Over-all Balance</u> <u>(I through VI)</u>	<u>217</u>	<u>400</u>	<u>209</u>	<u>103</u>	<u>269</u>	<u>135</u>
VIII. <u>Monetary Movements</u> <u>(- = increase in net</u> <u>foreign assets)</u>						
<u>Official reserves</u>	<u>-217</u>	<u>-400</u>	<u>-209</u>	<u>-103</u>	<u>-269</u>	<u>-135</u>
Official debt						
prepayments	--	-69	-221	--	--	--
IMF position	--	3	-10	-51	-45	32
Other official ^{5/}	27	-66	-8	-21	-32	33
Commercial banks	144	-9	31	-11	68	<u>6/74</u>

^{1/} Second quarter figures have been revised; third quarter data are preliminary.

^{2/} Excludes banks.

^{3/} Excludes debt prepayments.

^{4/} The balance on all transactions between the overseas franc area and third countries; transactions between the overseas franc area and Metropolitan Franc do not enter into the total franc area's balance of payments.

^{5/} Foreign exchange not included in official reserves; liabilities to foreigners in francs; and balances on bilateral payments agreements.

^{6/} Estimate.

Source: 1963 data from Ministry of Finance; 1964 figures from U.S. Embassy, Paris.