INTERNATIONAL ECONOMIC SITUATION AND OUTLOOK[1]

INTRODUCTION

The international economy has been experiencing a difficult period of adjustment following the 1979/80 oil shock. The industrial countries have been faced with high unemployment, slow growth and inflationary pressures. These problems together with sharp movements in exchange rates and structural imbalances, resulted in a world-wide recessionary period during most of 1981. However it appears that the recession may now have reached its trough and that a modest recovery can be expected in 1982.

The rate of growth of real gross domestic product in the OECD group of countries fell to 1.2 percent in 1980 and to an estimated 1¼ percent in 1981 compared with an average of 3.5 percent between 1969 and 1979. A similar growth rate of 1¼ percent is forecast for 1982. The individual countries within the OECD group do not all conform to this overall pattern, and there has been a degree of offsetting movement. Some countries are still moving further into recession while others have already begun their recovery. In the first half of 1981 activity was buoyant in North America and Japan while output in Europe was stagnant. In the second half of the year the US went into recession, but there was some recovery in Japan and Europe. By 1982 it is likely that there will be less disparity and the majority of countries should experience real GNP growth of between 0.5 percent and 2.5 percent, although Australia and Japan are expected to have much higher rates of growth.

Unemployment in the OECD countries has increased appreciably since 1979, averaging 6.2 percent in 1980 and rising to an estimated 7¼ percent in 1981. Current projections indicate that as a result of the recession the rate will rise to 8 percent in 1982, the highest level since World War II.

The non-oil developing countries have also been adversely affected by the international recession especially with regard to trade since demand for the primary commodities they produce has fallen. Real GDP of the group grew by an average of 4.2 percent in 1981 and is tentatively projected to increase by 5 percent in 1982. However, with such a diverse group of countries, averages can be somewhat misleading.

Total real GDP in the oil exporting countries declined by an estimated 3.1 percent in 1981 following a 3.2 percent decline in 1980, compared with increases of 1.6 and 2.2 percent in 1978 and 1979 respectively. This decline occurred entirely as a result of a drop in oil production since non-oil real GDP is estimated to have increased by roughly 5 percent in 1981. The outlook for 1982 is somewhat uncertain since the conflict between Iran and Iraq remains unresolved and policy decisions will have a major impact on the eventual outcome. Assuming that the recent decline in oil export earnings of a few countries prove temporary and that the Iran-Iraq war does not escalate, it is likely the more expansionary policies now being pursued by most countries in the group will result in real GDP growth of around 6½ percent in 1982.

The end of the oil shock combined with tight monetary and fiscal policies in most OECD countries has helped to bring down inflation from the very high levels prevailing recently. Private consumption deflators increased by an average of 9½ percent in 1981 compared with 11 percent in 1980. In 1982 the rate is expected to fall to 8¾ percent. However those countries which continued with expansionary policies still suffer from rates of inflation which are well above the OECD average. The developing countries have also been experiencing very high rates of inflation, an average of 29.9 percent in 1981, and 32.4 percent the previous year. By 1982 the rate of increase is expected to fall to 26.5 percent. Inflation in the OPEC countries fell only marginally to 12.5 percent in 1981 compared with 12.6 percent in 1980 and a further very slight decline to 12 percent is anticipated for 1982.

The 1979/1980 trend in the external balances of the main country groups which resulted in a large OECD current account deficit and a correspondingly large OPEC current account surplus was partially reversed in 1981. The OECD deficit was reduced from US$73 billion in 1980 to an estimated US$35 billion in 1981, while the OPEC surplus over the period was reduced from US$110 billion to US$60 billion. For 1982 it is expected that the OECD deficit will remain at about its current level but that the OPEC surplus will decline further. The aggregate deficit for the non-oil developing countries is expected to increase only gradually from about US$68

GROWTH OF REAL GDP
(% Change)

	Average	*From Previous Year*			
	1969–79	*1979*	*1980*	*1981 (est)*	*1982 (forecast)*
United States[1]	3.0	2.3	−0.2	1.8	−0.5
Japan[1]	5.4	5.9	4.2	3.8	3.8
Federal Republic of Germany[1]	3.2	4.5	1.8	−1.0	1.3
France	4.1	3.3	1.2	0.5	2.5
United Kingdom	2.2	1.5	−1.8	−2.0	0.3
Italy	3.3	5.0	4.0	—	1.0
Canada[1]	4.3	2.8	—	3.0	1.0
Australia	3.5	4.4	2.5	3.0	3.3
New Zealand	2.5	−0.4	0.8	2.5	1.3
Austria	4.1	5.1	3.1	—	1.8
Belgium	3.6	2.4	2.5	−1.3	1.0
Denmark	2.5	3.5	−0.2	−0.5	3.3
Finland	3.8	7.2	5.0	1.8	1.3
Greece	5.3	3.8	1.7	−0.3	1.5
Iceland[1]	5.5	2.3	2.5	1.3	1.0
Ireland	3.9	1.9	1.9	2.0	2.5
Netherlands	3.5	2.3	0.5	−2.0	0.5
Norway	4.5	3.2	3.8	1.5	—
Portugal	5.1	4.8	5.5	2.5	2.8
Spain	4.1	0.8	1.5	1.5	2.5
Sweden	2.4	3.8	1.4	—	1.5
Switzerland	1.4	2.2	4.4	1.3	0.3
Turkey	5.7	0.6	−0.7	4.0	5.3
Total OECD	3.5	3.3	1.2	1.3	1.3

Source: OECD
1. GNP

1. The forecast period referred to in this article is the period January 1982 to June 1983 and the forecasts are the December 1982 forecasts of the Organisation for Economic Co-operation and Development (OECD). The key working assumptions used in making the forecasts are —
(i) no change in monetary and fiscal policies;
(ii) unchanged *nominal* oil prices in 1982 and constant *real* oil prices in 1983; and
(iii) unchanged nominal exchange rates.

billion in 1981 to US$71 billion by early 1983, reflecting the difficulty in financing any large increase in the external deficit.

Monetary and fiscal policy in most OECD countries has been directed towards restraining demand in order to prevent the oil shock being compensated for in wages, and so causing an increase in the rate of inflation. Tight monetary policy has contributed to high levels of real interest rates during a period of weak activity and the growth of the real money supply for the OECD area as a whole has become negative in each quarter since mid 1980.

The effects of these policy measures have been much as expected; a reduction in inflation but at the expense of a significantly adverse effect on demand, employment and output. However the outcome has generally been more favourable than the period immediately, following the first oil shock.

INFLATION

The tight monetary and fiscal policies introduced by most countries to deal with the second oil shock were mainly responsible for the deceleration in the rate of inflation in 1981. Other factors of a more short-term nature such as ample world food supplies and weak demand for energy and raw materials have tended to reinforce the trend. Although inflation is expected to continue declining during 1982, it is likely to be at least as high as it was in the late 1970s and about twice as high as it was in the 1960s and early 1970s. However, the adjustment to the second oil shock has been better than expected and reflects more flexible wage behaviour, and a major improvement in energy efficiency and inter-fuel substitution than was the case in the period immediately following the first oil shock.

There has been an unexpectedly strong decline in demand for oil by the OECD countries which has meant that spot crude oil prices fell below official prices in mid 1981. Non oil commodity prices (measured in US dollars) have declined steeply during the year, reflecting adjustment of prices to changes in the exchange rate of the numeraire currency (US dollar) and a situation of excess supply or high inventories for most basic foodstuffs and industrial materials.

The rate of increase in hourly earnings in manufacturing and in unit labour cost performance slowed in 1981, reflecting mainly the moderation of inflationary pressures and the unfavourable labour market conditions during the year. Increases in negotiated basic wage rates were slightly higher than those for hourly rates and unit costs which were affected by reductions in overtime and regular hours worked plus lower bonus payments. In 1982, a further slowing in the rate of increase in hourly earnings and unit labour costs is anticipated since there will be only a weak recovery in output and unemployment is expected to rise further. However there may still be pressure for a wage catch up so prospects are still subject to some uncertainty.

Inflation rates in the industrial countries still diverge widely with Japan having the lowest rate for 1981 at 4¾ percent and Italy having the highest at 19¼ percent. By 1982 there is likely to be less divergence in the rates and the average rate is expected to decline from 9½ percent in 1981 to 8¾ percent. In Italy inflation is expected to fall to 16 percent since imported inflation should be lower while in Japan inflation may accelerate slightly in the first half of the year, but should then decelerate somewhat due mainly to moderate wage growth. The rate of inflation in West Germany is thought to have peaked at 5¾ percent in 1981 and an easing to 4¼ percent is anticipated for 1982 following recent exchange rate developments. French inflation is projected to be largely unchanged at 13¾ percent in 1982, although wage and price restraint measures planned for 1982 may help ease the rate. In the United Kingdom the underlying rate of inflation is expected to fall to about 8 percent by the end of 1982 compared with 11 percent in 1981. In the US rises in wage rates are likely to slow further with easier labour market conditions. In Australia the rate of inflation is expected to be about 10½ percent through 1982, a little higher than 1981.

The rate of inflation forecast for 1982 will still be high by historical standards, but the continuing deceleration in inflation is encouraging. The improved adjustment results largely from more flexible wage behaviour (reflecting in part the impacts of monetary and fiscal policies) and the rapid adoption of more energy efficient processes and alternative fuels.

CONSUMER PRICES
(% Change, Annual Rates)

	Average				*12 months to September*
	1961–70	*1971–77*	*1979*	*1980*	*1981*
United States	2.8	6.6	11.3	13.5	11.0
Japan	5.8	10.7	3.6	8.0	3.9
Federal Republic of Germany	2.7	5.6	4.1	5.5	6.5
France	4.0	9.0	10.8	13.6	13.9
United Kingdom	4.1	13.9	13.4	18.0	11.4
Canada	2.7	7.5	9.1	10.1	12.5
Italy[1]	3.9	13.1	14.8	21.2	18.6
Australia	2.5	11.0	9.1	10.2	9.0
New Zealand	3.8	11.7	13.8	17.1	15.4
Total OECD	3.3	8.5	9.8	12.9	10.8

Source: OECD.
1. Break in series in 1977.

INTERNATIONAL TRADE

World trade volumes continued to grow slowly in 1981, only rising an estimated 1.5 percent, well below the 5.75 percent average recorded for the period 1973–79. Contributing to depressed levels of world trade growth were recessions in the major industrial economies and high oil prices. Mainly as a result of the recession, trade between OECD countries, which fell steeply late in 1980, only recovered slowly during 1981. Both recession and higher oil prices served to substantially lower industrial countries' oil consumption again in 1981, while the running down of oil inventories, induced by high interest rates and a more stable outlook for oil prices and supplies, resulted in an even greater reduction in OECD oil imports.

Meanwhile, OPEC imports from OECD countries, especially of manufactured products, expanded rapidly as oil producing countries spent extra income generated by the 1978/79 oil price hike. A major redistribution of current balances between OPEC and OECD countries was the outcome. OPEC's combined surplus fell to $60 billion in 1981 from $110 billion the year before, while the aggregate deficit of OECD countries declined $38 billion to $35 billion during the same period. That OPEC surpluses and OECD deficits have been reduced so rapidly following the second oil shock primarily reflects a quickening of the adjustment process in both groups of countries to higher real oil prices. In OPEC countries imports have expanded rapidly to absorb increased oil revenues while production techniques and consumption patterns in OECD countries have become less energy intensive resulting in reduced oil imports.

The larger OECD countries primarily benefited from the enlarged OPEC expenditure on manufactured goods and this, together with tighter fiscal and monetary policies by these coutries, helps explain the concentration of current account improvements among the OECD group. After a deficit of $35 billion in 1980, the combined current account position of the seven largest OECD countries is believed to have been near balance in 1981 and is likely to remain so for 1982. Current account deficits in smaller OECD economies, on the other hand, are only estimated to have declined by $7 billion to $31 billion in 1981, with the prospect of a $3 billion reduction in 1982.

Although an overall improvement in trade balances is expected for the OECD group in 1982 there are some major differences in trends among individual countries. The current account positions of both the UK and the US which have shown a rapid improvement during 1980 and 1981 are expected to deteriorate during 1982. The tight monetary policies partially responsible for these current account performances have encouraged excessive appreciation of sterling and perhaps also the dollar, as international investors have moved funds into the UK and US in order to take advantage of higher real interest rates there, especially at the short-end of the maturity spectrum. The result has been a dramatic deterioration in competitiveness, particularly in the UK, where the appreciation of sterling has combined with high rates of domestic inflation to increase the relative price of British manufactured exports by as much as 20 percent between 1978 and early 1981. This loss of competitiveness is expected to impact on the current account balances of both countries over the next eighteen months, so that by the first half of 1983 the annual rate current account deficit in the UK is likely to be $1.25 billion while the corresponding figure for the US could be $15 billion.

In contrast to the loss of competitiveness in these countries has been the competitive gain made by Germany and Japan, where the effects of exchange rate weakness and stability have been compounded by low inflation rates. As a result their improved competitive position has brought Germany and Japan strong current account gains, a reversal of the situation that existed in 1980 when both suffered from deteriorating external positions. Japan's current account balance had returned to surplus by 1981 and Germany should record a current account surplus in 1982, with even larger surpluses expected for both countries the following year.

GLOBAL STRUCTURE OF CURRENT ACCOUNT BALANCE[1]
(Billions of US Dollars)

	1978	*1979*	*1980*	*1981 (estimate)*	*1982 (forecast)*
Industrial Countries	10	−33	−73	−35	−27
OPEC	4	62	110	60	35
Other Developing[2]	−23	−38	−60	−68	−71
Other Non-OECD	−9	−4	−1	−5	−8
TOTAL[3]	−18	−13	−24	−48	−71

Source: OECD.
1. Includes official transfers.
2. Includes Turkey, Greece and Portugal which are OECD members.
3. Reflects statistical errors and asymmetries which give rise to world totals that are significantly different from zero.

CURRENT ACCOUNT BALANCES[1]
(Billions of US Dollars)

	1978	*1979*	*1980*	*1981 (est)*	*1982 (forecast)*
United States	−14.1	1.4	3.7	8.8	3.0
Japan	16.5	−8.8	−10.7	5.5	17.0
Federal Republic of Germany	9.2	−5.3	−16.4	−8.5	1.8
France	3.3	1.2	−7.4	−6.5	−6.8
United Kingdom	1.8	−1.8	7.5	14.3	2.3
Italy	6.2	5.5	−9.6	−9.5	−5.0
Canada	−4.3	−4.2	−1.6	−7.5	−10.8
Australia	−4.0	−2.9	−4.3	−8.5	−9.0
New Zealand	−0.5	−0.6	−0.9	−1.0	−1.3

Source: OECD.
1. Includes official transfers.

OUTPUT

Recession continued to dominate the industrial countries' economies during 1981. OECD output is estimated to have increased by only 1.25 percent, about the same as in 1980 but well below the 3.4–4.9 percent range recorded during the previous four years. Whereas the second oil shock of 1978/79 initially played a large part in the slowing down of OECD growth rates, its influence had largely passed by early 1981. Oil prices had more or less stabilised and real incomes in OECD countries were no longer being reduced by the deterioration in the terms of trade consequent upon an oil price hike. During 1981 the most important factor constraining growth has been the increasingly restrictive stance of fiscal and monetary policies adopted in many industrial countries in order to contain and lower inflation. These policies have, at least during the past year, cost a considerable reduction in output growth. In the United States, where the main economic instrument has been a tight monetary policy, output growth was affected by record real interest rates and declined by 1.5 percent during the second half of 1981 after having risen by 4.7 percent during the first half of the year. European economies also suffered from high real interest rates, largely reflecting high US dollar interest rates. Output in the four major European economies (UK, Germany, France and Italy) considered as a group stagnated throughout the year with output for the UK and Germany, actually declining during both half-year periods. Japan, on the other hand, once again proved to be the exception, recording strong growth during the first half of the year and only slightly lower during the second. Had it not been for a rapid rise in export volumes to non-OECD countries, especially OPEC, during the first half of the year combined with declining import volumes throughout the year, tight fiscal and monetary policies would have resulted in even more attenuated OECD growth rates. This was especially so in Germany and Japan, where depreciation against the dollar and low internal inflation rates, particularly in the case of the deutschmark, had made their products highly competitive.

Buoyant demand for OECD exports, especially from OPEC, is expected to continue in 1982 and this factor, together with an end to the period of destocking, (which had been triggered by tight monetary policy) and a recovery of real income and consumption growth should result in a recovery from recession in the second half of

1982. After remaining unchanged during the last half of 1981, OECD output is expected to grow at an annual rate of 0.75 percent during the first half of 1982, then to accelerate to 3.25 percent during the second half of the year before easing slightly to 3 percent during the first half of 1983.

It is not expected, however, that a recovery of this magnitude will prove sufficient to reverse the rise in unemployment which, in OECD countries, stood at an estimated 7.5 percent of the workforce in the second half of 1981. Employment growth is unlikely to resume before the second half of 1982 and is then expected to rise at an annual rate of about 1.25 percent by the first half of 1983. It is expected that OECD employment will grow at an annual rate of 1 percent throughout the forecast period and that cyclical productivity growth, reflecting a lag between rising output and higher employment, will accelerate to an annual rate of about 2.25 percent by the second half of 1982. This level of employment growth will probably result only in the containment of the level of unemployment at 8 percent of the OECD workforce, or 28.5 million people, from the second half of 1982 to the first half of 1983. The likely inability of the forecast recovery to reduce the high rate of unemployment is particularly apparent in Europe, where the rate is expected to rise throughout the forecast period from its current level of 9 percent of the workforce to 10 percent by the middle of 1983. Just to maintain European unemployment at its current level would, on present labour force growth projections and if trend productivity were to average the 2.25 percent annual growth seen over the last complete cycle (1973–79), require GDP in Europe to grow at an average rate of 3 percent, considerably higher than the 1.5, 2.5 and 2.75 percent annual growth rates forecast for the next three half years through to mid-1983. Though the rate of unemployment in the US is likely to remain below the rates experienced in Europe during the forecast period, a serious deterioration in the US employment situation is nevertheless expected. Unemployment is forecast to rise from an average rate of 7.5 percent in 1981 to 9 percent in 1982 before declining marginally in response to the buoyant recovery in GDP expected to take place later in 1982.

In the US, output declined in the fourth quarter of 1981 after having stagnated during the second and third quarters. This period of weakness is largely attributed to the tight monetary policy during the year, which sent both nominal and real interest rates to record levels. Areas of the economy that were most sensitive to interest rate levels, such as the automobile and housing industries, have shown the greatest downturn in activity. From the second half of the year, weak export performance, brought about by recession in western markets and the effective appreciation of the dollar (14 percent in the year to October) also contributed to lower activity levels. GNP is forecast to decline further during the first half of 1982 before beginning a consumption-led recovery around the middle of the year. Consumption expenditure is likely to show considerable growth later in 1982 in response to lower bank lending rates, higher real disposable incomes resulting mainly from mid-year tax cuts, and the introduction of new, energy-efficient car models.

Recovery in the United Kingdom is also likely to be domestically generated. Consumption expenditure, however, is expected only to make a small contribution to this recovery. The most important factor is likely to be the rebuilding of inventories, which have been seriously depleted during the past two years. Inventory accumulation is expected to add about 1.75 percent, annual rate, to GDP between the first half of 1981 and 1983, more than offsetting the contractionary effect of other demand components. While a growing volume of exports brought about by stronger growth in world trade and the lagged effects of the substantial improvement in competitiveness since early 1981 (associated with the effective depreciation of sterling) should provide support for recovery, this effect is likely to be more than compensated for by higher import growth, associated with stock rebuilding. Overall, output is expected to continue the recovery that tentatively got underway in 1981 when GDP rose by 0.3 percent in the third quarter, the first increase for two years. By the first half of 1983, the UK's economic growth rate should reach an annual rate of 2 percent. With productivity (GDP per employee) forecast to grow at an annual rate of 2.25 percent in the two and a half years to mid-1983 (compared with an average 1.5 percent during the 1970s), this level of GDP growth is clearly inadequate to prevent further reductions in employment. In the two years to mid 1983 employment is likely to continue to decline, though only at an annual rate of 1.5 percent compared with a rate of 4 percent during the previous two years. On this basis unemployment, currently 11 percent of the workforce, is projected to rise to a plateau of 12.25 percent by the second half of 1982, where it should remain for the rest of the forecast period.

A much more substantial recovery is forecast for Germany, with annual growth rates rising from 1.75 percent during the first half of 1982, through 3 percent during the next half-year and 3.25 percent in the first half of 1983. It is anticipated that the German recovery will be underpinned by vigorous export growth, with export volumes projected to grow at annual rates of 8 percent or more during the eighteen months to mid-1983. Apart from the forecast growth of world trade, German exports are likely to experience strong growth because of their increased price competitiveness on world markets, following two years of low inflation but stable to weak deutschmark exchange rates. Combined with the stagnation of import volumes, also due to the increased competitiveness of German production, Germany's current account balance is expected to recover from a deficit of DM30 billion in 1980 to a balance or a small surplus in 1982. The reversal of the current account balance alone will probably contribute nearly 2 percent to GNP in both 1981 and 1982. Its significance can be gauged from the fact that the contribution of the real foreign balance is estimated to have held the fall in real GNP to 1 percent during 1981, even though total domestic demand declined by 3 percent. It is likely to more than outweigh a decline in total domestic demand in 1982 and yield positive GNP growth. In common with other industrial countries, economic growth is unlikely to prove sufficient to reduce unemployment. With productivity expected to rise by 2.5 percent in 1982, employment is likely to fall, increasing unemployment from 5 to 6 percent of the workforce.

A substantial improvement in the current account balance also proved to be the prime force underpinning growth in Japan during 1981. Of the 3.75 percent rise in GNP recorded, two-thirds or 2.5 percent of GNP was contributed by a reversal in the current account balance from a deficit of $10.7 billion in 1980 to a $5.5 billion surplus in 1981. Strong export growth was fuelled largely by more buoyant conditions in export markets, relatively weak domestic demand and perhaps increasing non-price competitiveness of Japanese goods. Imports, on the other hand, grew more slowly, due mainly to reduced purchases by raw material processing industries. An improving current account balance is expected to continue to contribute to GNP growth over the forecast period, although its contribution is likely to decline in significance. More important to recovery in Japan should prove to be total domestic demand, with growth in private consumption making up a large part of the forecast GNP growth rates of 3.75 percent for 1982 and 4.75 percent (annual rate) for the first half of 1983. On the basis of these growth rate projections unemployment in Japan, already low at 2.25 percent of the workforce, should decline marginally in 1982 and reach 2.0 percent by the first half of 1983.

CONCLUSIONS AND IMPLICATIONS FOR NEW ZEALAND

During the period following the second oil shock, the international economy has been characterised by a generally poor economic performance; a high rate of inflation, slow economic growth in the industrial countries, increasing unemployment and large external payments imbalances. The OECD countries and particularly the large countries adopted tight fiscal and monetary policies in an attempt to reduce inflation and provide a basis for the attainment of renewed economic growth. As a consequence there have been significant reductions in inflation rates together with an improvement in current account positions. This achievement has not been without cost; unemployment has been rising and output in most countries has been falling. However the prospects for 1982 are for an improvement in output which is forecast to grow at an annual rate of 3¼ percent in the OECD area during the second half of the year (almost as high as the average OECD growth rate recorded during the 1970s), a further reduction in inflation rates and continued improvement in current account positions. In addition employment growth is expected to resume in the second half of 1982 although there is not expected to be any decline in the rate of unemployment until beyond the end of the forecast period, since the labour force is expected to grow at an annual rate of 1 percent in the OECD area.

Despite the progress made in overcoming the inflationary effects of the second oil shock, and at the expense of low or falling growth rates, there nevertheless seems to be a strong resolve by governments of major industrial countries to maintain tight monetary and fiscal policies that will continue to check inflation.

The impact of growth in the international economy is transmitted to New Zealand through the external balance, largely via prices received for commodity exports and the volume of manufactured exports. The direct effect of the world recession has been reflected in the recent deterioration of the current account position.

Recovery in the economies of New Zealand's major trading partners should, together with stable oil prices, lead to some increase in New Zealand's terms of trade towards the end of the forecast period. (Because significant growth in the world economy is expected to be delayed until the latter half of 1982, little improvement in our terms of trade can be hoped for before 1983.) With import volumes, even excluding items relating to Air New Zealand's aircraft purchase and capital equipment for energy based projects, expected to rise 5 percent in the year to March 1983, but export volumes only rising 1 percent over the same period, a significant deterioration in New Zealand's current account balance is likely. Though a subsequent rise in New Zealand's terms of trade should facilitate an improvement in the current account position, the deficit will nevertheless continue to be somewhat larger than in recent years both in nominal terms and as a proportion of GDP.

Continuation of the terms of trade at recent low levels for at least another year also clearly means a substantial constraint on growth of the New Zealand economy. However, a recovery in the international economy together with an increase in investment from the major energy-based projects is forecast, by the NZIER to lead to an increase in New Zealand's growth rate to 2½ percent in the year to March 1984, up 1½ percent from the proceeding year.