

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

Article — Digitized Version

German prism

Intereconomics

*Suggested Citation:* Hamburg Institute of International Economics (HWWA) (Ed.) (1972) : German prism, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 07, Iss. 4, pp. 125-126, <https://doi.org/10.1007/BF02929456>

This Version is available at:

<https://hdl.handle.net/10419/138624>

**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.*

## **Administered Prices: Index Will Climb by 2 p.c.**

In 1972 an increase of the cost-of-living index by 2 p.c. between January and December is to be anticipated owing to the already effective or announced administered price rises. The most important increases of prices and charges affect local transport carriers, the Federal Railways, the Federal Postal Administration as well as tobacco products, spirits and fuels. The level of agricultural price increases is still under discussion in Brussels. Since part of these increases will be initiated later in 1972, these measures will affect the consumer price level equally in 1972 and 1973. Or, to put it differently, due to the administered prices alone the cost-of-living index will rise in each of the two years by 1 p.c. Therefore, even if the "free prices" would remain absolutely stable in 1972, there would be a "mortgage" on the consumer price level of 1 p.c. for 1973.

## **New Orders Booked by German Industry**

The statistics of incoming orders for January seem to confirm the relative improvement of the economy's climate that could be registered at the end of 1971. Industrial orders placed increased from December to January by 0.5 p.c., whilst on an average of the last five years a decline by 7.5 p.c. had occurred. The orders placed by domestic as well as by foreign customers developed in January more favourably than usual for this month.

The basic industry and the production goods industry registered a particularly vivid demand. In these sectors incoming orders in January exceeded those of December by 6.5 p.c., in contrast with an average decline by 6.5 p.c. during the past years. The consumer goods industry also registered a slight increase of new orders booked (+ 1 p.c. vis-à-vis - 3.5 p.c. on a five-years average). Although the capital goods industry's incoming orders dropped by 4.5 p.c. in January, this reduction was smaller than the average of the last years (- 10 p.c.).

## **Compensation Within the Krupp Concern**

In the first year after the conclusion of the consolidation phase and after the new structure of the enterprise stood the test, the Krupp concern's total turnover rose by DM 250 mn to DM 7.4 bn. This result has been achieved although the sectors steel, metallurgy and trade

were particularly impaired by the recession in steel production as regards turnover and profits. According to the chairman of the board of managers, Herr Günter Vogelsang, this result is therefore to be considered a positive one and the company can look with reserved optimism into the future.

The year 1971 was for Krupp again a year of financial consolidation. While the volume of long-term credits for the investment programme expanded, the medium- and short-term financial situation improved considerably. This was mainly due to the new structure of the enterprise, which enabled Krupp to overcome cyclical difficulties in the steel sector. The sectors with the highest turnover increases were industrial plants, which was able to double its turnover to DM 1.3 bn, shipbuilding, which had a turnover increase of 39 p.c. to DM 555 mn, and machines, with a turnover surplus of 25 p.c. to DM 796 mn.

In 1971 the export business made a much higher contribution to the concern's turnover and this changed the structure of sales quite considerably. While domestic sales to outside parties declined by about 3 p.c. to DM 4.4 bn, the export turnover climbed by 30 p.c. to DM 1.7 bn. Including turnovers of foreign subsidiary companies (DM 320 mn after 156 mn) the total of the Krupp combine's foreign business rose from DM 1.5 bn to nearly DM 2 bn and thus amounted to 31 p.c. of the total turnover of DM 6.4 bn with outside parties. Referring to the turnover with outside parties of the concern's enterprises located in the home market the export quota increased from 22 to 27 p.c.

## **Steel-pipe Production Increased Slightly**

In 1971 the Federal Republic's steel-pipe production could be still slightly raised by 1.4 p.c. to 4.14 mn tons. But this increase originates exclusively from the production of welded large-scale pipes — last not least in connexion with the well-known business with Russia (supplies of large-scale pipes for pipeline construction to be paid with Russian natural gas).

According to provisional statistical data, the manufacture of seamless steel-pipes has declined by 10.9 p.c. to 1.57 mn tons. The domestic business of the German steel-pipe producers is being handicapped by rising imports. The Federal Republic's imports of steel-pipes rose by not less than 44 p.c. to approx. 410,000 tons in 1971 vis-à-vis the preceding year. The share of imports in the domestic market supply increased thus from 12 p.c. to 17 p.c.

As shown by the table on world steel-pipe production in the most important producer countries, the share of German steel-pipe production in total world production declined somewhat last year. The same applies to all EEC-members and Britain, but also to the USA and Japan as well. But now as before the Federal Republic holds the fourth place on the world ranking list, following behind the USSR, Japan and the USA.

**World Steel-pipe Production \***

Country	Production (In mn tons)		Share in World Production (In p.c.)	
	1970	1971	1970	1971
Fed. Republic	4.1	4.1	8.6	8.2
Italy	1.9	1.8	4.0	3.6
France	1.8	1.7	3.8	3.4
Belgium	0.3	0.3	0.6	0.6
Netherlands	0.2	0.2	0.4	0.4
Luxemburg	0.1	0.1	0.2	0.2
EEC	8.4	8.2	17.7	16.4
Britain	2.0	1.8	4.2	3.6
USSR	12.4	13.5	26.2	27.0
Japan	7.7	7.6	16.2	15.2
USA	7.1	7.0	15.0	14.0
World total	47.4	50.0	.	.

\* Figures for 1971 partly estimated.

### **Preussag AG Hanover Suffering Losses**

The annual statement of accounts of Preussag AG shows an unsatisfactory result for 1971. Therefore no dividend will be paid to the shareholders. The western world's metal-using industries, particularly regarding lead, zinc and aluminium, have to put up with considerable losses, so that the sector heavy and rare metals closed its annual accounts at a high loss. Therefore the combine's earning power has been seriously impaired. The on a whole favourable results of the other business sectors did also not suffice to balance these losses completely.

The concern increased its total turnover to DM 1.87 bn (1970: DM 1.62 bn) and its turnover with outside parties by 15.4 p.c. to DM 1.68 bn. The combine's investment amounted to only DM 283.4 mn (1970: DM 427 mn). Heavy and rare metals participated in this investment with DM 102.9 mn, light metals with DM 75.4 mn, the transport sector with DM 29.7 mn and the coal sector with DM 21.7 mn. The combine's number of employees amounted to 20,922 persons at the end of the year.

### **Intensification of House Building in 1971**

According to the Federal Minister for Town Building and Housing, Herr Lauritzen, a total of 553,800 apartments was completed in 1971, corresponding to an increase by 15.8 p.c. vis-à-vis 1970. The number of building permits granted in 1971 (705,700) also exceeded the previous year's corresponding figure by 15.8 p.c. The statistics of building permits granted for publicly assisted housing justifies the conclusion that also in this sector the growth rate is very favourable. In any case Minister Lauritzen thinks that 1972 the limit of 200,000 units will be surpassed also in publicly assisted house-building.

The growth rates of mortgages paid out in 1971 by savings banks, mortgage banks and building societies amounted to 11.9 p.c. and reached the sum total of DM 34.5 bn. The promised mortgages at DM 30.3 bn even registered a growth rate of 31.7 p.c. vis-à-vis 1970. As pointed out by the Ministry, this increase of consents should not be considered a reflection of growth rates of house-building. A considerable portion of them falls to the share of refinancing transactions and owner-occupied apartments with very comfortable accommodations at correspondingly higher prices.

### **Good "Climate" at Leipzig Trade Fair**

A total of 9,250 exhibitors from 60 countries participated in the Leipzig spring-fair this year. One third of them came from foreign countries. With about 850 exhibitors the Federal Republic of Germany was again the biggest exhibiting state behind the host country. It occupied an exhibition space of 21,500 square-meters, which was twice the size of the Soviet Unions exhibition area.

In spite of differences between industrial branches the trade between the two parts of Germany continued to grow faster than the other foreign trade of East Berlin. In the past year the mutual exchange of goods rose by approx. 10 p.c. to DM 5 bn. This time the West German exhibitors were strikingly optimistic about the further development of trade between these two partners. There is much demand particularly for telecommunication equipment and certain building elements. Furthermore, new markets are being opened for household appliances as e.g. washing-machines, etc.