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GERMAN PRISM

Training of Experts on Foreign Aid Abroad

More than 200 experts, who on the initiative of the Federal Government will be sent abroad, have hitherto been prepared for their activities in three months training courses.

These courses are organised by the Central Agency for Knowledge of Foreign Countries, which is a Department of the German Foundation for Developing Countries. Since mid-1968 this Agency has held six preparatory courses at Bad Honnef. Non-state organisations and firms sending experts to less developed countries, know about the value of the preparatory courses and delegate staff-members to attend them.

Instruction in languages, also in rare idioms, taught with modern methods take up about half of the time available for the training programme of the Central Agency. Besides knowledge of foreign countries, above all certain subjects of psychology, pedagogics and problems of development aid as well as e.g. first aid courses are on the programme. Ladies and gentlemen from developing countries are also giving lectures, in which the discussion of problems always stands to the fore.

Ruhrkohle AG Has Come Into Operation

On November 27, 1969, the Commission of the European Communities agreed to the merger of Ruhrmines to a joint company. Thus the last of a number of obstructions encountered by Ruhrkohle AG has been abolished one year after its foundation. Now the road towards a rational adjustment of mining to the conditions of the market has been opened.

On November 30, 1969, the participating firms transferred their mining property to Ruhrkohle AG. It unites 52 mining companies that register about 94 p.c. of the Ruhr-output, as well as cokeries, power plants, briquetting plants and chemical works based on coal. Ruhrkohle AG with approx. 180,000 persons employed and an annual output of almost 90 mn tons of coal, an annual turn-

over of more than DM 6 bn and a capital stock of DM 500 mn belongs to the biggest enterprises of European power production. After the conclusion of legal and organisational preparations Ruhrkohle AG will now have to use all its energies to master the tasks that are to be solved by the new organisation of Ruhr-coal mining. What is mainly at stake is increased economic efficiency by purposeful investment policies and rationalisation measures involving all members, structural improvement of the enterprises, concentration of production on plants with the highest profitability, optimum utilisation of capacities for dressing, coking, briquetting and refining and a centralised sales policy in line with the market.

Considerable Investment Plans for 1970, too

According to the IFO-Institute's (Institute for Economic Research) investment test of November, 1969, the plans of the questioned enterprises of the manufacturing industry

justify the expectation of a considerable increase of gross investment in fixed assets by approx. 16 p.c. for 1970, too. For 1969 a growth rate of 26 p.c. had been estimated. The DM-revaluation and the Federal Bank's continuous restriction policies did not yet lead to revisions of investment plans up to November, 1969. The basic industries' investments for 1970 are planned to reach almost the level of 1969, while in the capital goods industries they are planned to reach the same volume only.

One Million VW-Bugs from Emden

Five years after the Volkswagen-plant at Emden was put in operation the one millionth VW-bug left the assembly line on December 16, 1969. To this figure 85,000 VW-mini-

buses that were also produced at Emden, have to be added. All vehicles were shipped to overseas-countries via the port of Emden. Volkswagen assembled at Emden together with the vehicles delivered by the other VW-plants are

shipped via this harbour. With 1.425 mn VW-vehicles dispatched via this port since 1965, Emden should be the world's most important harbour for the shipping of motor vehicles.

The construction of this assembly plant that receives the component parts from the Volkswagen-plants at Wolfsburg, Hannover, Kassel and Braunschweig started in October, 1963, in the immediate vicinity of Emden's outer harbour. Already on December 8, 1964, the first VW-bug left the assembly line of the new factory. At that date the plant numbered 790 persons employed. Today more than 7,000 people are working there. Apart from the plant's considerable contribution to an industrial activation of the East Friesland economic area and to a reduction of its structural unemployment, further important incentives are to be noticed. Thus for instance wages and salaries paid since 1965 amount to DM 330 mn.

**Industrial
Production but
Slightly above
OECD Average**

In September, 1969, industrial production of all OECD countries surpassed the level of September 1968 by 6.5 p.c., the one of the European members showing an increase of 6.2 p.c. The Federal Republic's growth rate with 8.2 p.c. did not exceed the average considerably anymore. Japan continues to be at the top with +17.8 p.c., followed by Spain (+14.4 p.c.), Greece (+12.2 p.c.) and the Netherlands (+11.0 p.c.). On the other hand, in Italy the wave of strikes caused a considerable decline in production (-2.6 p.c.) and also Canada (+1.9 p.c.) as well as Britain (+2.5 p.c.) registered growth rates far below average.

**Limitations
of Foreigners'
Investments
Cancelled**

The DM revaluation of October 27, 1969, has banished the external risks threatening the balance of payments and the purchasing power of the D-Mark. Thus the Federal Government is now in a position to consider the possibility of creating for foreigners in West Germany the same conditions applying to German citizens regarding the investment of money and capital. This is the aim to be achieved by the cancellation of §§ 52 to 54 of the Ordinance Pertaining to Foreign Trade and Payments. With

that also the corresponding limitations of foreigners' investments, particularly the prohibition of paying interest on certain foreigners' deposits, are abolished.

**Airfield
Tanker
for
Jumbo Jets**

At the beginning of 1970 a new type of aircraft, the "Boeing 747", known as "Jumbo Jet", will be put in operation and with its maximum of 490 passengers will also land at German airfields. These planes require about 130,000 litres of fuel for a non-stop flight from Frankfurt/Main to New York. To supply them with the required fuel, Deutsche Shell AG has now put in operation a newly developed super-airfield tanker at Duesseldorf and Hamburg. Due to technical and economic considerations a tank-vehicle with trailer was chosen instead of the usual tractor-trailer. The tank-volume of this vehicle is sufficient to supply a conventional plane with the quantity of fuel needed for a direct flight across the Atlantic. Up to now two tractor-trailers were necessary to refuel one of these aircrafts.

**Considerable
Decline in
the Growth Rate
of Savings**

In October, 1969, total savings deposits in credit institutions have risen by DM 1,283 mn only. This was DM 529 mn (29 p.c.) less than in October, 1968. The growth rate of savings deposit of private citizens with DM 1,315 mn dropped by DM 327 mn (22 p.c.) somewhat less below the previous year's corresponding level. In particular savings deposits of domestic firms decreased.

**Costs of
Federal
Highways
Increasing**

According to data published by the Federal Ministry of Transport, 1 kilometer (1,093.6 yards) of a new autobahn costs approx. DM 5 mn in flat land and about DM 8.5 mn in mountain regions. The total average of expenditure amounts to about DM 7 mn per kilometer of a new autobahn. As tracing in flat areas declines more and more in favour of topographically less suited regions, expenditure increases also structurally.

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Market structure means the organisational characteristics which determine the relations of sellers in the market to each other, of sellers to buyers and of sellers established in the market to other actual or potential suppliers of goods, including potential new firms which might enter the market¹. Market structure may be specified by factors as the number of buyers and sellers, the number and size of firms, degree of product differentiation and market knowledge.

A relevant area of inquiry includes the distribution efficiency studies which should provide techniques as well as empirical data useful in analysing the impact of distribution economies on market structure. Many useful ideas and insights in building models can be provided by analysis of the changing financial, managerial, technological and other forces favouring integrated operations, for instance, within the agricultural industries, from the farm level through to distribution. Studies which cut across several industries, cross-sectional analysis, should permit isolation of the truly unique factors giving rise to particular organisational characteristics.

The provision of market information on a wide-scale basis can be justified on the assumption that more information produces better conduct and performance than less information.

One of the aspects of the firms' conduct may be to supply perfect information, partial information, no information, or misinformation, as part of the dealings, tactics, or strategies of the firm. This is more than an advertising response and utilises other channels of communication than the mass media.

In large, market structure determines certain forms of industrial performance. Performance is evaluated in terms of such factors as profit for the industry, technical efficiency, marketing margins, the variety of products produced within the sector, and the responsiveness of the firms to consumer preferences. Research must attempt to explain the way in which difference in the market structures of different industries determine differences in their profitability.

Technology, Education and Information

Another important relationship is that between market structure and the extent to which an industry induces technological change. The improvement of existing technology and development of new technology next to the optimum utilisation of existing resources, are the crucial

criterion of industrial performance. An interesting research in this area would be the relationship between market structure and income or production stability in one or more industries.

A relevant research field is the determination of the way in which changes in the availability of market information may alter industrial performance. Improved information in itself may generate or hasten a change in market structure, conduct and performance. Closely related to education and information programmes is the effect of uniform grades and standards on market structure, conduct and performance in particular situations, and the role of government with respect to uniform grades and standards².

Dr Schultz's writings show that the factor markets left to their own ends do not perform satisfactorily. According to his locational matrix which is primarily industrial-urban in composition and near the centre of which the existing economic organisation works best. He further hypothesised, with particular reference to agriculture that those parts of agriculture situated favourably relative to the industrial-urban centre are more efficient than those situated at the periphery³.

Cross sectional data on geographic-economic regions found support for this hypothesis⁴. Each of these studies found that besides differences due to local factors, the factor markets played an important, although differential role in transmitting the effects of economic development to agriculture. It seems that most of the impact of industrialisation is transmitted to agriculture through the labour transfer, although capital, current inputs, and farm products are also important.

The vast and expanding literature on the theories, policies and practices of economic development takes in general the markets for granted, neglecting research. The marketing problems are in reality vital for the field of economic growth analysis. In fact some new concepts are required in that analysis and adequate techniques are to be adapted or developed. Furthermore, it is evident that considerable descriptive research is required to provide general information concerning the functions of marketing and its influences before analytical research can reasonably be expected.

² Paul L. Farris, Uniform Grades and Standards, Product Differentiation and Product Development, Jour. Farm. Econ. Vol. XLII 1960, p. 854-863.

³ T. W. Schultz, Reflections on Poverty Within Agriculture, Jour. Pol. Econ. Vol. LVIII 1950; see also T. W. Schultz, Economic Organisation of Agriculture, New York, McGraw-Hill Book 1953.

⁴ Anthony M. Tang, Economic Development in the Southern Piedmont, 1860-1950: Its Impact on Agriculture, Chapel Hill, University of North Carolina Press 1958; W. H. Nicholls, Industrialisation, Factor Markets and Agricultural Development, Jour. Pol. Econ. Vol. LXIX 1961, p. 319.

¹ Joe S. Bain, Industrial Organisation, John Wiley, New York, 1959, p. 7.