ECONSTOR
Make Your Publications Visible.

A Service of
ZBW
Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

World business trends

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1970) : World business trends, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 05, Iss. 6, pp. 199-200,
https://doi.org/10.1007/BF02927957

This Version is available at:
https://hdl.handle.net/10419/138359

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

Federal Republic: In the Latter Phase of a Boom

Since autumn, 1969, the West German economy has been in the latter stage of a boom: while demand expansion is slowing down, prices and wages continue to rise strongly. Foreign orders in industry declined considerably after revaluation; and domestic orders stagnated. Orders on hand increased insignificantly only after the turn of the year, and their range decreased slightly; it was, however, still noticeably higher than the one registered at the peak point of the latest boom. Although the growth rate of the GNP in real terms was lower, this was due exclusively to the impediment of continuous output, which because of the early and long winter was the case particularly in building and contracting. This is the result the Association of German Economic Research Institutions (Arbeitsgemeinschaft deutscher wirtschaftswissenschaftlicher Forschungsinstitute) has arrived at in its latest expert report.

For the further development it is expected that the easing of the cyclical conditions which has been announced by incoming industrial orders during the last months, should become more distinct. The duration of the easing phase and whether a period of stagnation or a new start will follow cannot be foreseen with sufficient certainty at the moment.

Export Increase Relatively Strong

Foreign orders will again increase slightly after the decrease registered as a consequence of the revaluation. But the extraordinarily high and—caused by speculative influences—forced up level of foreign orders of the time before the revaluation will not be reached again in the near future. If the pace of export expansion decreases, this will at first be due to the limited ability to deliver of West German exporters. The undiminishedly strong rise in selling prices for export goods after revaluation seems to confirm that exporters do not fear for the moment a strong injure of their foreign sales.

Investments Confined by Supply

The development of equipment investments remains at first determined by the output possibilities of the industry producing capital goods. Since foreign demand will increase again and since a sudden drop of domestic investors' demand is not presumable, the present extremely high extent of capacity utilisation should decrease only slightly this year. The building and contracting sector will try to reduce during the next months the backlogs conditioned by the weather. The extremely strong price increases in building and contracting will last until the early summer, but then probably lessen. Wage increases in the economy as a whole will remain substantial during the course of the year. Private consumption will therefore continue to expand strongly.

Government's Contribution

Fiscal policy is characterised by increased efforts to dampen business activity. This is being tried mainly through the reduction of expenditure. But government expenditure can only be curtailed within confined limits. Government consumption will grow during this year slightly less compared with the previous year. Further reductions would have to be made above all at the expense of investment expenditures. Government investments are predominantly executed by the communities. Due to the fiscal reform, their financial basis has been widened; for this reason a very strong increase of the communities' investment expenditures is expected. Considering the presumable development of receipts and expenditures, the dampening effects that can be expected from the

government sector will be, if at all, very insignificant only.

Continuously Strong Price Increase

When summarising the forecast, one can expect the maintenance of a high level of employment, a reasonable growth rate of output and a high extent of capacity utilisation for the year 1970. The price enhancing forces will—in accordance with the slight easing—diminish during the course of the year, but will continue to remain quite strong. For the whole of 1970, an increase of consumer prices of nearly 4 p.c. as compared with last year must be expected; at the middle of the year this rate will probably be exceeded.

Compiled by the Department for Business Trends Research of the Hamburg Institute for International Economics

Appropriation of the National Products

– in current prices – in billion DM							
Private Consumption	301.1	332.3	371.0	155.2	177.1	174.4	196.6
Government Consumption	83.6	93.2	103.2	42.0	51.1	47.0	56.2
Investment in fixed assets	124.8	146.9	177.1	64.6	82.3	78.9	98.2
equipment	52.9	68.0	81.8	30.6	37.4	38.2	43.6
buildings	71.9	78.9	95.3	34.1	44.8	40.7	54.6
Change in stocks	+11.0	+13.5	+ 9.0	+12.7	+ 0.8	+11.0	– 2.0
External contribution	+18.0	+15.2	+12.3	+ 6.4	+ 8.8	+ 5.7	+ 6.6
exports	124.4	141.6	153.4	66.6	74.9	73.2	80.2
imports	106.4	126.4	141.1	60.2	66.1	67.5	73.6
Gross National Product	538.5	601.0	672.6	280.9	320.1	317.0	355.6
Change in p.c. compared with the previous year							
Private Consumption	5.9	10.3	11.5	9.8	10.8	12.5	11
Government Consumption	3.3	11.4	11	9.1	13.4	12	10
Investment in fixed assets	9.0	17.7	20.5	17.2	18.1	22	19.5
equipment	10.1	28.6	20.5	30.6	27.0	25	16.5
buildings	8.3	9.7	21	7.3	11.5	19.5	22
Exports	12.5	13.8	8.5	15.7	12.2	10	7
Imports	12.8	18.8	11.5	20.9	16.9	12	11.5
Gross National Product	8.9	11.6	12	10.9	12.3	13	11
– in prices of 1962 – Change in p.c. compared with the previous year							
Private Consumption	4.0	7.7	7.5	7.3	8.0	8.5	6.5
Government Consumption	– 0.9	4.1	3	3.0	5.0	3	3
Investment in fixed assets	8.0	12.8	8.5	14.8	11.2	8	8.5
equipment	10.5	24.8	13	28.3	22.0	16	10.5
buildings	6.0	3.4	4	4.1	2.8	0.5	7
Exports	13.4	11.9	6.5	14.8	9.5	8	5
Imports	14.7	16.2	11.5	18.9	13.8	12.5	10
Gross National Product	7.2	8.0	5	8.3	7.7	5.5	4.5

PUBLISHER: The Hamburg Institute for International Economics (HWWA–Institut für Wirtschaftsforschung–Hamburg), Director: Professor Dr Heinz-Dietrich Ortlieb, and The German Overseas Institute Foundation (Stiftung Deutsches Übersee-Institut), Executive Director: Dr Günther Jantzen

EDITORIAL BOARD:
Chief Editor: Dr Dietrich Kebschull

Assistant Chief Editor: Hubert Höping

Editors: Otto Gustav Mayer, Carsten Moser

Editorial Production: Regina Kebschull, Helga Lange

Address: Eppendorfer Landstrasse 106, 2 Hamburg 20, Phone: (04 11) 47 11 74 05/06

PRODUCTION AND DISTRIBUTION:
Verlag Weltarchiv GmbH, Hamburg

Advertisements: Representative Dr Hans Klemen

Advertising Price List: No. 12 of January 1, 1968

Rates of Subscription: Single Issue: DM 4.20 (US$ 1.20); Annual rate: DM 48.– (US$ 14) (Students: DM 24.– (US$ 7))

Publication Dates: monthly

Printing: Otto Schwitzke, Hamburg

Address: Eppendorfer Landstrasse 106, 2 Hamburg 20, Phone: (04 11) 46 10 19 and 46 10 10

Copyright by Verlag Weltarchiv GmbH