ECONSTOR
*Make Your Publications Visible.*

A Service of

ZBW Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

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

**Article — Digitized Version**

# World business trends

Intereconomics

*Suggested Citation:* Hamburg Institute of International Economics (HWWA) (Ed.) (1974) : World business trends, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 09, Iss. 12, pp. 391-392,
https://doi.org/10.1007/BF02929401

This Version is available at:
https://hdl.handle.net/10419/139125

**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.*

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

# Worldwide Differentiated Industrial Activity

For the first time since World War II, in 1974 the GNP of the western industrialised countries is likely to show no further increase vis-à-vis the preceding year. In industry (building trade excluded) there will be still a slight increase. Adjusted for seasonal variation, however, also this sector of the economy has been suffering from stagnation for about a year. In the majority of the big industrial nations – the US, Japan, the Federal Republic of Germany and Britain – the level of output has fallen short of the previous year's corresponding level already some months ago. As against this, France as well as most of the smaller industrialised countries, still registered remarkable growth rates. In most of these countries, however, current developments seem also to indicate a tendency to stagnation.

### Chemical Industry and Mechanical Engineering

Nevertheless production trends in the individual industries were considerably differentiated. Detailed data – which cover already the first months of last summer – show that primarily the chemical industry's production still increased substantially. Only in Japan the – seasonally adjusted – level of production lagged slightly behind that reached at the beginning of the year. Production in mechanical engineering developed also relatively favourably, indicating a still comparatively buoyant investment activity. In the iron and steel producing industries, however, there were increasing symptoms that production has passed its peak. The phase in which capacities alone obstructed expansion has ended obviously in this sector, too.

### Falling Output of Vehicles, Textiles and Buildings

The weaker tendencies in the metal-using industries concentrate particularly on vehicle construction. Already in the first half of 1974 its output dropped almost everywhere below the preceding year's level. Even in countries where after a steep decline at the beginning of the year a certain recovery had set in – i.e. in the US, Britain and Italy – the level registered before the oil crisis was not reached again. The weakening of private consumer demand was frequently reflected in the textile industry, too. Besides these two industries mainly the building trade was particularly impaired by the cyclical decline. Significantly for 1974 a reduction of between 5 and 7 p.c. (adjusted for price) in the building investments of a number of countries is anticipated, last but not least in consequence of the contraction in house-building. The most important exception, at least until mid-year, was the still expanding development in France.

### Production Remaining Weak also in 1975

The superimposing of cyclical influences on structural adaptation processes is expressed by the pronounced differentiation between the individual sectors. In this situation sectorial aid measures are more liable than at other times to obstruct necessary structural changes and thus to impede productivity and income increases in the medium term. On the other hand, a global change in cyclical policy –

**Index Numbers of World Market Prices of Foodstuffs and Industrial Raw Materials**

| Index and commodity group | 1973 | 1974 | | | | | |
|---|---|---|---|---|---|---|---|
| | October | January | April | July | October | Nov. 1 | Nov. 15 |
| **HWWA-Index * (1952–1956 = 100)** | **206.2** | **241.3** | **312.1** | **301.3** | **307.5** | **313.3** | **324.8** |
| Foodstuffs | 190.9 | 214.0 | 250.1 | 255.2 | 312.2 | 336.5 | 375.2 |
| Raw materials other than foodstuffs | 213.6 | 254.5 | 342.0 | 323.5 | 305.2 | 302.1 | 300.5 |
| Fuels | 178.8 | 272.1 | 468.1 | 469.2 | 468.0 | 468.1 | 468.5 |
| Raw materials for consumer goods | 206.2 | 212.3 | 193.8 | 175.2 | 153.7 | 149.9 | 143.5 |
| Raw materials for capital goods | 253.6 | 265.4 | 315.7 | 277.6 | 244.4 | 238.4 | 237.9 |
| **Reuter's Index (18. 9. 1931 = 100)** | **1,188.2** | **1,416.1** | **1,375.4** | **1,246.2** | **1,242.2** | **1,247.0** | **1,240.7** |
| **Moody's Index (31. 12. 1931 = 100)** | **841.8** | **711.3** | **723.2** | **842.4** | **866.8** | **883.7** | **889.5** |

* Index compiled by the Hamburg Institute for International Economics. On dollar-basis.

in order to support production and employment – in almost all industrialised countries is opposed now as before by the continuing inflation and/or the strained balance-of-payments situation. But even if such a change of course is assumed as probable for next spring, the year 1975 would be largely marked by a cyclical decline in most industrial countries.

# Raw Material Markets

### Rubber: Further Price Decrease

Due to the continuing low demand prices for natural rubber decreased further during the last months. The London quotation for standard quality R.S.S. 1 is presently 23 p/kg. Herewith, the last peak of 58 p/kg in January 1974 lay 60 p.c. above this level, which, however, still surpasses the lowest one of 12 p/kg in April 1972. A long-term comparison indicates that natural rubber is the only essential raw material the price of which (on dollar basis) has dropped: compared with the period from 1952 to 1956 by about 10 p.c.

The reason for this weakness of demand on the world markets for natural rubber is mainly the reduced production of the automobile-industry and, connected herewith, the diminuation of tire sales. On the other hand, supply of rubber has not declined. The obvious improvement of the supply-demand situation to the benefit of the processors – manifested by the strong price-decrease – is not yet expressed in the data for the first half of 1974 of the International Rubber Study Group. According to these data the entire world produced 1.65 mn t and consumed 1.76 mn t of natural rubber in this period. Under consideration of 50,000 t natural rubber, sold by the American Stockpile Authority, there is still a marginal consumption surplus of 60,000 t in the first half of this year. For the whole year 1974 a change of the statistical situation is expected.

Supporting actions by the Malaysian Government at the middle of this year stopped the price decreases only for a short time. The intention was that the exporters and other traders in Malaysia should enlarge their stocks and thereby reduce the export by 10 p.c. This measure was suggested by the Government for it would not mean a burden for the budget. Whether this measure will lead to the expected success will remain questionable as long as it is based on the voluntary cooperation of the exporters. Direct purchases of rubber, often announced by the Malaysian Government, are up to now within narrow limits – due to the high cost of financing. Malaysia and other rubber producing countries would have to decide on a considerable limitation of production and export to stabilise the present price-level.

Within the near future no essential improvement in the cyclical situation – mainly in the automobile sector – is in sight. Therefore demand for rubber will be low for the time being. But prices for natural rubber will hardly return to the lowest position before the last boom. Due to the price-rise in crude oil, prices for synthetic rubber increased considerably so that natural rubber will remain a competitive good on a higher price-level which, however, cannot yet be determined at this moment.

---

*Compiled by the Department on Business Cycles and Statistics of the Hamburg Institute for International Economics.*

**PUBLISHER:** HWWA–Institut für Wirtschaftsforschung–Hamburg (Professor Dr Heinz-Dietrich Ortlieb, Dr Dietrich Kebschull) and Stiftung Deutsches Übersee-Institut (Professor Dr Günther Jantzen)

**EDITORIAL BOARD:**
**Chief Editor:** Dr Otto G. Mayer

**Assistant Chief Editors:** Hubert Höping, Klaus Kwasniewski

**Editors:** Claus Hamann, Albrecht Iwersen, Helga Lange, Klauspeter Zanzig

**Address:** Neuer Jungfernstieg 21, 2 Hamburg 36, Phone: (0 40) 35 62 306/307

**PRODUCTION AND DISTRIBUTION:**
**Verlag Weltarchiv GmbH, Hamburg**

**Advertisements:** Representative Dr Hans Klemen

**Advertising Price List:** No. 13 of January 1, 1971

**Rates of Subscription:** Single issue: DM 4.20; Annual rate: DM 60,– (Students: DM 24,–)

**Publication Dates:** monthly

**Printing:** Otto Schwitzke, Hamburg

**Address:** Neuer Jungfernstieg 21, 2 Hamburg 36, Phone: (0 40) 35 62 500

Copyright by Verlag Weltarchiv GmbH