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Germany: Restrictive stabilisation programme

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COMMENTS

Germany

Restrictive Stabilisation Programme

Under public pressure the Government of the Federal Republic of Germany has finally decided to pass a sizeable package of measures against inflation, the latest rate was 7.5 p.c. A so-called stabilisation levy for the higher income groups was introduced for the purpose of draining off liquidity and purchasing power in the sphere of private demand. The investment demand is to be dampened by means of an investment tax of 11 p.c. and the abolition of degressive depreciation possibilities. The Government did not even exclude itself from the measures; in the case of all expenditure provisions not bound by legal or international obligations, 5 p.c. are to be cancelled, the net sum of credits taken up curtailed and additional tax receipts immobilised. The Governments of the lands are to pursue similar lines. Additionally, the highly restrictive money and credit policy of the Bundesbank shall be maintained.

Restrictive and hard as this programme appears to be, some questions still remain open; for instance whether the various measures are being well-balanced: private consumption is being curtailed much less than the investment demand. An even more serious problem might result from the development of the demand from abroad because of German industry already now witnessing a boom of incoming foreign orders such as has not been observed since the Korea crisis. Measures in the direction of somewhat lower prices are likely to accelerate the demand from abroad and soon bring to the fore the question of protecting the foreign trade flank by means of monetary or other steps.

But apart from these material questions and aspects, every policy of stabilisation also has its psychological component. And here, indeed, is the root of the programme's real chance: that the impression of an energetic and persistent stabilisation policy might lead to a reversal of the expectations. ogm.

EC

Environment Programme

Following the last Summit Meeting in Paris where the subject of environment protection played more than a minor role, in April of this year the EC Commission submitted to the Council of Ministers an action programme for environment protection. In it the aims and principles of environment policy within the European Community are laid down together with actions to be taken on Community

level within the next two years. The chief aim is the prevention, and as far as possible the elimination, of environment ravages.

The programme sets out three categories of action: such action that reduces the endangering of the environment; such action that improves the living conditions; finally, action to be taken in cooperation with international organisations. There is good reason for this catalogue of measures having been worked out in such non-committal manner: already today it can be found at each international meeting on environment protection that all countries quickly arrive at agreement about aims and principles but that, when it comes to the drafting of measures to be taken, each nation brings forward different priorities and different conceptions. Everybody conversant with EC practices can already today risk the diagnosis that the harmonisation of environment policy will probably take as long as the harmonisation of other policies. It will certainly be no easy matter to bring measuring methods and appliances onto one unified norm, to lay down unified health norms, to pursue certain sectional agreements for environment-endangering industries, etc. At this stage, the question which stands more and more in the fore of public discussions about the EC creeps up again: how serious are the member-states when it comes to the economic, social and political union? Only if the answer is to the effect of "much more serious than up to now", the hope that also the environment problem will one day be solved on a European level would appear justified. crm.

Israel

25 Years of Independence

In the history of countries 25 years do not amount to much, but for Israel the last 25 years mean everything. After nearly two milleniums of being scattered all over the globe, on May 14, 1948, the Israelis once again found a homeland. They defended their new home country in three successful wars and even enlarged it — at the expense of the Palestinians. World public opinion not only admires the skill in warfare, the spirit of resistance and the diligence of the Israelis, but sometimes holds stubbornness, arrogance and even chauvinism against them.

The unparalleled economic upswing of Israel has changed the fundaments of the State and at the same time influenced negatively its social structure. First of all, the economic and social problems have become more complex. The cost of living goes up by nearly 13 p.c. annually, and the