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## German prism

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# GERMAN PRISM

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## **Considerable Indebtedness of German Industry**

The share of capital resources in the balance sheet total of joint stock companies has noticeably declined. On the other hand, the share of borrowed funds, particularly of short and medium-term liabilities, has risen vigorously. This development is depicted by the just published evaluation of the Federal Statistical Office, which covers the balance sheets of 909 industrial joint stock companies with 90 p.c. of the balance sheet total for 1969 of all joint stock companies in German industry. From 1968 to 1969 contrary to the trend in the last years capital resources have grown by only DM 4.3 bn and their share in the balance sheet total has declined from 36.3 to 35.2 p.c. The financing of the growing capital assets and above all working assets had to be accomplished increasingly with borrowed funds. The short and medium-term liabilities alone rose by DM 8.1 bn, i.e. from 23.6 to 25.7 p.c. of the balance sheet total.

## **Worrying Growth Rate of the Number of Motor Vehicles**

The Ifo-Institute, München, estimates that in the Federal Republic the number of motor cars and combination vehicles of at present 12 mn will rise to 17 mn in 1975 and to about 20 mn in 1985. Remarkable in this connexion is the fact that the increase by 45 p.c. until 1975 is an alarmingly high one—mainly because of the necessary investments in road construction—but that it will slow down considerably until 1985 (14 p.c.). The shift towards stronger motors will continue according to the Institute's opinion. Vehicles under 550 ccm, whose number is declining already since 1963, will decrease to one fifth until 1985, while vehicles with 500 to 999 ccm will until the same year decline to less than half their number in 1969. On the other hand, the number of motor vehicles with 1,000 to 1,499 ccm will increase by 50 p.c., and the number of those with engines of 1,500 ccm and more will treble.

## **19th Meeting of the "Con- certed Action" on Dec. 10, 1970**

On December 10, 1970, the representatives of the trade unions, the top organisations of the economy and the Council of Experts on Economic Development met for the 19th discussion within the framework of the "Concerted Action". Central subjects of the round-table talks were the orientation data decided on by the Federal Government on October 22, the An-

nual Report of the Council of Experts and a number of important elements of cyclical policy for 1971. In his elucidation of the Federal Government's orientation data as of October 22, Minister Schiller emphasised that the further increase of incomes must be better adjusted to the production potential. Only this way will it be possible to secure a higher degree of price stability together with a high level of employment and an adequate growth rate. This can be achieved if in 1971 incomes from entrepreneurial activities and from property as well as incomes of employed persons will develop within the scope of the orientation data. There should be a solid chance to reduce price increases in private consumption from almost 4 p.c. in 1970 to 3 p.c. in 1971. This should establish the basis for a return to stability without impairing other targets of economic policy.

East-West trade will not grow more rapidly without an increasing exchange of consumer goods. Otto Wolff von Amerongen, President of the Central Association of German Chambers of Industry and Commerce (DIHT), made this forecast at a Hearing of the American Congress in Washington. The countries with state monopoly trading sell but relatively few consumer goods in Western countries, because, according to Herr Wolff, the quality of their consumer goods is unsatisfactory for the sophisticated European market. Only if it comes to a major structural change in the East-bloc countries a development of East-West trade at a faster pace than today can be predicted.

## **Otto Wolff: Consumer Goods to Be Included in East-West Trade**

The coke-balance of the first four months of 1971 will probably be about even with supply and demand reaching 14.3 mn tons each. According to the Federal Commissary for Hard Coal Mining, Herr Woratz, the main reason for this good supply situation—favourable as it is in an international comparison—is to be found in declining steel production. He calculates that from January to August 1971 the iron and steel producing industry will require only 7.0 mn tons of coke as compared with 7.3 mn tons in the previous year's corresponding period. The second most important item of consumption, house coal, in the first four months of 1971 with 2.0 mn tons will not reach the level of 1970 (2.1) according to estimates.

## **Coke-Balance About Even in the 1st Quarter of 1971**

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