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GERMAN PRISM

100,000

Foreigners

Living

in Hamburg

According to data published by the Authority for Domestic Affairs the number of foreign citizens living in Hamburg surpassed the 100,000 mark at the end of March. This number includes also people without a nationality and foreign children, who are not yet 16 years old, and foreign refugees. Analysed by homelands, 124 nations are represented in Hamburg. Turkey is at the head of the list with 17,200 citizens, followed by Yugoslavia with 14,240, Italy with 8,870 and Greece with 8,180 citizens. A total of 12,980 foreigners (12.8 p.c.) come from the EEC-area.

The Three Big Banks: Success In Spite of Cost Explosion

The cost explosion of 1970 in the Federal Republic hit also Deutsche Bank, Dresdner Bank and Commerzbank. However, in spite of decreasing proceeds the three big banks

were satisfied with the past business year.

The expansion of business activities is continuing at home and abroad. In particular the co-operation between Commerzbank (balance sheet total of 1970: DM 19.7 bn), Banco di Roma and Cr dit Lyonnais is to be pointed out. But also Deutsche Bank (balance sheet total of 1970: DM 31.4 bn) and Dresdner Bank (balance sheet total of 1970: 24.8 bn) engaged more strongly in international business. For 1971 the three banks anticipate that the annual results will improve and dividends be maintained.

Stock Exchange in the Wake of Business Trends

Although during the last months the stock exchange showed a bullish mood for short periods, the general tendency was temporising and not uniform. However, a few special price movements could be registered. In the bond market, too, the current business is very limited. This is the result Deutsche Bank arrives at in its publication „B rsenbild“ of mid-April.

This is proving once more that it is not so much the effective facts which are determining the tendency but rather their anticipation. In the meantime other aspects came more to the fore again: cyclical developments have passed their peak and a pronounced decline is to be expected in the course of the year. Therefore the stock

exchange should hardly experience major stimulations. To begin with, the wave of publications of annual results for 1970 will clearly point out the impairment of the entrepreneurs' profit margins. The continuous cost increases, particularly the rise in wages, make it difficult to recognise already now a silvery streak on the profit-horizon.

DGB: 9.4 p.c. Wage Increases for 800,000 Workers In April, 1971

In April, 1971, the members of the German Trade Union Federation (DGB) negotiated average increases of wages and salaries by 9.4 p.c. for 800,000 employees and

workers. The increases of scale wages and salaries were comparatively higher than in the 1st quarter of 1970 (9 and 9.6 p.c., respectively). The conclusion of collective wage agreements effecting the capital formation of the labour force was continued. At the end of April, 1971, the number of wage agreements of this type was 250 as compared with 150 on February 1, 1970.

The wage policy department of the DGB Federal Managing Board calculated that in 1970 among industrial workers those employed in the printing trade achieved the highest average gross wages per man-hour. Then follow the workers in the iron and steel processing industries, the chemical industry and mining.

FRG: Position In an International Comparison of Trends

According to data published by the Government the FRG had a very good year in an international comparison of business trends—in spite of price increases by 3.8 p.c. It

need not have recourse to wage and price controls like ten of its western trade partners. Furthermore, in contrast to many industrial nations the FRG achieved full employment, an adequate growth and an equilibrium in foreign trade and payments. Together with Switzerland and Canada the FRG did not follow the international inflationary trend.

Nevertheless public discussion in 1970 concentrated on price increases. All too easily was it ignored that in an economy so closely integrated into the world economy, cyclical and currency policy problems are inseparably tied up with the economic problems of its trade partners. Besides, the Federal Government pointed out that the cyclical development continued to progress towards an easing of cyclical conditions. Smaller

utilisation of capacities, decreasing pull of demand and relief of the labour market indicate a transition from a boom to a gradual normalisation of the economic situation.

**More Turnover
but Smaller
Profits for
Volkswagen AG**

Continuing growth and a distinct deterioration of the profit situation characterised the development of the Volkswagen Concern in the business year 1970. The turnover in 1970

of the enterprise all over the world increased vis-à-vis the previous year by 13 p.c. to DM 15.8 bn, of which 31 p.c. (preceding year 29 p.c.) was achieved at home and 69 p.c. (71 p.c.) by exports.

In spite of this successful turnover the VW-Concern's proceeds declined by more than 20 p.c. For, higher profits did not suffice at all to balance cost increases. Salaries and wages alone of VW-AG rose by 25 p.c. to DM 2.6 bn.

The Concern's investments expanded by 41 p.c. in 1970 and with DM 1.54 bn reached another record volume. In 1971 the enterprise's investments will probably reach the DM 2 bn mark. The management anticipates another business expansion but also a further unsatisfactory development of proceeds.

**North Sea:
Supplier of
Gravel, Tritan
and Zirkon**

The long-term importance of the North Sea shelf as a supplier for the building material industry and ore mining is indicated more distinctly. Very large gravel deposits may be taken

for granted. Besides there are extensive deposits of tritan and zirkon ores whose mining depends on extraction procedures. Deposits of arenaceous quartz might be interesting for the chemical industry.

It will take some time until the exploitation of the deposits can be approved, since the utilisation of raw material deposits on the bottom of the Sea poses problems regarding terms of concessions and their distribution on the Federal Lands as their owners.

**AEG-Telefunken:
Struggle against
Avalanche of Costs
Continuing**

The turnover growth rates which were higher than the average of the German electrical industry show that AEG-Telefunken registered a phase of a marked upswing. Its interna-

tional turnover rose by 22 p.c. to DM 9.2 bn, but the profit situation deteriorated due to considerable cost increases for wages and materials.

True, only one fifth of the international turnover of AEG-Telefunken falls to the share of sectors that have to struggle against difficulties. Four fifths of the business sectors developed favourably in spite of all handicaps—also under profit aspects. Their extension is to be accelerated.

This year the enterprise is to invest less (DM 420 mn) than in the previous year (DM 531 mn), and in view of the overall economic situation particularly strict standards are to be applied to measuring the profitability of the individual projects.

**Bayer-Concern:
Doubts about
Judgement of De-
velopments in 1971**

The management of Farbenfabriken Bayer AG, Leverkusen (world turnover: DM 11.1 bn), deplores—just the same as its competitors Hoechst and BASF—the drop in profits for 1970 and the uncertainty about 1971. But the drop has not been as marked as in the case of its competitors, for the firm's world balance sheet shows a profit.

According to the chairman of the board of directors, Professor Hansen, the development of proceeds in 1971 will decisively depend on the impending wage negotiations in the chemical industry and on decisions in the field of currency policy. Therefore Bayer decided to take a wait-and-see attitude as regards investments. If proceeds are rising again, investments could be stepped up any time. But already now a trend toward favouring investments abroad can be noticed. And this trend should continue in future, too.

**The Federal Gov-
ernment's Decisions
to Check Price
Development**

After intensive negotiations with the EEC-partners the Federal Government passed a programme pertaining to foreign trade and the domestic economy. Regarding foreign trade and payments the exchange rate between Dollar and D-Mark has temporarily been set free to float. The Netherlands followed suit. But simultaneously the EEC-governments stated their determination not to change the currency parities. Thus after a transitional period the German exchange rate will again lie between DM 3.63 and 3.69 per \$. It is still an open question how long this transitional period will last. As to the domestic economy the Federal Government decided to immobilise about DM 5.6 bn by stoppages of expenditure, raising of the reserve for the equalisation of business trends and credit limitations. Furthermore, the Government intends to cut down the authorised liabilities by about DM 3 bn.

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be judged with understanding. On the other hand, it would be wrong to refuse any participation in such types of aid, for humanitarian reasons. When industrialisation serves to create, or safeguard, jobs and earned income, it also serves humanitarian aims.

For it is a fact that there was a long and hard way from almsgiving via poor law aid to modern social security, which helps in order to enable the subjects of help to help themselves, and therefore development aid will also have to progress to novel forms. Government aid is now subject to much rethinking, but development aid by the churches is in danger of missing the bus. Should the churches refuse to re-think their mission, the unfavourable prediction contained in the Pearson Report may well come true. Neither will developing countries benefit from the creation of spectacular industrial oases nor will it

Aid by the Churches in the Federal Republic of Germany 1959/60—1969
in DM mn (rounded figures)

Year	"Bread for the World" a)	Year	"Misereor" b)	Federal Government Grants
1959/60	15	1959	35	.
1960/1	17	1960	44	.
1961/2	16	1961	50	.
1962/3	18	1962	45	53.4
1963/4	18	1963	50	54.0
1964/5	19	1964	49	54.0
1965/6	34	1965	51	54.0
1966/7	25	1966	58	55.0
1967/8	25	1967	58	54.5
1968/9	31	1968	54	56.0
		1969	53	—
Total	218	Total	547	380.9

Sources: a) Brot für die Welt — eine Materialsammlung (Bread for the World — a Collection of Data), published by EKD, Diakonisches Werk, Vol. No. 8, Autumn, 1969, and the author's own estimates. b) Misereor '70, Survey 1959—1969.

gain them anything if they are given schools but their people are not given new jobs. Development aid is growing progressively more diversified, and the church can find its tasks within the much wider range of aid even when restricting its work to humanitarian and social work, where it is superior to other aid agencies, through its experiences in industrialised countries, and through its inner motivation. But this is not possible without creating new jobs, in a similar way as it would not be possible without helping the physically disabled and without rehabilitating sick people for work. On top of this, there will be the fight against usury and against the dependence on creditors, which goes far beyond the exploitation described by Karl Marx. The creation of credit cooperatives, from this point of view, is a social and humanitarian task as well.

This point of view embraces much more than only our hungry and poor neighbours in the Third World. Among people to whom development aid of the churches addresses itself are also those who suffer from economic dependence in their hopeless plight—e.g. small farmers and cottagers, and the families living from cottage industries. They must be aided to help themselves, and this requires both psychological and material assistance. There is a field where the church can tackle tasks for which it is singularly well fitted. But the basis for such work will be a true partnership with the Third World not only of those who are to plan development aid but also of individual donors. Without their cooperation, the church will be forced to give up its work of aid, because the church gives, from its current income, very little, much too little for such purposes.

For this, there is no other way for the church but to "sell" development aid in the Federal Republic, giving new radiance to the picture of our partners in the Third World.

The Church Needs a New Standpoint

This has vast implications for the general and social consciousness of the public, which has been ill-informed in the past. For this reason alone, it is wrong to paint the future of development aid by the churches as black as is done by the Pearson Report. It would be difficult to do without the experience of the churches in resolving social conflicts. Unrest in a number of countries and the political attitudes of young priests prove that, without the cooperation of the churches, structural social tensions will only grow in developing countries, whilst a stable Third World must always remain the foremost objective of any development policy.

The church will measure up to this comprehensive task only by using "its institutionalised moral force for guiding industrialised countries, through its own example, on the path of cooperation and solidarity with developing countries, and for contributing to effective development in developing countries"⁹. If it succeeds in this, development aid of the churches will have a future within the framework of development policy. "In view of the growing difficulty of all problems, this policy is, however, entering upon a phase which is also rationally determined. To see this clearly, and to draw the proper conclusions from it, will be (also for the churches) one of the foremost tasks of the current decade"¹⁰.

⁹ Merz-Mock, Entwicklungshilfe — Themen — Thesen — Aktionen. Arbeitskraft des Bundes der deutschen katholischen Jugend und des Hilfswerkes der deutschen katholischen Misereor, p. 19.

¹⁰ K. H. Sohn, Zur künftigen Form deutscher Entwicklungshilfe, in WIRTSCHAFTSDIENST, Vol. 50, 1970, p. 79.