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More Indications of a Cyclical Recovery

According to the HWWA-Institut für Wirtschaftsforschung (The Hamburg Institute for International Economics) the indications of a cyclical upswing which will go on during the next months have been confirmed by developments during the last months. This is indicated by the continuously rising demand for industrial products. Foreign demand will continue rising together with a progressive, if only moderate expansion in Western Europe and a vigorous upswing in the USA.

In the domestic market private consumer expenditure should increase at about the same rate. Although only few new wage agreements are to be expected this year, in addition to the repayment of the cyclical surtax at the middle of the year, now an additional increase of pensions is to be expected. For the time being there exists some uncertainty about the speed at which government expenditure will rise. According to official statements the Government endeavours to slow down this rise in expenditure. To what extent this will succeed remains to be seen. The entrepreneurs' propensity to invest will continue increasing together with improving sales. Under these conditions the growth of industrial production should continue at about the same speed as during the last months. But to begin with this will not lead to a considerably rising utilisation of capacities. Employment should not decline anymore.

Positive Balance of the 10th Overseas Import Fair

On August 29, 1972, the Overseas Import Fair "Partners in Progress" closed with generally good business results. For six days 482 exhibitors and 394 additionally represented firms and organisations from 52 countries in Africa, Asia and Latin America offered the import trade a comprehensive survey of overseas export supplies. Contracts secured exceeded considerably the results of the previous year's Overseas Import Fair. The great chance offered by this trade fair "Partners in Progress" consists in a comprehensive survey of supplies from overseas countries, above all those that have already made some progress on the road towards industrialisation.

Textiles reached the highest sales. The turnover figures of textiles from the Republic of China, Korea, Japan, Hong Kong, and Cyprus exceeded the previous year's average values by far. But

also the Latin American countries Argentina, El Salvador, Mexico, Brazil, Bolivia and Chile, apart from larger turnovers, reported an increased interest of the buyers. Second came shoes which were offered in surprisingly fashionable designs and good qualities. Venezuela alone could effect sales for more than \$ 6 mn. Cyprus, too, that for years prepared itself for the Central European market by a purposeful information policy, registered satisfactory results in this sector.

Opening of a Branch of Dresdner Bank in Moscow

On the occasion of its 100th anniversary the management of Dresdner Bank announced in Berlin that it has contacted the proper Soviet quarters in order to apply for the approval for establishing a branch in Moscow. It has not been finally decided yet whether this branch of Dresdner Bank—the very first one of a German commercial bank in the Soviet Union—will represent Dresdner Bank alone or be the common representative of a European bank group. The Bank hopes that the German-Soviet Trade relations will be so stimulated that a representation will be very useful for the cultivation of contacts. The Board of Managers stated that today 10 to 15 p.c. of German total business transactions with the East are handled by Dresdner Bank, while the share of the business with the East in the Federal Republic's total foreign trade amounts to only 4 p.c.

Cost of the Olympic Games at Munich

The expenditure for the XX Olympic Games at Munich amounted to DM 1,972 mn. Although the increase in expenditure and prices of the individual projects could be criticised, on a whole this money enabled an impressive investment volume and an excellent organisation. Due to smart financing methods only DM 686 mn, i.e. 34.8 p.c. of the sum total, had to be paid by public authorities and thus by the taxpayer. Almost twice this sum, namely DM 1,286 mn, was covered through so-called Olympic revenues.

Roughly calculated the three territorial authorities, the Federal Government, the Land Bavaria and the City of Munich, shared their proportion of costs in the relation of 2:1:1. Calculated accurately the figures are as follows (percentage figures refer to total costs of DM 1,972): share of the Federal Government DM 333.4 mn (16.91 p.c.),

share of Bavaria DM 168.9 mn (8.56 p.c.), share of Munich DM 170.9 mn (8.67 p.c.), and the contributions of Sleswick-Holstein and the City of Kiel DM 6.4 mn (0.32 p.c.) each.

The largest sum of the Olympic revenues is the seignorage resulting from the sale of 100 mn Olympic 10 DM coins, which after deduction of coining costs, etc., amounted to DM 710 mn. Of this sum, it is true, DM 71 mn were taken by the Federal Cash Office for the regulating of successor costs, leaving the sum of DM 639 mn. Among the special funds for financing purposes that totalled DM 922 mn were the revenues from the Olympic lottery of DM 250 mn and a contribution of the Federal Ministry for Science and Research of DM 33 mn earmarked as expenditure for the central highschool sports-grounds.

The remaining DM 364 mn come from the Olympic Committee's own revenues, inter alia from the TV-lottery "Glücksspirale", the awarding of TV-rights and the selling of tickets.

Anniversary Meeting of Verein für Socialpolitik

Early in September this year a conference of "Gesellschaft für Wirtschafts- und Sozialwissenschaften, Verein für Socialpolitik" took place at Bonn on the occasion of its 100th anniversary.

This association originates from the social reform movement in the sixties of the 19th century. The founders intended to illumine social grievances and to work for their elimination by means of social policy meetings and scientific expertises. Today "Gesellschaft für Wirtschafts- und Sozialwissenschaften, Verein für Socialpolitik" offers a forum for the discussion of scientifically and politically controversial issues.

This year the subject chosen was "Power and Economic Law". This theme had the advantage of enabling a discussion of fundamental issues of economic science. At the meeting lectures were given inter alia by Professor H.-D. Ortlieb on "Power and Freedom from the Socialist Standpoint" and by Dr Dietrich Kebschull on "The Economic and Political Power of Multinational Enterprises".

Rising Sales of German Cars in the USA

During the last weeks the sales of German cars in the USA have recovered from the set-back they suffered after the introduction of the now again eliminated import surtax

and the devaluation of the dollar. In August almost 71,000 cars have been sold, i.e. practically as many as in the previous year's corresponding

period. In the first eight month of this year the number of sold cars had dropped by 60,000.

The big losers are Volkswagen and Opel. The types Ford Capri and the big Audi are continuing to enjoy the favour of the car buyers. The high growth rates of the Audi and also of the Porsche-model could not even approximately balance the profit losses VW suffered from its other models. Although VW is still the leading import-model in the USA, a comparison of its sales figures with those of its two big Japanese competitors, Toyota and Datsun, which together are selling more vehicles than VW, is not favourable for the first eight months of this year.

In August 1972 the share of imports in total US car sales at 19 p.c. almost reached the record result of 22 p.c. in August 1971. The volume of German car exports and with that about one third of German total exports to the USA did not suffer any losses through the changed currency relations.

Growth Rates of Consumer Prices and Unemployment

According to a series published by the Press and Information Office of the Federal Government the Federal Republic holds an extraordinarily favourable position in an international

comparison of growth rates of consumer prices and unemployment in the most important industrial countries. Japan only is in a similarly good position.

Since the recession of 1967/68 Germany has such a rate of employment as no other comparable country can boast of. In the middle of 1972 (July) there were 196,000 unemployed persons (an unemployment rate of 0.9 p.c.) but 600, 800 available jobs in the Federal Republic. The number of foreign labour rose to more than 2.3 mn. The USA for instance had 5 mn jobless people (an unemployment rate of 5.8 p.c.). Germany had its highest unemployment rate during the recession of 1967/68. Then 700,000 persons were temporarily jobless and many more feared for their places of employment (unemployment rate of 3.1 p.c. in February, 1971, and of 3.2 p.c. in January 1968).

In the first seven months of 1972 the Federal Republic holds a medium position in an international comparison of monthly price increase rates. According to the latest data available, the June 1972 price index vis-à-vis May rose by 5.4 p.c. in the Federal Republic. Belgium, Denmark, France, Great Britain, Italy, the Netherlands, Norway, Sweden and Switzerland showed higher rates of increase, while in Luxembourg, Canada, the USA and Japan this rate was lower than 5.4 p.c.