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Demanded Rate of DM- Revaluation too High

According to the general manager of Deutscher Industrie- und Handelstag (DIHT: Central Association of German Chambers of Industry and Commerce), Paul Broicher, the DM-floating can only be tolerated as a transitional phase on the road towards fixed exchange rates. He emphasised the compulsion for returning to fixed exchange rates and for ending the phase of uncertainty for the German export trade. Herr Broicher admitted, however, that the exaggerated revaluation demands, mainly by the USA, "exercised a political pressure which might attract the international speculation even after a revaluation at a realistic rate". This dilemma could only be avoided by a change of the existing world monetary system. For this purpose a system of fixed exchange rates offering the possibility of smaller adjustments of parities at shorter intervals should be installed.

The Economic Situation of Ruhr- Kohle AG

Professor Karl Schiller, Federal Minister of Economics and Finance, has announced that since March 1971 the position of Ruhrkohle AG has been the object of negotiations between all parties concerned. These discussions try to improve the situation of hard-coal mining in the Ruhr-area. There can be no talk of a recently occurring menace to the jobs in the Ruhr-area. A social flank-movement sees to it that an adaptation programme lasting for years will be carried through without hardships on workers and employees.

The Federal Government's hard-coal policies will, as hitherto, be directed towards easing the process of adaptation and recovery by pertinent measures. The financial foundations for this action will be created within the framework of the 1972 budget. The adaptation plan for coal mined in the Ruhr-area causes financing problems whose solution will be supported by public guarantees.

Monetary Uneasiness Influencing Business Trends

Ifo-Institut für Wirtschaftsforschung (Institute for Economic Research), Munich, gives the following judgement on the economic situation: weakening exports, declining demand of investors in equipments and buildings together with a still vivid consumer demand and therefore a distinctly lower utilisation of production factors.

The wage increases have also been reduced by the situation on the labour market, although in the second quarter standard wages and salaries are still surpassing the previous year's level by almost 15 p.c. However, the new wage rate brought improvements by 8 to 9 p.c. The upward trend in prices has only insignificantly declined. Hitherto a true calming down can only be noticed on the producers' level. According to cyclical research experts it depends on the results of the coming wage disputes whether the calming down will be a lasting one.

According to a trend check of the Ifo-Institute the last reports of firms on the development of incoming orders and orders in hand—after the preceding stagnation of demand since last autumn—are indicating the prevalence of a declining trend. In view of their unfavourable anticipations of further business developments the firms continue striving for consolidation.

Target of the Metal-using Industries' Trade Union Unchanged

At the annual meeting of IG-Metall—the Metal-using Industries' Trade Union—its reelected chairman, Otto Brenner, emphasised that the objectives of IG-Metall remained unchanged, even if it tries to realise them in different ways depending on given circumstances. Now as before the wage policy remains the focal point. In future more than ever, it would be the trade union's task to tackle the problems of personnel planning, work organisation and other working conditions. Herr Brenner again underlined the workers' participation in management as starting point for the reform of the economy. He also promised the Federal Government his cooperation in those reforms and tasks that are to support and extend the democratic order and to improve the position of workers and employees.

Full Em- ployment not yet Endangered

According to data published by HWWA—Institut für Wirtschaftsforschung—Hamburg (The Hamburg Institute for International Economics), the Federal Republic's labour market is characterised by declining demand. This tendency began already in the summer of 1971 and also the intermediate upward trend in business of last spring did not interrupt it. The number of available jobs, that in the first quarter of 1971 was almost 6 p.c. lower than in the preceding quarter, dropped in the second quarter once more by 4 p.c. below the preceding period. The de-

clining tendency has continued until now. The number of available places of work amounted to 693,000 at the end of August. An important advance indicator of the demand for labour, the number of free jobs for foreigners reported to the German employment agencies abroad, indicates for the future a pronounced reduction of demand for workers. The number of foreign labourers requested by German enterprises declined steeply until the end of August. At the end of this month jobs were available for 68,000 foreigners, i.e. 37 p.c. less than in the previous year's corresponding period.

The calming down of demand for labour since last summer mattered most in the case of metal workers, electricians and fitters. Smaller than on average was the decline in those professions that are less influenced by cyclical fluctuations, i.e. jobs in organisations, administrations and offices. As always in downward phases the reduction in available jobs for unskilled workers, which dropped by 50 p.c., was conspicuously pronounced.

Better Rules for Latin American Investments

The speakers of this year's Ibero-Amerika-Tag in Hamburg advocated better rules of the game for investments in Latin America, better cooperation in partnership relations which

for instance should find their expression in the very important solution of the worldwide monetary problem.

The new President of Ibero-Amerika Verein, Helmut Lorenz-Meyer, asked all involved to give a serious thought to the radical, social-revolutionary unrest in Latin America. Herr Lorenz-Meyer advocates a carefully excogitated solution for each individual case, since there exists no uniform prescription.

Herr Lorenz-Meyer called it an encouraging fact that no less than 91 p.c. of all investments made in Latin America between 1966 and 1969 were financed by the continent's own resources. An annual increase of GNP by 8 to 9 p.c. is, however, required if sufficient jobs are to be made available for the rapidly growing population. Here a constructive cooperation of foreign capital would be useful.

Professor Dahrendorf, member of the EEC Commission, underlined in his address the great hopes the Latin American countries set on their future cooperation with the EEC. He emphasised that not only the bilateral dialogue with the nations of the South American continent is very important, but also contacts with regional arrangements as e.g. the Anden-group.

The Twenty European Industrial Giants

Among the twenty biggest industrial corporations 19 belong to the enlarged EEC. One company's residence is in Switzerland. The Federal Republic of Germany is represented

in this list with eight firms. In their order of succession relative to their turnovers in 1970 the twenty biggest companies are the following:

Company (Country)	Turnover in \$ mn	Employed Persons
Shell (NL/UK)	10,797	184,000
Unilever (UK/NL)	6,883	333,000
VW (FRG)	4,314	190,306
Philips (NL)	4,163	359,000
British Petroleum (UK)	4,062	70,600
ICI (UK)	3,510	194,000
British Steel (UK)	3,497	255,000
Siemens (FRG)	3,196	300,500
Farbwerke Hoechst (FRG)	3,027	139,460
Daimler Benz (FRG)	3,019	144,372
August Thyssen-Hütte (FRG)	2,957	97,530
BASF (FRG)	2,874	106,776
Montecatini Edison (Italy)	2,841	162,791
FIAT (Italy)	2,739	184,814
Renault (France)	2,529	155,000
Farbenfabriken Bayer (FRG)	2,502	101,800
British Leyland (UK)	2,450	199,524
AEG-Telefunken (FRG)	2,334	178,000
Nestle (CH)	2,334	91,173
General Electric (UK)	2,218	225,000

Source: Press release of the European Communities.

Export — Scapegoat of Economic Policy

Professor Kurt Hansen, Chairman of the Managing Board of Farbenfabriken Bayer AG, Leverkusen, used extremely sharp verbiage for criticising the Federal Government's economic

and monetary policies. At a meeting in Berlin Herr Hansen regretted the reversal of the official economic policy from export promotion to export damping.

In his opinion it is the wrong way to realise economic objectives—such as the reduction of the domestic price level—at the cost of exporters. This would lead to a deterioration of the profit position of those enterprises that carry progress and growth of the German economy and might possibly cause irreparable developments in the wrong direction. The export trade could not simply give up its markets abroad which have been built up at great pains over decades, but can only wait for a "return to reason". Herr Hansen considers an increasing transfer of production plants to foreign countries the only alternative. Bayer is pursuing such a policy already for years. Thus the firm presently obtains about 30 p.c. of its turnover in pesticides and about 50 p.c. of that in pharmaceuticals through its affiliates abroad.