

# CALENDAR OF MAIN ECONOMIC EVENTS—1990\*

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## JANUARY

- 2 Revisions to business rateable values announced, causing huge rises for some sectors.
- 3 UK shares at an all time high, prompted by US markets.
- 3 Norman Fowler resigns as Employment Secretary to be replaced by Michael Howard.
- 4 Bundesbank sells dollars to intervene in its dramatic rise.
- 5 Italy devalues lira within EMS, cutting its value against D-Mark by 3.68 per cent.
- 5 Secretary of State for Education John MacGregor plans 2-tier pay structure to tackle shortage of teachers.
- 8 US banks cut their lending rate by ½ per cent to 10 per cent.
- 10 Comecon reject rigid central planning in an attempt to move towards market-based economies.
- 11 The Government warns against high pay deals as these will undermine its economic strategy.
- 12 World stock markets suffer as a result of the fear that interest rates will have to remain high.
- 12 The Communist Party of Romania is outlawed by the ruling National Salvation Front.
- 13 East Germany states an intention to move towards capitalism.
- 15 Bulgaria to end Communist party's monopoly of power.
- 16 More jobs are lost in the securities and equities field as Citicorp announce 215 redundancies.
- 17 UK Parliament passes reconstruction of local taxes with introduction of Community Charge and uniform business rate.
- 18 Yorkshire Bank is sold to National Australian Bank for £976.5 million.
- 19 Inflation stabilises at 7.7 per cent.
- 22 CSO announce a downturn in manufacturing output.
- 29 US troop numbers in Europe to be reduced by 80,000.
- 30 Government White Paper published on public expenditure.

## FEBRUARY

- 7 President Gorbachev wins vote to clear the way for multi-party democracy.

- 11 Retail sales remain buoyant showing no slowdown.
- 12 Ariel Sharon resigns as Israeli Trade Minister in a protest against negotiations with the Palestinians.
- 13 Talks on monetary union between East and West Germany are planned.
- 14 Abbey National raise interest rates to 15.4 per cent.
- 15 The fall in UK unemployment starts to slow down.
- 16 US deficit falls to \$7.2 billion in December—making it the lowest for 5 years.
- 19 NHS and unions agree to meet over ambulance workers' dispute.
- 19 Liberal Democratic party win Japanese general election.
- 19 Representatives from Higher Education system refuse to cooperate with top-up loans for students.
- 20 Eurotunnel draw on £400 million finance to continue construction.
- 22 Midland Bank announces losses of £261 million due to incorrect forecast of UK interest rates.
- 23 Volvo and Renault agree to merge.
- 23 Lloyds bank shows pre-tax losses of £715 million for last year due to Third World debt.
- 23 Ambulance union leaders reach agreement.
- 25 President Bush and Chancellor Kohl agree that united Germany should remain part of NATO.
- 25 Sharp fall in Tokyo stock market following fear of a weaker yen and a rise in world interest rates.
- 25 Lithuania's independence party wins first multi-party election to be held in the Soviet Union.
- 25 CBI forecast that the economy will remain stagnant for the following 4 months.
- 26 Rover group cut working hours to 37 per week.

## MARCH

- 2 Wandsworth set community charge of £148—lowest in country.
- 2 Workers at British Aerospace end 17 week strike after agreeing to a reduction in the working week to 37 hours.
- 4 Peter Walker announces intention to resign from cabinet in May and decision not to contest the next general election.
- 4 Several parts of Soviet Union have free elections for republican parties and local councils.

\* The dates refer to the actual date when events occurred or when statistics were first published—not necessarily the day when they appeared in the press.

- 6 Export-Import Bank of Japan announce that they will give preferential loans to overseas companies who export to Japan.
- 9 Talks begin on reunification of Germany.
- 10 Investigation ordered into management of NUM funds during 84/5 strike.
- 13 CSO's preliminary estimate of current account deficit for 1989 is £20.9 billion, considerably higher than the previous year.
- 16 Japan extends 5-day, 40 hour week legislation to cover shift workers.
- 16 CSO announce figures for GDP for fourth quarter of 1989. They show a rise of ½ per cent on the previous quarter—making them 2 per cent higher than the fourth quarter of 1988.
- 18 Free elections in East Germany won by Alliance for Germany party.
- 20 Budget.  
Includes measures for a net rise in taxes to increase revenue by £430 million in 90/1 and £955 million in 91/2 by raising excise duties by more than inflation and increasing company car tax. Separate taxation for spouses. Abolition of stamp duty on share transactions and tax on trading income from futures and options within pension schemes and unit trusts. Rise in tax relief on company contributions to TECs. A new form of saving, TESSA (Tax Exempt Special Savings Account) is introduced.
- 23 Japan and US agree that the Japanese public sector supercomputer market should be open to foreign suppliers.
- 24 General election in Australia with Labour Party reelected.
- 26 Japanese parliament passes a supplementary budget for financial year 89/90 of yen 5,900 billion.
- 27 DTI announces plan to lower mandatory disclosure of shares from 5 to 3 per cent from 1 June.
- 27 Comecon agree to abolish multi-lateral cooperation and coordination of economic planning.
- 27 Road building plans for London scrapped.
- 28 UK nuclear power industry is given £5.05 billion in aid from EC to help in transition to privatisation of non-nuclear electricity industry.
- 29 Italy allows domestic and foreign credit institutions to open or transfer branches to the country.
- 30 The Bundestag reduces supplementary budget for 1990 to DM 6.7 billion and net borrowing requirement to DM 32.9 billion.
- 30 Poll tax demonstration in London leads to violence and looting, leaving 300 injured and 308 arrested.

**APRIL**

- 3 20 local authorities to be community charge capped.
- 4 Three toll roads to be introduced in the United Kingdom.
- 9 Secretary of State for Education scraps the idea of annual testing in primary schools with the exception of English, maths and science.
- 9 Ford's proposed investment of £225 million at their Bridgend plant transferred to Cologne.
- 12 RPI growth continues to rise with an annual figure for March of 8.1 per cent.
- 12 5-party coalition sworn in in East Germany.
- 17 Soviet Union uses economic sanctions against Lithuania in an attempt to stem independence movement.
- 23 Rover to cut working week to 31 hours and create 1,200 new jobs at Longbridge to enable round the clock working.
- 23 UK current account deficit £2.2 billion for March—this is a rise from £1.4 billion for February.
- 27 Italy signs an agreement with the European Community to remove any exchange restrictions which remain.
- 27 Economic Community guaranteed farm prices to be frozen for the third year running.

**MAY**

- 2 Meeting takes place between the South African government and the African National Congress.
- 2 The Federal Republic of Germany and German Democratic Republic agree on currency conversion rates as a preliminary step to monetary union.
- 3 OPEC agree to reduce oil output from 23.5 million barrels per day to 22.1 due to the fall in price.
- 3 Local elections held in England, Scotland and Wales.
- 3 Rover workers reject deal on pay and conditions to which their union leaders had originally agreed on 23 April.
- 4 David Hunt replaces Peter Walker as Welsh Secretary.
- 4 British Aerospace and Aerospatiale to cooperate in developing a successor to Concorde.
- 4 Latvia declares independence.
- 6 Group of 7 meet in Washington—they conclude that German reunification will contribute to non-inflationary world growth and the low level of the yen may have undesirable effects on the global adjustment process.
- 8 EC signs trade agreement with Eastern European countries.
- 8 Estonia declares independence.

- 8 Japan to restrict the expansion of car imports to EC.
- 8 EC signs agreement with GDR and Bulgaria for economic cooperation.
- 8 IMF Interim Committee meeting in Washington. They agree, amongst other things, that Eastern European reform should be supported but not to the detriment of other economies.
- 9 Monopolies and Mergers Committee to investigate pricing of new cars sold in Britain.
- 11 Supplementary EC budget, raising expenditure and new borrowing and giving preferential loans to GDR, endorsed by European Parliament.
- 14 Group of Ten agree on a 3-month loan to Hungary of \$300 million.
- 16 East and West Germany sign a treaty for economic, monetary and social union to take place on 1 July.
- 18 Unemployment figures for April show the first rise for 44 months.
- 20 National Salvation Front wins Romanian election—first since 1937.
- 21 European Bank for Reconstruction and Development decides to base itself in London.
- 22 Belgium to link the franc's value to the D-Mark as a move towards EC monetary union. Interest rates fall as a result.
- 23 Soviet Union announce referendum on market reforms.
- 24 *Looking to the Future* published by the Labour Party.
- 27 Free elections held in Poland.
- 31 Bush and Gorbachev begin summit meeting in Washington.
- 12 The Government announce they will not subsidise the Channel Tunnel high speed rail link.
- 12 Russia declares itself a sovereign state.
- 13 EFTA signs agreement with Czechoslovakia, Hungary and Poland for greater economic cooperation.
- 14 Plans for Channel Tunnel high speed rail link scrapped.
- 14 Bulgarian socialist party—formerly the Communist Party— wins first general election for 40 years.
- 15 Annual RPI figure for May, up to 9.7 per cent.
- 18 Saving of £600 million in defence expenditure as order for Tornado jets is cancelled.
- 19 GATT to freeze surcharges on import tariffs.
- 21 Economic union agreed by East and West Germany.
- 21 Earthquake in Iran kills 35,000 people.
- 22 CSO figures show that GDP has risen by ½ per cent between the fourth quarter of 1989 and the first of 1990.
- 25 EC summit meeting in Dublin.
- 26 EC discusses the granting of both short and long-term aid to Soviet Union.
- 26 France is to issue the first bond futures contract based on écu.
- 27 US to provide aid to Latin America to boost economic reform and development.

## JUNE

- 1 West Germany bans British beef and live cattle amidst fears of BSE. Italy follows on 7th June.
- 1 USA and USSR agree to reduce long range nuclear weapons and ban production of chemical weapons.
- 3 The Social Democratic Party is disbanded.
- 7 Bans on British beef and live cattle lifted by EC.
- 7 Coloroll calls in the receivers.
- 7 Four year state of emergency ends in South Africa.
- 7 Italy to restrict strike action amongst its public servants—first measure of its kind in the country's history.
- 10 Czechoslovakian elections won by citizens' movement parties.
- 11 EC Bank Governors reorganise their committee at the BIS in preparation for stage one of planned Economic and Monetary Union on 1st July.
- 1 Stage one of the plans for monetary union begins in Europe. Capital movements to be fully liberalised in EC countries with the exception of Greece, Ireland, Portugal and Spain.
- 2 Greece given six months to cease restrictions on capital movements. This is after failure to meet an earlier EC deadline.
- 2 IMF fund quotas to be increased from SDR 90.1 to 135.2 billion subject to members honouring their obligations. If they do not do so then their voting rights are relinquished.
- 6 John Major proposes the idea of a non-inflationary 'hard écu' to the Welsh branch of the CBI.
- 7 G7 annual summit begins in Houston, Texas.
- 9 Nicholas Ridley is criticised for comments he makes about Germany in *The Spectator*.
- 9 Spain to limit foreign borrowing in an attempt to restrict the rise in the peseta.
- 14 Nicholas Ridley resigns as Trade and Industry Secretary to be replaced by Peter Lilley.
- 16 Ukraine declares sovereignty.
- 16 DTI start action against Midland Bank and several financial advisers as Barlow Clowes collapses.
- 17 President Saddam Hussein accuses Kuwait and United Arab Emirates of depressing oil

prices, leading to a reduction in Iraqi foreign exchange earnings.

- 19 Iraq's troops mass on Kuwaiti border, amidst allegations of Kuwait stealing oil from the Iraqi oilfield.
- 19 Local authorities to receive an extra £3 billion from Government to lessen effect of the poll tax and £1.25 billion over 3 years to cover the transitional relief scheme.
- 20 IRA bomb explodes at the Stock Exchange.
- 23 31 junior ministerial posts are rearranged by Mrs Thatcher.
- 25 Strength of British armed forces to be reduced by 18 per cent.
- 26 Creation of TESSAs and other measures implemented by budget proposals as 1990 Finance Act comes into effect.
- 27 EC budget ministers announce a budget for 1991 of 54.68 billion écu—this does not include expected aid to the GDR and Soviet Union of 500 million écu.
- 27 OPEC raise daily output of oil, introduced in May, 0.4 to 22.5 million barrels.
- 30 Fujitsu buy a £743 million stake in ICL — Britain's largest computer company.

#### AUGUST

- 1 GDR is admitted to EC agricultural union.
- 2 Iraqi troops invade Kuwait after talks fail on territorial claims to oil fields.
- 4 Embargo imposed on oil imports from Iraq and Kuwait by EC, USA, and Japan.
- 6 Mandatory sanctions imposed on Iraq by United Nations.
- 6 Community charge in Lambeth to be reduced by £26 following a vote in favour of £8 million budget cut.
- 6 State of emergency declared in Pakistan after President Benazir Bhutto is ousted amidst allegations of corruption and political ineptitude.
- 7 France restricts petrol price rises in an attempt to prevent oil companies making huge profits out of Gulf crisis.
- 7 US troops leave for Gulf in an attempt to prevent Iraq invading Saudi Arabia.
- 8 Annexation of Kuwait announced by Iraq.
- 8 North Sea oil workers hold a 24-hour strike following disagreement on safety procedures and union recognition.
- 15 Lowndes Queensway goes into receivership.
- 19 GCSE boards are ordered to phase out courses based on 100 per cent continuous assessment.
- 21 Further plans for EC monetary union proposed by Jacques Delors. He questions the extent of UK cooperation in the process.

- 24 Selected states of emergency imposed in South Africa after the death of 300 people in violence occurring over the past three weeks.
- 25 United Nations give vessels in the Gulf permission to ensure that economic sanctions are being carried out against Iraq.
- 27 The Guinness trial jury find all four defendants, Ernest Saunders, Gerald Ronson, Anthony Parnes and Sir Jack Lyons, guilty of false accounting and breach of Companies Act.
- 29 State of emergency declared in Armenia.
- 29 OPEC members with the exception of Iraq, Libya and Iran, to lift restrictions of oil output to try to lessen the effect of the Gulf crisis.
- 31 East and West Germany sign a treaty setting the date for reunification as 3 October.

#### SEPTEMBER

- 8 US announce that they are to reduce military presence in Europe and Asia—this is due to the reduced threat from the Soviet Union and in an attempt to reduce costs.
- 8 EC Finance Ministers meet in Rome but fail to agree on speed at which EMU should occur. UK, together with Germany and the Netherlands, is in favour of cautious transition whereas France, Italy and Belgium want it to occur more speedily.
- 8 Venezuela becomes a full member of GATT (General Agreement on Tariffs and Trade).
- 12 The promotion of the privatisation of the 12 regional electricity companies in England and Wales begins.
- 12 Balance of payments figures are announced for second quarter of 1990, with a deficit of £4.9 billion, this is an increase of 0.3 billion on the first quarter.
- 13 German government to pay Soviet Union DM16 billion to help with the repatriation of troops from East Germany.
- 14 Japan to grant a further \$3 billion dollars for troops in the Gulf and economic aid to countries close to Iraq; Turkey, Jordan and Egypt.
- 16 Margaret Thatcher visits Czechoslovakia and during talks encourages Eastern European countries to consider becoming part of EC.
- 19 Chancellor announces additional debt relief to the poorest countries of the world at a meeting of Commonwealth Finance Ministers in Trinidad.
- 21 From now on the EC has the power to vet all large scale mergers between companies in member countries.
- 21 Quarterly figures for GDP are up again by ½ per cent.
- 22 Finance Ministers and central Bank Governors of the G7 meet in Washington. Amongst other things, they agree that if stable monetary and

fiscal policies are pursued then world oil prices will not necessarily cause higher inflation and lower real growth worldwide.

- 24 Inability to find a compromise between varying market reform programmes in USSR results in decision of direction to be taken being delayed until mid-October.
- 24 Oil price reaches \$40 a barrel—highest since 1980.
- 24 East Germany signs an agreement to leave Warsaw Pact.
- 24 President Gorbachev is given a free hand by Supreme Soviet to try to sort out political and economic problems.
- 25 IMF–World Bank meeting opens and reflects greater Eastern European participation in world economic affairs. The USSR sends a delegation for the first time and Bulgaria and Czechoslovakia, as well as Namibia, become members.
- 27 Diplomatic relations between UK and Iran are resumed.

#### OCTOBER

- 3 German reunification occurs with the former GDR now becoming part of the EC.
- 5 Chancellor of the Exchequer announces that sterling will join the ERM from 8th October and that concurrently the minimum lending rate will be reduced by 1 per cent to 14 per cent.
- 5 Federal budget, which aimed to reduce deficit by \$40,000 million is defeated in US House of Representatives—some Republicans against increasing taxes and Democrats opposed to cuts in services.
- 6 UK's rate of entry to ERM is decided at £1=DM2.95. This can be varied within a band of 6 per cent—the same as the peseta but considerably larger than the 2¼ per cent leeway for other ERM currencies.
- 8 Sterling starts to trade in the ERM. It rises initially to around 3.04 D-Mark.
- 12 CSO announce that the annual increase in the RPI has risen to 10.9 per cent.
- 14 Iran and Iraq resume diplomatic relations.
- 14 Unemployment figures for September show an increase of 13,300.
- 15 Mikhail Gorbachev wins Nobel Peace Prize.
- 16 Nobel prize for economics awarded to US economists, Harry M. Markowitz, William F. Sharpe and Merton Miller for their work on stock–price theory.
- 18 Chancellor of the Exchequer concentrates on sterling's entry to the ERM in the annual Mansion House speech.
- 19 Programme for USSR to move to market economy is approved by the Supreme Soviet.
- 19 Norway to have closer links with the EC after deciding to link the krone to the écu.
- 22 EC and Romania sign an agreement to encourage greater economic cooperation and the removal of trade barriers.
- 23 A debate is held in the House of Commons on Britain's entry to the ERM.
- 27 US Congress agrees to aim to reduce Federal deficit by \$491.9 over the next five years.
- 28 EC leaders, with the exception of Margaret Thatcher, agree to begin the second phase of EMU at the start of 1994, subject to certain conditions.
- 30 CBI survey reveals that the expected change in output is at its lowest since April 1981 with a balance of –20 per cent of firms. Bad debts and business failures have also risen by 82 per cent from the previous year in the second quarter of 1990.

#### NOVEMBER

- 1 Sir Geoffrey Howe resigns from Cabinet.
- 2 Japan to resume loan programme to China—suspended since Tiananmen Square massacre.
- 2 William Waldegrave becomes Health Secretary in Cabinet reshuffle caused by Sir Geoffrey Howe's resignation.
- 6 A Budget is finally agreed in the US after implementation of several emergency economic measures to cover the last month.
- 6 Hungary joins Council of Europe—expecting to be followed in the not too distant future by Poland, Czechoslovakia and Yugoslavia.
- 6 Labour's policy on EMU is agreed at the NEC.
- 8 Autumn Statement by the Chancellor of the Exchequer. Public spending for 1991/2 is increased by £8 billion on figures given in the Budget. Extra £7½ billion for health, social security and central government support for local government. This is facilitated by a projected decline in defence spending. John Major states that inflation will fall to 5½ per cent by 1991Q4.
- 9 President Bush announces increased military build-up in Gulf—it is thought that the number will reach 400,000 by January.
- 12 Emperor Akihito becomes Emperor of Japan.
- 13 Sir Geoffrey Howe criticises Margaret Thatcher's attitude to Europe in a speech to House of Commons.
- 14 Michael Heseltine stands against Margaret Thatcher in Conservative Party leadership election.
- 15 Further rise in unemployment, according to figures for October released by the Department of

Employment. It is 32,200 higher than the previous month.

- 16** Sterling drops within the ERM to 2.89 D-Mark.
- 19** Warsaw Pact and NATO countries sign an agreement renouncing the use of force and putting restrictions on the number of non-nuclear weapons each organisation may have.
- 20** First round of votes for Conservative Party leadership proves inconclusive.
- 22** Margaret Thatcher resigns. Douglas Hurd and John Major are nominated to stand for Tory party leader against Michael Heseltine.
- 23** EC signs quasi treaty with Canada allowing for greater economic cooperation.
- 27** Michael Heseltine and Douglas Hurd stand down from leadership election and John Major declared winner although two votes short of an overall majority.
- 27** Italy signs an agreement to remove border controls within EC.
- 28** UK to restore diplomatic relations with Syria.
- 28** John Major becomes Prime Minister—youngest since 1894.
- 29** Norman Lamont is made Chancellor of the Exchequer, in a cabinet which is criticised for being all-male. The new cabinet includes:
- |                              |                    |
|------------------------------|--------------------|
| Foreign Secretary            | Douglas Hurd       |
| Home Secretary               | Kenneth Baker      |
| Environment Secretary        | Michael Heseltine  |
| Defence Secretary            | Tom King           |
| Education Secretary          | Kenneth Clarke     |
| Employment Secretary         | Michael Howard     |
| Trade and Industry Secretary | Peter Lilley       |
| Health Secretary             | William Waldegrave |
- 29** UN votes authorisation of use of force in Gulf if Iraq does not leave Kuwait by 15 January.

## DECEMBER

- 2** Christian Democratic party wins first election in a unified Germany since 1932.
- 3** Hopes of an interest-rate cut before Christmas dashed as figures for consumer borrowing in October show a strong surge.
- 3** US defence secretary, Dick Cheney, claims that economic sanctions will not force Iraq out of Kuwait.
- 4** John Major claims that he wants to promote a compassionate society with less emphasis on cuts in income tax and public spending.

- 4** 56 hospitals are named as the first wave to opt out of NHS. This is to become the norm for health care in the future, according to William Waldegrave, Health Secretary.
- 5** Local government financial review incorporating poll tax is announced by Michael Heseltine.
- 6** All foreign hostages to be released from Iraq.
- 6** Survey published by the CBI and Financial Times shows that retail sales growth has come to a virtual halt and as a result jobs will have to be lost in the distributive sector.
- 7** GATT talks collapse over disagreement about EC farm reform.
- 7** Unemployment in the US is the highest since the 1981/2 recession.
- 9** Lech Walesa elected President of Poland.
- 10** Mandatory appraisal of teachers to be introduced.
- 12** In his first parliamentary debate as Chancellor, Norman Lamont, rejects any claim that sterling should be devalued within the ERM.
- 12** US helps Soviet Union by relaxing trade restrictions, allowing it to buy agricultural products to reduce food shortages.
- 13** Unemployment rises, yet again, this time by 57,000 to 1.76 million as recession hits the UK.
- 14** RPI figures down to 9.7 per cent for November.
- 15** EC talks begin in Rome. Discussions of increased economic, monetary and political union. John Major gives the impression that he is more flexible in his approach to these negotiations than his predecessor in the office of Prime Minister.
- 17** CBI predict that UK manufacturing output will fall more in the next four months than it has for 10 years.
- 17** Jacques Delors expresses anxiety about several EC countries' commitment to EMU.
- 18** Discount rate cut from 7 to 6.5 per cent in an attempt to help the struggling US economy.
- 19** CSO publish survey results suggesting that manufacturing investment will fall by 7 per cent next year as country slides into deeper recession.
- 19** GDP falls by 1 per cent between the second and third quarters of the year. This is in contrast to a steady rise during the last three quarters.
- 20** President Gorbachev denies that dictatorship will take over in the Soviet Union.
- 21** OECD predict that a world recession will be averted because of continued strong growth in Germany and Japan.