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More Advertising for Holidays in Germany

The German Federal Government as well as the Federal Länder intend to promote, during the next years, the German tourism industry more intensively than hitherto. The skeleton

plan of the common task "Improvement of regional economic structure" provides investments in tourism to the amount of DM 1.76 bn for the years 1972 to 1975. These investments shall be encouraged by means of extra pays of DM 13 mn and investment grants of DM 99.4 mn. Moreover, grants of almost DM 286 mn have been provided for public utilities promoting tourism with an investment volume of DM 535 mn.

Above all in the field of advertising, the different conditions in the Federal Länder seem to have prevented a common initiative up to now. "A common and practicable concept" for central domestic advertising between the participating Länder and the associations of tourism have been hindered by the differing opinions of the Länder.

Anyhow, as far as advertising is concerned, German tourism lags behind other countries. For in the Federal Republic, 40 foreign tourism head offices with an annual budget of about DM 60 mn apply for potential German holiday-makers abroad. Nevertheless, German tourism seems by no means to lag behind, because in 1969 and 1970 57 p.c. of Germans spent their holidays in Germany.

Difficulties and Bottlenecks in Nuclear Energy Sector

At the reactor conference of the German Atomic Forum as well as of the firms working in the sector of nuclear technology, well-known representatives of German public utility and

energy sectors came to the conclusion that individual power resources and consequently the power stations might be confronted with special difficulties and bottlenecks. Such a temporary bottleneck will obviously be faced by the German nuclear energy consumption in the years 1977/78. German reactor industry finds itself forced to expand its nuclear capacity by 10,000 MW by 1980. However, this requires the ordering of power stations at least 7 years before putting them into operation, as big units of more than 1,000 MW need about six years of construction. And experience, moreover, shows that the permission procedure for the site needs one year.

Under these conditions, by 1974 at the latest about ten new large nuclear power stations should be approved and construction started, if an installed capacity of at least 20,000 MW is to be operating. Estimates regard this as the lower limit for a guaranteed energy supply.

Share of Wages and Salaries in the National Income Growing

According to preliminary calculations of Deutsches Institut für Wirtschaftsforschung (German Institute of Economic Research) the national income (net national product at factor

costs) increased during the first quarter of 1972 compared with the corresponding period of last year by 6.2 p.c. to DM 139.1 bn. The gross income from dependent work increased by 8.4 p.c. to DM 99.8 bn, but gross income from entrepreneurial activities and property only by 1 p.c. to DM 39.3 bn. The growth is supposedly due to higher incomes from property exclusively. In the quarter under review, the share of incomes from dependent work in the national income has risen to 71.7 p.c. — compared with 70.3 p.c. in the first quarter of 1971 and with 68.5 p.c. in the first quarter of 1970.

New Ways of Shipping Promotion Required

At their latest meeting the ministers and senators for economics and transport, respectively, of the four coastal Länder of the Federal Republic—Sleswick-Holstein, Lower Saxony,

Bremen and Hamburg—voiced their unanimous opinion that due to internationally existing competitive relations governmental promotion measures in favour of German shipping companies must be continued. The demand of the Association of German Shipowners for adjustment support by the Federal Government in order to balance the revaluation losses of 1969 and 1971 was however refused. For the future, special exchange guarantees for the shipping industry are expected. Moreover, the conference participants agreed to remit surpluses, which are the result of long-term low prices of the DM, to the public, i.e. the Government.

Herr Kern, Bürgermeister of Hamburg, has the idea to separate the provision of means from the imponderabilia of annual budgets by a common fund established by the Federal Government, the Länder as well as the shipowners. But from this fund—which is to promote German shipping—

grants would no longer be paid, but interest-free credits would be provided which would flow back to the fund.

**Capital Invest-
ments of Citizens
In Foreign
Economies**

The Federal Ministry for Economics and Finance publishes, together with the Deutsche Bundesbank, the state of foreign investments on December 31, 1971. This report analyses

the investments by countries, regions and branches. From 1952 to December 31, 1971, the German economy has invested about DM 23.8 bn in foreign countries; direct investments of foreigners in the FRG amounted to about DM 25.6 bn on Dec. 31, 1971. Developing countries had a share of 28 p.c. (DM 6.7 bn) in German direct investments.

Of the foreign investments made in Germany from 1961 to the end of 1971, DM 11.8 bn or 46.1 p.c. fall to the share of the USA, followed by Switzerland (3.6 bn), Great Britain (2.9), the Netherlands (2.4 bn), Belgium/Luxemburg (1.4 bn), and France (1.4 bn).

By branches, the chemical industry is again heading the list of German foreign investments; in the periods under review, it had a share of about DM 5.5 bn, followed by the electrotechnical industry with DM 2.8 bn and the automotive industry with DM 2.2 bn. As far as the service sector is concerned, investments in banks and insurance firms are with DM 1.6 bn most important; in contrast to this, trade only invested about DM 260 mn.

**Multinational
Firms and
Environment
Protection**

In the working groups of the EEC-Conference on the subject "Industry and Society in the EEC" the contrary opinions of the great social groups clashed as had been expected. In

the group "environmental problems" as well as in the group which deals with multinational firms, representatives of trade unions tended to regard injuries to the environment or the foundation of multinational firms as a process which is indis-

solubly connected with "capitalism"; and they deduced their political demands from this fact.

The question whether the environment damages, not denied by any participant, can be blamed on the market economy, was discussed in detail. An economic and industrial policy exclusively oriented towards growth was heavily doubted. Professor Jürgensen pointed out that it is not permissible to charge the market economy with pollution as long as it has not got the task to solve the problem. Unsatisfactory results are not due to a market event but to a miss-oriented economic policy. If environment protection is integrated in the magic polygon of economic objectives the conflict between economic growth and environment protection becomes clear.

**Public Credit
Demand
Shall Be
Choked**

In the Central Capital Market Committee (ZKMA) representatives of the important issuing houses try to bring the multitude of wanted loans into accordance with the market

situation. They advocate an abrupt change in the capital interest policy, i.e. a nominal interest rate of 8 p.c.—instead of 7 p.c. up to now—for new loans. Moreover, they plead for an issue price of 100 p.c. of railway loans.

In view of this vigorous leap from 7 to 8 p.c. the Federal Ministry for Economics and Finance is at least surprised and points to the fact that it is the original task of the ZKMA to take care of an organic development of interests. The bond market, which in recent times has been very nervous, has rather good chances to stabilise somewhat. The ZKMA is sure that a railway loan with 7.75 p.c. interest, which is the upper limit set by the Ministry, is not suited to tranquilise the bond market. In view of the enormous capital demand of local authorities and private economy, there is the danger that the 7.75 p.c. interest rate must, after a few weeks, be replaced by 8 p.c. interest. Only this great leap would bring some rest to the market.

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