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Low average rise in private consumer expenditure

Intereconomics

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GERMAN PRISM

First German Trade Surplus Since 1962 in German-British Exchanges

Exchanges of goods between the Federal Republic of Germany and the United Kingdom have shown in 1967, for the first time since 1962, a net surplus on the German side. German exports to the UK rose from DM 3,129 (in 1966) to 3,473 million, whilst British exports into West Germany fell from DM 3,155 to 2,932 million, which resulted in German net exports to Britain and Northern Ireland of DM 541 million, whilst 1966 had shown a small adverse balance of DM 26 million in favour of the UK. The Federal Ministry of Economics' trade returns show that all British types of products with the sole exception of half-finished goods (whose sale to Germany rose by 14.3 per cent) suffered a decline in their exports to Germany. British foodstuffs, drinks, tobacco manufactures, etc. have shed 13.7 per cent against 1966, raw material deliveries contracted by 10.7 per cent, primary products by 20.5 per cent, finished manufactures by 10.1 per cent. German exports were much higher in the cases of boats and ships (plus 120 per cent), motor vehicles (plus 38.6 per cent), plastics (plus 32.8 per cent), food processing equipment (plus 32 per cent), woven textiles (plus 31.9 per cent), and machine tools (plus 28.1 per cent).

The UK bought from Germany 15.2 per cent more finished products: Their total value went up from DM 2,581 to 2,973 million. The UK has remained Germany's sixth most important supplier and its ninth most important export customer.

Low Average Rise in Private Consumer Expenditure

As is usual in a cyclical upswing, private consumption is lagging behind the cyclical overall development also during the first months of this year. This is above all due to the unsatisfying income development of private households. DM net incomes from waged work, which regularly absorbs more than one half of available income, increased but slightly. Only income transfers (pension and maintenance payments, etc.) and possibly also the improved profit situation of entrepreneurs had slightly expansive effects.

Whether, however, incomes and private consumption developed in the same way, must be questioned. In the second half-year of 1967, savings of private households as well as their saving rate have been

noticeably lower than in the corresponding period of 1966, because obviously numerous households had preferred purchases of durable consumer goods, as—due to the introduction of the added value tax—they expected price increases. As far as data of the recent past are available, they indicate a fresh increase of the saving rate. During the last months, private consumption should, therefore, have shown a weaker increase than the income available. The low average rise in private consumer expenditure stems from rather different changes in the individual types of expenditure. Whilst expenditure for durable consumer goods declined strongly, expenditure for services—particularly for housing—rose considerably.

For the future trend in private consumption especially the income increases, to be anticipated for the next months, are of significance. Despite the seasonal decline in unemployment and the absence of periods not worked due to weather conditions, the labour volume will at first hardly be greater than one year ago. Therefore, a relatively strong increase in real income per employee will be necessary, if consumer demand of wage earners shall rise to the extent desirable from the cyclical point of view. Consumer demand must be raised in order to avoid hampering the further cyclical upswing by a too wearisome development of ultimate sales to private households.

Hamburg's "Overseas Day" Featuring Trade, Port and Shipping

The medieval German Emperor, Frederick Barbarossa issued an Imperial Charter to the newly-founded city of Hamburg on 7th May, 1189, vouchsafing it for ever its trading and shipping privileges, the freedom from river tolls on the river Elbe and other liberties. To celebrate the anniversary of this important date, Hamburg stages annual birthday festivities for its port, which it calls the "Overseas Day".

Overseas Days mean more than friendly gestures to Hamburg's innumerable partners who use its port, and who trade with the important North German entrepôt and emporium. Hamburg's leading men and women also use the celebrations to enact, in the presence of distinguished German and foreign guests, a presentation and serious discussion of the changing scene of overseas trading, with its main problems, shifting centres of gravity, and developments in other continents.