

## Calendar of Economic Events—1996

Compiled by Gill Clisham

### January

- 1 Italy takes over Presidency of EU.
- 1 EU Investment Services Directorate comes into force to create easier investment opportunities across borders for non-bank institutions.
- 2 Austrian finance minister resigns after accusations of incompetence over size of budget deficit. He is replaced by Viktor Klima.
- 4 The Chief Executive of the London Stock Exchange, Michael Lawrence, is dismissed.
- 4 The dollar at 22 month high against the yen at Y106.1.
- 5 Education and Employment Minister Gillian Shephard is to allow schools more selection of pupils.
- 6 A record £110mn is spent on the UK National Lottery as the jackpot exceeds £40mn.
- 8 Former French President François Mitterand dies aged 79. He held the office for a record 14 years, until May 1995.
- 8 New York Stock exchange stops trading for 3½ hours due to extreme snowstorms in north east USA.
- 8 Labour's all-women short lists ruled illegal by an industrial tribunal.
- 8 In Singapore, Tony Blair sets out his ideas for a 'stakeholder economy'.
- 9 German unemployment figures rise to 3.8mn, highest for December since 1945.
- 11 Italian government resigns.
- 11 Ryutaro Hashimoto elected as Japanese Prime Minister. Wataru Kubo becomes finance minister.
- 14 Portuguese Presidential election won by Socialist, Jorge Sampaio.
- 15 Treasury Select Committee warns Kenneth Clarke about over-optimistic Budget forecast.
- 18 UK interest rates are reduced by ¼ point to 6.25 per cent.
- 19 Kevin and Ian Maxwell are cleared of defrauding Maxwell pension funds.
- 23 Granada Group succeeds in its £3.9bn take-over of Forte following a long and bitter fight.
- 24 Senator Mitchell announces Ulster Peace Plan.
- 25 Results of first national tests of 11 year olds show over half to be below standard in literature and numeracy.
- 29 France ends nuclear testing in South Pacific following widespread protests.
- 31 US short-term interest rates are cut by ¼ per cent.
- 31 Huge bomb blast in Sri Lanka causes widespread damage to Colombo's business district and kills over 50 people.

### February

- 1 Labour wins decisive victory in Hemsworth by-election.
- 1 UK trade falls from £1.6bn in October to £567mn for November.
- 1 Former Chairman of Mediobanca, Antonio Maccanico, nominated as Italian Prime Minister.
- 6 As British Gas announces split into 2 companies, Transco and British Gas Energy, retiring Chief Executive Cedric Brown attracts media attention for his substantial departure package.
- 8 German unemployment figures at record high of 4.16mn.
- 9 Huge IRA bomb explodes in Docklands causing wide-

- spread damage and killing 2 people.
- 14 UK unemployment figures show proportion of workforce out of work at under 8 per cent for the first time in 5 years.
- 15 The oil tanker Sea Empress runs aground off the south west Wales coast, spilling oil over a 12 mile wide area.
- 15 Scott Inquiry clears MPs of 'duplicitous intention' in arms sales to Iraq but details government mistakes and the mis-leading of parliament.
- 16 Italian parliament is dissolved.
- 18 IRA bomb explodes on a bus in the Aldwych killing one.
- 19 Japanese trade surplus at a 6 year low.
- 22 Wide ranging reforms to French army include end of conscription and the closing of nuclear missile silos.
- 22 IMF approves loan to Russia of £6.6bn—2nd highest in history.
- 22 Greece blocks EU aid to Turkey.
- 26 Conservatives win vote on Scott inquiry by one.
- 28 Daiwa Bank to pay £714mn fine in New York following losses cover-up. Largest fine ever.
- 28 BP and Mobil merge European fuels operations.
- 28 Yarrow shipyard wins £400mn contract for naval frigates.
- 29 2.3 per cent funding cuts to UK universities announced.
- 29 UK shows trade surplus against rest of EU for the first time, at a level of 2½ per cent.

### March

- 2 Liberal-National coalition wins Australian election.
- 3 Spanish General Election won by a narrow margin by centre right Popular party.
- 8 UK interest rates cut by ¼ per cent to 6 per cent.
- 9 EU foreign ministers meet in Palermo.
- 11 Sketchley dry cleaners to shed 500 jobs as it closes 160 of its 720 stores.
- 12 John Major strongly criticises provisional ruling by European Court of Justice to impose 48 hour week.
- 13 Thomas Hamilton kills 16 children and their primary school teacher in Dunblane.
- 13 World leaders meet in Cairo at Peacemakers Summit.
- 13 UK unemployment rises for the first time in 30 months.
- 15 Yorkshire Water announces the retirement of its Chairman and Managing Director.
- 15 Dutch aircraft manufacturer Fokker goes into bankruptcy with the loss of 5,664 jobs.
- 20 Chief Inspector of Schools, Chris Woodhead, unveils 7-point grading plan to identify incompetent teachers.
- 21 Countries begin to ban British beef imports as links between mad cow disease and its human equivalent Creutzfeldt-Jakob disease are suspected. First to do so are France, Belgium, Sweden, the Netherlands and Portugal.
- 21 Over the next five to six years BMW plan to invest £500mn a year into the Rover Group to allow it to produce new models.
- 29 EU offers financial aid to UK for beef crisis in return for cattle slaughter. This issue dominates the opening of the Inter-Governmental Conference in Turin.

### April

- 1 G7 labour and economy ministers meet in Lille and agree

- policy to aim to improve core labour standards.
- 1 CSO and Office of Population Census and Surveys merge to form Office for National Statistics.
  - 8 Ian Lang heads the biggest ever trade delegation to Japan.
  - 9 Nationwide and Yorkshire Building Societies cut mortgage rates to 6.74 per cent—lowest level for 30 years.
  - 11 Tony Blair speaks to the British–American Chamber of Commerce and declares the Labour Party to be ‘of the radical centre’ in its economic policies.
  - 17 Figures for UK unemployment lowest for five years.
  - 18 German short-term interest rates cut by ½ per cent, Lombard to 2.5 per cent and discount to 4.5 per cent. Austria, Denmark, Belgium and the Netherlands follow.
  - 19 G7 leaders meet in Moscow for summit on nuclear safety.
  - 21 New Sunday broadsheet ‘Sunday Business’ is launched.
  - 21 Olive Tree alliance wins Italian election. Their leader, economics professor, Romani Prodi, becomes Prime Minister.
  - 22 Eurotunnel announces losses of £925mn for 1995. One of the largest losses in UK industrial history.
  - 24 John Major gives pro-Europe speech to the Institute of Directors, claiming right-wing Eurosceptics live in ‘cloud-cuckoo land’.
  - 24 Eurosceptic Conservative backbenchers meet with Chief Whip to declare their unease at the government’s policy on Europe.
  - 24 Ian Lang rejects MMCs advice as he stops National Power and PowerGen bidding for Southern Electric and Midlands Electricity.
  - 25 German coalition agrees spending cuts of £11bn in aim to boost its struggling economy.
  - 26 £108bn Budget deal agreed in the US.
  - 29 Paris club of sovereign creditors agrees rescheduling of £264bn of former Soviet Union debt.
  - 30 Nat West bank announces its intention to close 350 branches by year 2000.
  - 30 US threatens China with trade sanctions over its failure to protect intellectual property.

### May

- 1 Railtrack valued at £1.75bn–£1.95bn as it prepares for sell off.
- 2 UK local government elections.
- 3 Sun Alliance and Royal Assurance are to merge in £6bn deal.
- 5 Gordon Brown faces criticism from within shadow cabinet over plans to abolish child benefit for 16–18 year olds.
- 6 Jose Maria Aznar, leader of the Popular party, is appointed as Spanish Prime Minister.
- 7 Nolan Committee recommendation to disclose private earnings of MPs faces difficulty as several leading Conservatives refuse to disclose payments received.
- 9 Dame Shirley Porter, former leader of Westminster Council, and colleagues found guilty of ‘wilful misconduct’ in homes for votes inquiry.
- 10 Indian Prime Minister, Mr PV Narasimha Rao, resigns after his reforming Congress Party comes only 3<sup>rd</sup> in the General Election.
- 10 UK government offers fishermen £13mn to scrap their fishing vessels to try to meet EU fleet targets.
- 12 Kenneth Clarke warns that tax cuts may not be possible in November Budget because of higher level of public borrowing than the Treasury had forecast.
- 13 Director General of Ofgas, Clare Spottiswoode, proposes price controls on British Gas, prompting strong reaction from the company.
- 15 Unemployment figures of under 2.2mn lowest for five years.

- 20 EU vets refuse to agree lifting of ban on selected beef products. John Major follows this by withdrawing cooperation with other EU countries.
- 20 UN to allow Iraq to export £1.3bn of oil over next six months. First since Gulf War sanctions were imposed six years ago.
- 21 Russia bids to join the OECD.
- 22 Russia allowed to join 18-nation Paris Club.
- 23 Consumer spending at highest for two years, however orders by manufacturers at their lowest since 1993.
- 24 Japanese banks announce record losses for 1995/6 with bad debts amounting to £31bn.
- 26 Dow Jones stock index celebrates its 100<sup>th</sup> birthday.
- 27 Boris Yeltsin and Chechen leader, Zelimkhan Yandarbiyev sign peace deal after 17 months of conflict.
- 29 Israeli elections see right-wing candidate Benjamin Netanyahu elected as Prime Minister.
- 30 Ian Byatt, Director General of OFWAT, sets out targets for reducing water leakages over next year and particularly criticises Yorkshire Water, Severn Trent and Thames Water.
- 30 Elections for Northern Ireland forum show substantial gains for Sinn Fein as it wins 15 per cent of the vote—the largest percentage since the troubles began.
- 31 Consumer credit levels for April at £1.01bn—highest for 6½ years.
- 31 Japanese unemployment figures for April at record levels of 3.4mn.

### June

- 2 Heathrow airport celebrates its 50<sup>th</sup> anniversary.
- 3 Figures for monthly UK manufacturing activity show largest fall for 3½ years.
- 4 National Lottery operator Camelot announces profits of £77.5mn prompting much criticism.
- 4 £320mn maiden flight of European space rocket Ariane 5 ends as it explodes after only 40 seconds. The project has cost \$4bn over an 11 year period.
- 5 Michael Heseltine urges 35 of Britain’s top companies to donate a total of £150mn to the millennium exhibition fund.
- 5 Figures for working days lost due to strikes at 2<sup>nd</sup> lowest since 1891 at 415,000.
- 6 ¼ per cent interest rate cut to 5¾ per cent.
- 7 Government publishes skills audit which reveals UK basic education levels considerably lower than its international competitors.
- 7 US employment figures rise by 348,000—twice the expected figure—prompting fears of an interest-rate rise.
- 10 All-party peace talks begin in Ulster.
- 10 Sale of British Energy launched.
- 11 British Airways and American Airlines announce business alliance.
- 11 US Senator George Mitchell named as Chairman of Northern Ireland peace talks.
- 11 Stock exchange appoints Mr Gavin Casey, chief administrative officer of Merrill Lynch, as Chief Executive.
- 12 Mansion House speech sees Kenneth Clarke playing down prospects for tax cuts and predicting that unemployment could fall below 2mn by the time of the election.
- 12 Sumitomo reveals losses accumulated by rogue copper trader Jasuo Hamamaka amounting to £1.2bn.
- 13 Competitiveness White Paper published.
- 13 UK inflation figure of 2.2 per cent for May lowest for 20 months.
- 15 1000lb bomb causes widespread damage to the centre of Manchester.

- 16 Russian presidential elections—first round Yeltsin polls 34.7 per cent which results in 2<sup>nd</sup> round of voting.
- 18 EU Commissioners warn that beef export ban will not be lifted unless UK ends its non-cooperation policy.
- 18 Japanese growth rate fastest for 23 years at an annualised rate of 12.7 per cent.
- 19 Figures for May high street sales show a fall for the first time since January.
- 19 Minutes for 8<sup>th</sup> May meeting between Chancellor and Bank of England Governor show disagreement over interest-rate cut as the Governor argues strongly against as it could endanger inflation target.
- 19 UK agree to cull more cattle prompting EU vets to approve BSE eradication programme. In turn non-cooperation policy will end.
- 19 Home grown electronics company ISL to build plant in Tyneside creating 1,000 jobs.
- 20 First national postal strike in UK for almost a decade.
- 20 EU electricity market to be opened to cross-border competition.
- 20 Alan Greenspan appointed chairman of the Board of the Federal Reserve for a third term.
- 21 EU leaders meet in Florence.
- 21 EU and UK reach agreement to lead to gradual lifting of beef export ban.
- 21 UK holds a ‘Go home on time day’ to encourage people to work for shorter hours but more productively.
- 21 CBI shows orders for manufactured goods to be below normal for 10<sup>th</sup> successive month as OECD predicts UK economy to become fastest growing in Europe over the next two years.
- 24 Labour Party announces benefit policy, with intention to pay entitlement in advance to give the unemployed the funds to look for work.
- 25 Bomb at US base in Saudi Arabia kills 19 and injures 400.
- 26 Courtts Bank to reorganise, resulting in 170 job losses in the coming year.
- 27 Figures from the Office for National Statistics show the UK trade deficit to be £1.3bn for April—double the figure for March.
- 27 Eurotunnel shareholders meet in Paris and agree that restructuring of its debt is needed by the end of July to ensure continuation in business.
- 28 Postal strike in the UK.
- 28 British army base at Osnabruck in Germany is hit by IRA mortar fire.
- 28 Office of Fair Trading reports a near record number of mergers in 1995 at 473.
- 28 G8 summit opens in Lyons.
- 28 Figures for 1995 balance of payments deficit half that expected by the Office for National Statistics at £2.9bn.
- 30 In Greece, Costas Simitis elected leader of Panhellenic Socialist Movement following Andreas Papandreou’s death. He has been acting as Prime Minister since January 18<sup>th</sup>.
- July**
- 1 Clarks shoes to close three factories with the loss of 1,400 jobs.
- 1 Conservative cabinet approves new campaign against Labour under the heading ‘New Labour, New Dangers’. May 1997 likely date of the General Election.
- 1 Stock Exchange to shed 350 jobs as new automated trading system Crest is introduced.
- 1 Ireland becomes President of the EU.
- 2 Credit Suisse to restructure with the loss of 5,000 jobs.
- 3 Additional regional aid of £21mn to be given to Manchester following IRA bomb.
- 3 Board of Banking Supervision and Securities and Investments Board to have representatives on each others boards to improve cooperation.
- 4 Boris Yeltsin wins Russian presidential election.
- 4 Labour sets out ‘Road to the Manifesto’ which includes, class sizes of under 30 for all 5–7 year olds, treating 100,000 more NHS patients, tough rules for spending and borrowing coupled with low inflation and interest rates.
- 10 MPs vote in favour of immediate pay rise of 26 per cent.
- 10 Inward investment continues to reach record levels in the UK with an increase of 10 per cent over the previous year.
- 11 South Korean conglomerate LG to build two factories in south Wales creating, over a period of time, in excess of 6,000 jobs in the area.
- 11 Violence breaks out in Northern Ireland as RUC allows Protestants to stage a march through catholic Portadown.
- 11 Nelson Mandela addresses Parliament, visits the Bank of England and speaks to thousands of people in Trafalgar Square and Brixton as part of his state visit to Britain.
- 12 CBI’s distributive trades survey reports strong retail sales figures since 1990.
- 13 First bomb attack in Ulster for two years, at hotel in Enniskillen, injures 17 people.
- 16 Saudi businessman, Mr Wafic Said, donates £20mn to Oxford University to enable them to establish a business school.
- 16 Bank of England Governor states his fears about the high level of public sector borrowing as he gives evidence to House of Commons Treasury Committee.
- 17 TWA airliner crashes off Long Island, USA, killing all 230 passengers.
- 17 Minutes for June 5 Chancellor/Governor meeting show split over interest-rate cut, but Kenneth Clarke is encouraged by falling unemployment figures.
- 18 Douglas Hogg persuades Cabinet to pay full compensation to farmers forced to cull cattle. Bill expected to be £180mn.
- 21 David Heathcoat-Amory resigns from his post as a Treasury minister to allow him to fight against Britain joining single currency.
- 25 ICI to cut 5,000 jobs over the next two years.
- 25 Defence Secretary, Michael Portillo, places orders of £3.5bn mainly to UK firms—ensuring the security of over 10,000 jobs.
- 25 6,000 jobs to be lost at Philips Eindhoven base.
- 25 Shadow Cabinet reshuffle sees Clare Short demoted to overseas development from transport.
- 26 Although IMF yearly assessment of Treasury generally upbeat, it shows concern about the UK’s level of public borrowing and warns against tax cuts.
- 27 Bomb explodes in Atlanta during the Olympic games.
- 28 Riots in Jakarta are the worst political violence for 20 years and result in 200 arrests.
- 29 Newcastle United football club sign Alan Shearer from Blackburn Rovers for a record £15mn—almost doubling any previous transfer deal.
- 30 USAir launches legal action against British Airways in objection to its planned merger with American Airlines.
- August**
- 1 Second quarter figures in the US show growth at 4.2 per cent—fastest for two years.
- 1 RMT union announces intention to strike on 23<sup>rd</sup> and 27<sup>th</sup> in protest at productivity and rest break issues.
- 2 German farmers demonstrate in objection to easing of worldwide ban on British beef.
- 2 Ofel and BT reach agreement on price controls with rises

- for small businesses and private customers being limited to inflation minus 4½ per cent.
- 6 Italy set to go ahead with the £10bn privatisation of its telecoms group Stet.
- 7 Bank of England Inflation Report warns that interest rates will have to be raised if inflation target to be met.
- 7 Anti-car campaigners add to congestion in central London as London Underground drivers stage 5th one-day stoppage.
- 8 Rail crash north west of London kills one person and injures 60.
- 8 72 people die as mud slide sweeps through campsite in the Spanish Pyrenees.
- 8 United Friendly and Refuge Group are to merge to form the fourth largest UK home insurer, valued at £1.4bn.
- 9 Inauguration of Boris Yeltsin as Russian President dampened by worries about his health and the escalation of fighting in Chechnya.
- 9 Report published by London Investment Banking Association urges City to speed up preparation for Emu irrespective of whether it plans to join a single currency.
- 12 Figures for producer prices fall to their lowest level for 30 years, at an annual rate of 2.2 per cent.
- 13 Electricity watchdog Professor Stephen Littlechild to cut National Grid Group revenues by £1.2bn leading to annual cuts in domestic electricity bills of £5.
- 14 UK unemployment figures at their lowest for five years at 2,126,200.
- 14 Tensions rise on Cyprus as border incidents result in the 2<sup>nd</sup> death in four days.
- 14 A-level standards are criticised as the pass-rate increases by 1.8 per cent from 1995 figures.
- 15 Russian bond markets opened to foreigners.
- 15 Reported complaints against rail services at a record number of 14.5 per cent—5 times the level of 1982.
- 15 Boris Yeltsin appoints new cabinet with Vladimir Potanin made deputy Prime Minister in charge of the economy. However, problems continue in Chechnya.
- 19 Merger of BA and American airlines at risk as UK refuses to sign 'open skies' agreement with US.
- 20 Figures for borrowing reach near record levels as hopes for a recovery in the housing market are lifted.
- 20 First Australian Budget since Liberals' win sees promises of £506mn surplus by 1998/9 and leads to outcry about welfare and spending cuts.
- 21 German repo rate is cut from 3.3 per cent to 3 per cent. France follows by cutting its interest rate by 0.2 per cent to 3.35 per cent.
- 22 One day postal strike.
- 23 Rail strike in UK. However, London underground strike is called off after agreement reached at ACAS.
- 27 2<sup>nd</sup> in a series of one day rail strikes in the UK.
- 29 US growth at an annual rate of 4.8 per cent for 2<sup>nd</sup> quarter. These higher than expected figures prompt fears of an interest-rate rise.
- September**
- 3 US fires missiles at targets in southern Iraq in largest bombardment since the end of the Gulf War.
- 3 Plans for testing all 5 year olds are announced by Gillian Shepherd.
- 4 15 leading UK companies, led by BP and Unilever, warn John Major of danger of ruling out EMU in a letter to FT.
- 4 The Lutine bell is rung at Lloyds of London as the government accepts the company's £3.2bn recovery plan.
- 4 2<sup>nd</sup> quarter figures for French GDP show greater fall than anticipated at 0.4 per cent.
- 5 CBI reports sales have increased in 2/3 of retail businesses compared to August 1995.
- 9 Industrial inflation figures at a 29 year low with factory gate prices rising by only 2 per cent in August.
- 11 TUC Conference votes for the introduction of a £4.26 an hour minimum wage during the first year of a Labour government.
- 11 Figures for UK unemployment lowest for 5½ years at 2,110,400.
- 13 Slower growth in US reduces fears of the economy overheating and results in Wall Street, London and Frankfurt equity markets reaching record highs.
- 15 Bank of England Governor, Eddie George, states that EMU could potentially offer the City great opportunities, during an interview with the Financial Times.
- 16 Tony Blair speaks to City of London Corporation emphasising the importance of improved productivity and corporate profitability in the raising of UK living standards.
- 16 Dow Jones index at a record level as US growth slows down.
- 18 Monthly figures for retail sales volume rise by 1 per cent reducing possibility that interest rates could be cut again.
- 19 The 2<sup>nd</sup> trial of Kevin Maxwell is called off marking an end to four years of criminal proceedings.
- 20 Labour Party confirms its plans to scrap child benefit for 16–18 year olds and replace it with means tested education allowance.
- 21 European finance ministers meet in Dublin and agree stability pact for members of single currency and blueprint for a new European ERM.
- 22 Greek general election results in victory for Panhellenic Socialist Movement.
- 23 Early morning police raids reveal 10 tonnes of explosives in north London home. In another raid as part of the same operation an IRA suspect is shot dead.
- 24 UK current account shows biggest surplus for nine years as income from investment and services is at record levels.
- 24 Bulgarian interest rates rise to a record 300 per cent as the country's financial system begins to collapse.
- October**
- 1 Tony Blair gives his conference speech laying out his 10 performance targets for first term in government. He wants to implement an 'age of achievement'.
- 1 Middle East Peace Summit begins in Washington.
- 2 Labour Party conference votes against earnings related pensions—further indicating its determination to have tight control on public spending.
- 2 Eurotunnel agrees refinancing deal with £2bn of its debt being converted to equities for 225 banks involved.
- 3 P&O and Stena announce their intention to merge cross Channel sailings to aid competition against Eurotunnel.
- 4 First drop in US employment figures since January boosts world financial markets as fears of US economy overheating are allayed.
- 5 EU heads of government meet in Dublin and decide to keep to June 1997 deadline for Maastricht negotiations.
- 7 Tory party conference begins in Bournemouth.
- 7 President of the Bundesbank, Hans Tietmayer, warns against short-term budget strategies employed by some countries to meet EMU targets.
- 7 Two car bombs explode outside Ulster HQ of the British army.
- 7 British Energy to cut 1,470 jobs as it fears falls in electricity prices.
- 8 James Mirrlees (a National Institute governor) and William Vickrey are awarded Nobel prize for economics.

- 9 Peter Lilley announces plans to find jobs for lone parents through privately operated 'Parent Plus' scheme.
- 10 Kenneth Clarke impresses Conservative Party Conference with his speech on Europe, stating his intention 'to keep open all options' on single currency.
- 10 September retail prices show biggest monthly rise in clothing and footwear prices since records began.
- 14 Dow Jones Index closes at record high at over 6,000 points.
- 16 UK unemployment at 5½ year low at 2,073,100.
- 19 Eurosceptic Referendum Party headed by Sir James Goldsmith holds high profile conference in Brighton.
- 20 Japanese election sees substantial gains for Liberal Democratic Party but not enough to form majority government.
- 23 Queen's speech includes the introduction of greater selection into schools' admission policies.
- 23 Italy's discount rate is cut from 8.25 to 7.5 per cent.
- 25 UK growth of 0.8 per cent between 2<sup>nd</sup> and 3<sup>rd</sup> quarters of the year the highest since 1994.
- 25 Trade and Industry Secretary Ian Lang blocks merger of both Severn Trent and Wessex Water with South West Water.
- 28 Swiss banks give auditors the go-ahead to check for dormant bank deposits belonging to Nazi war victims.
- 28 US budget deficit at its lowest for 15 years at \$107.3bn.
- 30 UK interest rates rise by ¼ per cent to 6 per cent.

**November**

- 1 Improved figures for growth in UK manufacturing activity and housing market are announced stimulating the pound to reach its highest level against D-mark for two years.
- 3 BT and US company MCI to merge to form Concert—the 4<sup>th</sup> largest telecoms company in the world.
- 5 Bill Clinton elected US President for a 2<sup>nd</sup> term—first Democrat to do so for 60 years. Republicans retain control in Congress.
- 7 High street sales rise at their fastest rate since 1988.
- 7 Figures for German unemployment reach over 4mn.
- 8 British Gas and Ofgas reach deal which will result in £7 off average domestic bills.
- 11 Gordon Brown speaks to CBI conference stating that UK under Labour would sign up to EU social chapter but will oppose attempts to put extra burdens on industry.
- 12 Mid-air plane collision in India kills over 350 people.
- 12 European Court of Justice rules that UK must comply with 48-hour working week directive despite the fact that it has not signed social chapter.
- 12 French insurance companies Axa and UAP to merge to form 2<sup>nd</sup> largest group in the world.
- 13 US company Dominion Resources to pay £1.3bn for East Midlands Electricity. This follows US based CalEnergy's bid for Northern Electric.
- 14 Underlying inflation for October rises to 3.3 per cent.
- 17 Gordon Brown states Labour's intention to join EMU in 1999 despite doubts raised in past weeks by Robin Cook and the restrictions imposed by holding a referendum on the issue.
- 18 Fire in the Channel Tunnel forces Eurostar and Le Shuttle to suspend operations. Eurostar resumes service on 4<sup>th</sup> December.
- 19 Publication of education league tables shows slight im-

provement from previous year but not enough to meet performance targets for year 2000. GNVQ passes were down but GCSE and A-level up.

- 19 Italy introduces a one year Euro tax to attempt to qualify for first wave of EMU membership.
- 21 Sterling reaches four year high as consumer spending rises by 3.6 per cent.
- 25 Italian lira rejoins the ERM at L990 to the D-mark.
- 25 News of Budget tax measures are leaked to the press.
- 25 French road blockade by lorry drivers intensifies forcing fuel rationing.
- 26 1996 Budget. Measures include: 1p off the basic rate of tax to 23p; personal allowances up by £280 and married couples by £40; duty rises on tobacco but not on beer and wine; 3p a litre on fuel; £5 increase in car excise duty; inheritance tax threshold up £15,000 to £215,000; tax relief on profit related pay to be phased out from 1998; lone parent premium and one parent benefit to be abolished from April 1998. Kenneth Clarke's forecasts include: growth of 2.5 per cent this year and 3.5 per cent next; inflation to hit target of 2.5 per cent and retain that level; public sector borrowing at £26.5bn this year and £19bn next; public finances to balance by 1999–2000. Spending measures announced are: extra £830mn for education; NHS spending to rise by 2.9 per cent; £100mn to help the long-term unemployed back to work; an additional £280mn for further and higher education and £450mn for law and order.
- 28 Planned merger of channel operators Stena and P&O referred to the Monopolies and Mergers Commission.
- 29 French lorry blockade lifted after two weeks of intense disruption to transportation across Western Europe.

**December**

- 2 Abbey National raises its mortgage rate to 7.29 per cent.
- 3 Bomb blast on Paris commuter train kills five people.
- 4 NatWest to shed 10,000 jobs over the next four to five years.
- 4 Bank of England plans to use gilt repos to set short-term interest rates—first change in its method for 100 years.
- 8 John Major emphasises determination to stick to wait and see policy on Europe in defiance of Euro sceptic backbenchers.
- 10 US current account deficit at record low at \$48bn. First fall in three years.
- 11 David Willetts, paymaster general, resigns following MP's criticism of his behaviour in the cash for questions inquiry.
- 12 EU leaders meet in Dublin.
- 12 Labour victory in Barnsley East by-election ends Conservative Party majority.
- 13 Stability pact signed at Dublin summit.
- 13 Euro banknotes put on public view for first time.
- 18 UK jobless total below 2mn for the first time in nearly six years.
- 18 Siege of Japanese embassy in Peru begins, lasting into 1997.
- 27 Pound reaches post ERM high at DM 2.631.
- 29 John Major to make Europe central to General Election campaign.
- 30 Chairman of the London Metal Exchange, Mr Raj Bagri, made a life peer in New Year's honours.