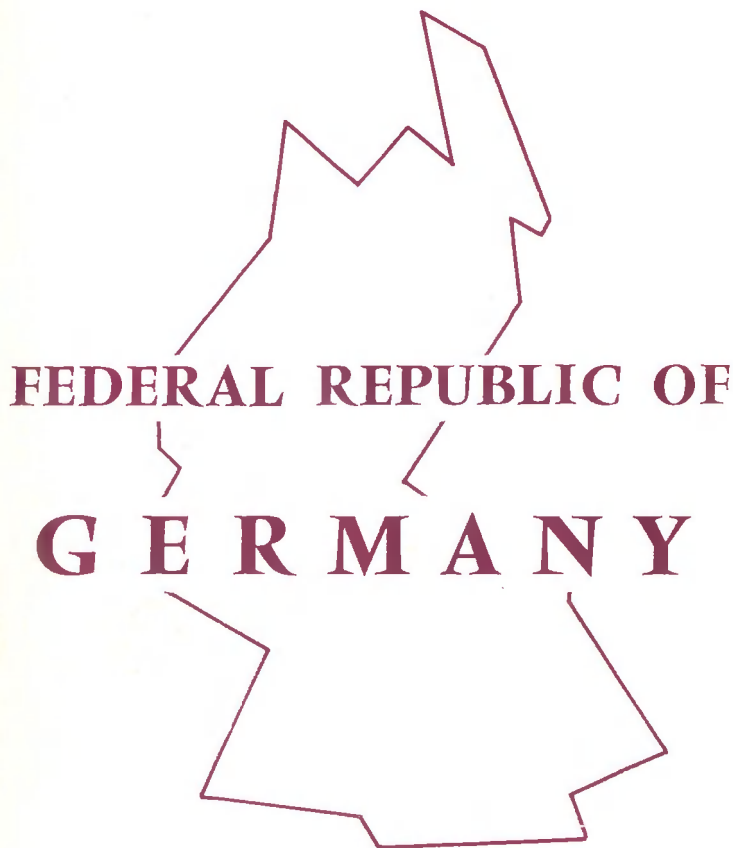


S.N. Marais

ECONOMIC SURVEYS BY THE OECD



DECEMBER 1961

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
PARIS

GERMANY

BASIC STATISTICS

THE LAND

Area, 1960 (thousand km ²)	248	Major cities, June 1960:	Million inhabitants
Agricultural area (thousand km ²)	143	Berlin (West)	2.2
Forests (thousand km ²)	71	Hamburg	1.8
		Munich	1.1
		Cologne	0.8
		Essen	0.7
		Düsseldorf	0.7
		Frankfurt	0.7

THE PEOPLE

Population, end 1960	53,756,000	Net immigration (annual average 1957-60)	330,000
No. of inhabitants per km ²	215	Labour force, total 1960	25,295,000
Net natural increase in population (annual average 1956-60)	317,000	Labour force in industry, 1960	12,115,000
— per 1,000 inhabitants	6.1		

PRODUCTION¹

G.N.P., 1960 (billions of DM)	276.6	Origin of G.D.P., 1960:	
G.N.P. per head 1960 (U.S. \$)	1259	Agriculture	6 %
Gross fixed investment (average 1956-60):		Industry (incl. construction)	54 %
— per cent of G.N.P.	23	Services	40 %
— per head (U.S. \$)	247	Home food production as a percentage of total food availability (average 1956-57)	69 %

THE GOVERNMENT

Public consumption, 1960 (per cent of G.N.P.)	14	Composition of Federal Parliament, 1962:	
General government current revenue 1959 (per cent of G.N.P.)	31	Christian Democrats	242 seats
Public debt, 1960 (ratio to general government revenue)	63	Social Democrats	190 —
		Free Democrats	67 —
		Last election: 17th September 1961.	
		Next election: 1965.	

LIVING STANDARDS

Calories per head, per day 1959-60 ²	2,892	No. of passenger cars in use, 1960 (per 1,000 inhabitants)	81
Consumption of energy per head, 1959 (O.E.E.C. average = 100)	140	No. of telephones, 1959 (per 1,000 inhabitants) ²	99
Steel consumption per head, 1959 (O.E.E.C. average 100)	185	No. of radio sets, April 1960 (per 1,000 inhabitants) ²	283
Industrial production per head, 1959 (O.E.E.C. average = 100) ¹	144	No. of television sets, April 1960 (per 1,000 inhabitants) ²	70
Average weekly earnings of industrial workers, May 1961 (DM)	132.24	Public expenditure on education per head, 1958 (U.S. \$) ²	39

FOREIGN TRADE

Exports:		Imports:	
Exports of goods and services as per cent of G.N.P. (average 1956-60 = 100)	24	Imports of goods and services as per cent of G.N.P. (average 1956-60 = 100)	21
Main exports, 1960 (per cent of total merchandise exports) ² :		Main imports, 1959 (per cent of total merchandise imports) ² :	
— Agricultural products	2	Agricultural products	26
— Raw materials	5	Raw materials	22
— Semi-manufactured goods	10	Semi-manufactured goods	19
— Primary products	20	Primary products	14
— Finished products	62	Finished products	19

THE CURRENCY

Monetary unit: Deutsche Mark.

Currency units per U.S. dollar: 4.00.

1. Excluding the Saar.
2. Including West Berlin.

Note: Figures include the Saar from July 1959 onwards, but exclude West Berlin, unless otherwise stated.

ECONOMIC SURVEYS BY THE OECD

**FEDERAL REPUBLIC
OF
GERMANY**

1961

**PUBLISHED BY
THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
2, RUE ANDRÉ-PASCAL, PARIS-XVI^e**

The Organisation for Economic Co-operation and Development was set up under a Convention signed in Paris on 14th December 1960 by the Member countries of the Organisation for European Economic Co-operation and by Canada and the United States. This Convention provides that the O.E.C.D. shall promote policies designed:

- to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;*
- to contribute to sound economic expansion in Member as well as non member countries in the process of economic development;*
- to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.*

The legal personality possessed by the Organisation for European Economic Co-operation continues in the O.E.C.D., which came into being on 30th September 1961.

The Members of O.E.C.D. are: Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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CONTENTS

I. OUTPUT AND EMPLOYMENT	5
Industrial production	6
II. DEMAND FACTORS	10
Fixed investment	10
Inventories	10
Consumption	12
Net exports	12
III. PRICES AND WAGES	13
IV. MONETARY AND FISCAL POLICY	14
Monetary policy	14
Public finance	15
V. FOREIGN TRADE AND PAYMENTS	17
Current transactions	19
Capital transactions	23
Liberalisation of foreign trade	23
VI. PROSPECTS.....	25
VII. CONCLUSIONS	27

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STATISTICAL ANNEX.....	31
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GERMANY

1. Up to the early months of 1961 the German economy had been characterised by a rapid expansion, with an undervalued currency generating large external surpluses and heavy pressure on domestic resources. In the course of 1961, however, the situation seems to have undergone certain modifications. Output has certainly been rising more slowly than previously, and this reflects, at least in part, the very full utilisation of capacity and labour reached by the end of 1960. But there are also certain indications that the pressure of demand may be easing; the rate of inventory accumulation has slackened, and statistics of new orders suggest that the growth of final demand may be slowing down as well. There are some signs that this is the case for both fixed investment and exports, even though actual expenditure, to date, has still been rising strongly. This tendency may to some extent have been influenced by increases in German costs resulting from the revaluation of the Deutsche Mark and the fact that wages have been rising considerably faster than productivity; so far, however, the greater part of the rise in labour costs has been absorbed by a reduction of profit margins, so that the rise in prices has been moderate. The growth of domestic demand has been tempered by large cash surpluses of the public sector.

2. The balance of payments situation has also undergone certain changes in 1961, with the official gold and foreign exchange reserves declining after the sharp increase of the previous year. The change-over to a relatively easy money policy has led to an outflow of short-term funds, and in recent months portfolio capital has also left Germany influenced by the Berlin situation; moreover, large prepayments of external public debt and other extraordinary capital transactions have contributed greatly to the decline in reserves. The surplus on current account, on the other hand, although falling in the third quarter, remains substantial, tending to exceed the more normal outflow of long-term capital; net invisible receipts have fallen, but the merchandise surplus has risen despite some recent decline in export orders.

I. OUTPUT AND EMPLOYMENT

3. In the first half of 1961, the real gross national product was about 6 per cent higher than a year earlier; the advance in more recent

months has probably been slower; in 1960, total output had risen by as much as 8 per cent. This slowing down of the expansion has been felt in most sectors of the economy.

TABLE 1. GROSS NATIONAL PRODUCT¹

Percentage change over previous year.

	AT CURRENT PRICES				AT 1954 PRICES			
	1958	1959 ²	1960 ³	1961 1st HALF ³	1958	1959	1960	1961 1st HALF ³
Private consumption.....	7.4	6.8	9.4	9.5	4.7	5.7	7.4	
Public consumption	12.2	10.2	12.2	9.7	8.2	9.4	8.1	
Gross fixed asset formation	7.8	13.5	16.5	16.4	6.0	11.2	11.7	
Changes in stocks ⁴	(-1.5)	(+0.7)	(+1.7)	(-0.6)	(-1.5)	(+0.7)	(+1.6)	
Exports of goods and services..	4.1	11.9	14.9	8.0	4.5	13.7	13.5	
Imports of goods and services..	4.6	14.9	17.4	7.7	10.3	18.6	16.8	
Gross national product	7.0	8.5	11.6	10.8	3.3	6.7	8.3	6.0

1. Excluding the Saar.

2. Provisional.

3. Estimate; including the Saar.

4. Changes in DM billion.

Source: Wirtschaft und Statistik, September 1961; Monthly Report of the Deutsche Bundesbank, September 1961

Industrial production

4. The seasonally adjusted index of industrial production has shown some downward tendency in recent months, and on a year-to-year comparison, the increase in the unadjusted index has slowed down considerably (from 10 per cent in the first quarter to 3 per cent in the third, with September showing an advance of only 1 per cent). While the third quarter figures may have been affected by short-term influences, such as a greater concentration of the summer holidays, there can be no doubt that, at least, the expansion has become much less vigorous. This partly reflects the shortage of labour and the fact that in certain sectors, notably the capital goods industries (including construction) capacity is very fully utilised. But other sectors, such as the basic materials industries, have been affected by a slackening of domestic demand related to inventory movements, and competition from imports is becoming more strongly felt, particularly in the consumer goods industries. The rate of capacity utilisation of industry as a whole, although remaining high, has therefore declined somewhat in 1961.

5. In the first quarter of 1961 construction activity was 16 per cent higher than a year earlier. This expansion, influenced by the measures taken in the autumn of 1959 to maintain winter-building and by

TABLE 2. INDUSTRIAL PRODUCTION¹

	WEIGHT IN TOTAL INDEX	1959	1960	1960				1961		
				1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
A. INDEX (1953 = 100) SEASONALLY ADJUSTED										
Total industry ²		162	180	176	179	179	185	194	191	185
B. PERCENTAGE CHANGE OVER PREVIOUS YEAR ³										
Total industry	100	7.4	10.5	13.6	12.3	9.5	7.6	10.2	6.0	3.2
Mining	8.15	-3.0	2.7	2.1	3.9	3.1	1.8	1.7	2.8	1.9
Coal mining	5.99	-6.3	0.3	-2.0	1.0	1.7	0.5	0.8	3.0	-1.1
Basic materials	23.40	12.7	14.0	21.2	15.4	12.6	8.8	9.8	6.4	2.7
Iron and steel	3.88	11.4	18.0	37.6	19.1	15.2	5.2	3.7	2.7	-5.4
Capital goods	23.18	8.0	15.2	16.9	17.3	15.3	12.2	14.7	10.3	4.1
Machinery	7.47	3.4	13.5	13.9	13.2	14.6	13.1	14.8	12.7	6.9
Consumer goods ⁴	21.68	6.0	7.8	12.9	9.6	5.5	4.3	7.7	5.0	1.8
Food and tobacco	16.57	2.7	3.0	0.1	4.4	2.4	5.0	6.9	3.0	4.9
Construction	2.50	16.1	4.2	18.0	7.7	0.5	-2.5	16.3	2.8	2.4
Energy	4.52	7.4	9.7	13.6	11.0	9.0	6.0	8.0	5.9	2.9

1. Excluding the Saar and West Berlin.

2. Excluding construction.

3. Output per working day.

4. Without food and tobacco.

Source: O.E.E.C., General Statistics; Die Industrie der Bundesrepublik Deutschland, Stat. Bundesamt.

favourable weather conditions, was largely due to further progress towards the reduction of seasonal fluctuations. In fact, as in 1960, the increase in building activity slowed down considerably during 1961 because of the shortage of labour; in the third quarter, construction activity was only 2 per cent higher than a year earlier.

6. The growth of production over the past year has to a great extent resulted from a further increase in productivity, which in turn has advanced more moderately than previously. The real gross national product per person employed in the first half of 1961 was 4.5 per cent higher than a year earlier; the previous year had shown an increase of about 6 per cent. Output per man-hour in industry has shown a similar trend, an increase of 8 per cent in 1960 being followed by one of 5.5 per cent in the first half of 1961, and the more recent months have seen a further weakening of the advance.

TABLE 3. PERCENTAGE CHANGE IN INDUSTRIAL PRODUCTIVITY¹ OVER PREVIOUS YEAR²

1958	1959	1960	1960				1961	
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.
5.4	8.4	7.9	11.3	7.2	7.0	6.8	5.6	5.4

1. Output per man-hour in industry excluding construction and public utilities.

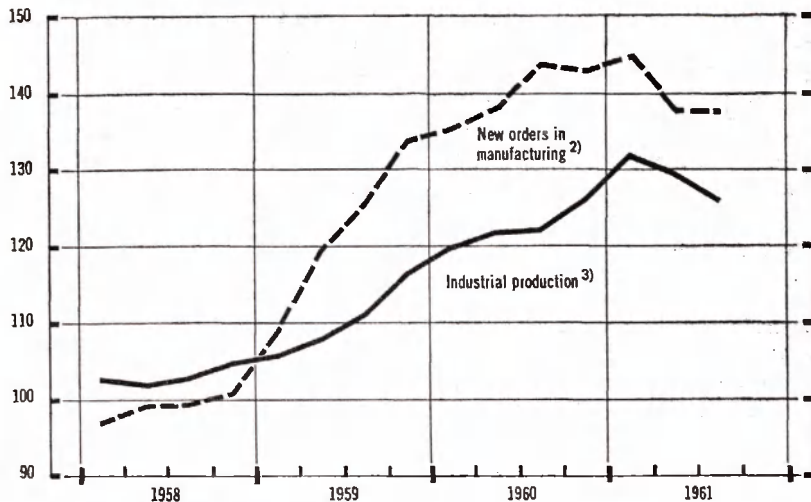
2. Excluding the Saar.

Source: Wirtschaft und Statistik; O.E.E.C., General Statistics.

7. In September 1961, the number of employed wage and salary earners was 20.9 million — about 600,000 (or 3 per cent) more than a year earlier. The natural increase in the labour force was much less than this, but the number of foreign workers rose by about 220,000 to 545,000 over the year ending last September, and there has been a further strong influx of labour from Eastern Germany; since August, however, the influx has been negligible. Unemployment has shown a further decline over the past year and the labour market has remained strained; by August, the number of wage and salary earners out of work had fallen to less than 100,000 (0.5 per cent of the dependent labour force) and the number of unfilled vacancies had risen to almost 600,000. There are indications, however, that the strain on the labour market has eased somewhat in recent months; seasonally adjusted figures suggest that the gap between jobs vacant and unemployment has diminished since the spring (see diagram 2). A moderate shortening of the average working week in industry points in the same direction, although this may largely reflect the strong tendency of the trade unions to demand a shorter working week, rather than any lack of opportunities for working longer hours.

Diagram 1. INDUSTRIAL PRODUCTION AND NEW ORDERS¹
 QUARTERLY AVERAGES, SEASONALLY ADJUSTED

1957 = 100

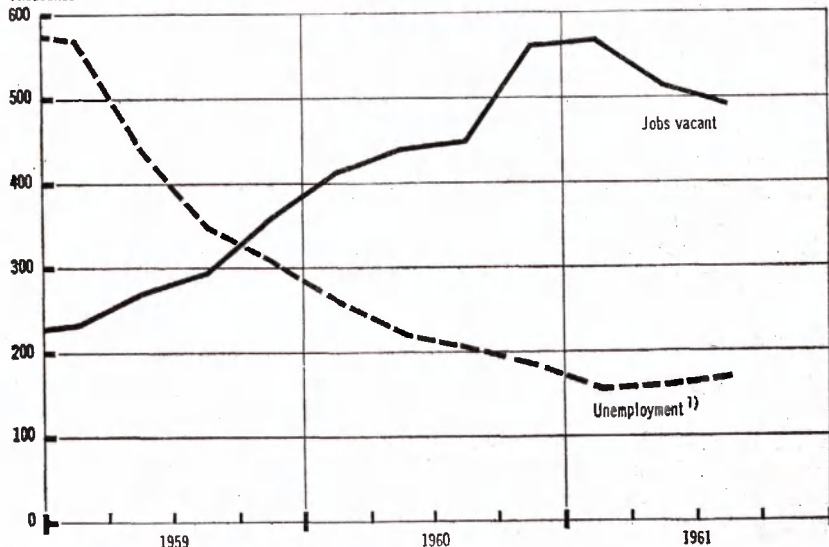


1. Excluding the Saar.
2. Excluding food, drink and tobacco manufacturing.
3. Excluding construction.

Source: O.E.E.C. General Statistics.

Diagram 2. UNEMPLOYMENT AND JOBS VACANT
 QUARTERLY AVERAGES, SEASONALLY ADJUSTED

Thousands



1. Beginning July 1959, includes Saar.

Source: O.E.E.C. General Statistics.

II. DEMAND FACTORS

8. Demand pressure has eased somewhat in 1961. The value of new orders received by industry, after seasonal adjustment, levelled off in the last quarter of 1960 and has shown a decline, both in respect of home demand and exports, after the first quarter of 1961; in August, for the first time since the beginning of 1959, the inflow of orders fell below current deliveries. There are indications that the growth of fixed investment and export demand is becoming more moderate and that inventory accumulation has slowed down.

Fixed investment

9. The inflow of domestic orders to the capital goods industries suggests that the increase in investment demand is slackening somewhat; in recent months the value of orders received has been running below the level of a year earlier. So far, however, actual investment expenditure has continued to rise strongly; in the first half of 1961 total fixed investment, private and public, was 16.5 per cent higher in current prices than a year earlier, rising at about the same rate as in 1960. Industrial investment is probably growing faster than the total. A recent I.F.O.¹ survey suggests that industrial investment in 1961 as a whole will increase by about 20 per cent, or at about the same rate as last year. The shortage of labour coupled with the strong increase in wage costs has led to greater emphasis on the rationalisation of industry, so that the increase in capacity, as estimated by the I.F.O. Institute, may fall to about 7 per cent in 1961, compared with 10 per cent in 1960.

10. Residential construction is rising more slowly than previously. In the first seven months of 1961 the number of dwellings completed was only 2.5 per cent higher than in the corresponding period of 1960, and this increase was partly due to the fact that the number of dwellings under construction at the end of 1960 was higher than a year earlier. The more moderate expansion has been due to the shortage of labour; demand for dwellings as well as most other types of construction is rising fast (see table 5) and demand pressure remains strong in the building sector.

Inventories

11. Inventory accumulation has probably slowed down somewhat in 1961. There are even indications that stocks of steel and other basic materials have been reduced; the earlier sharp increase in inventories of basic materials, partly in anticipation of some shortages, has apparently been reversed. In retail trade, however, inventories have been rising fairly strongly.

1. Institut für Wirtschaftsforschung, Munich.

TABLE 4. NEW ORDERS RECEIVED IN INDUSTRY¹

	1959	1960	1960				1961		
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
A. VALUE OF NEW ORDERS IN INDUSTRY: PERCENTAGE CHANGE OVER PREVIOUS YEAR									
Total industry ² :									
Total orders	23.4	15.0	28.6	13.5	14.9	6.0	7.3	1.4	— 5.6
Foreign orders	28.5	15.3	26.3	17.2	17.2	4.3	3.9	2.5	— 7.6
Basic materials:									
Total orders	22.6	10.6	30.1	11.8	6.5	—1.0	1.8	—2.2	— 7.0
Foreign orders	26.3	4.7	14.4	12.7	—0.1	—4.4	5.2	—5.7	— 0.7
Capital goods:									
Total orders	24.3	25.7	33.4	27.1	31.7	14.2	11.6	1.9	— 9.0
Foreign orders	30.2	22.0	34.1	22.3	27.2	8.4	2.9	—2.7	—10.6
Consumer goods:									
Total orders	22.9	1.4	16.0	—5.7	—2.8	1.0	7.4	6.3	6.8
Foreign orders	25.0	7.7	14.3	—1.0	11.9	0.6	7.5	9.8	— 7.5
B. NEW ORDERS AS PERCENTAGE OF CURRENT SALES									
Total industry ² :	109	108	110	111	108	105	105	103	97
Basic materials	107	103	105	105	102	100	99	97	96
Capital goods	111	119	123	116	123	113	117	104	100
Consumer goods.....	109	98	94	110	91	99	91	110	91
C. VALUE OF NEW ORDERS, SEASONALLY ADJUSTED, 1957 = 100									
Total orders	122	140	135	138	144	143	145	138	137
Foreign orders	125	145	140	142	147	150	145	137	137

1. Excluding the Saar.

2. Excluding mining, construction, food and tobacco and energy.

Source: Die Wirtschaftliche Lage in der Bundesrepublik Deutschland, B.W.M. Bonn; O.E.E.C. General Statistics.

TABLE 5. FORWARD-LOOKING INDICATORS OF GROSS FIXED
ASSET FORMATION
PERCENTAGE CHANGE OVER PREVIOUS YEAR

	1959	1960	1960				1961 ¹		
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
<i>Construction</i> ² :									
Total estimated costs of newly- authorised building projects ..	15.2	17.7	25.4	10.1	18.1	19.4	24.4	25.2	13.5
of which:									
Residential	15.6	14.6	19.3	7.1	15.3	18.2	19.4	20.8	14.1
Public	10.1	19.2	39.6	10.5	19.4	14.8	46.0	46.5	10.2
Industrial	17.4	25.7	35.7	18.8	25.7	26.1	25.6	27.0	13.8
<i>Machinery and Equipment:</i>									
Value of domestic orders for capital goods	22.6	26.7	32.7	28.8	32.9	16.0	14.5	3.5	— 8.4
Total orders for machinery	26.9	34.9	51.9	40.9	40.0	14.5	6.0	—2.0	—11.0

1. Including the Saar.

2. Excluding civil engineering.

Source: Die Wirtschaftliche Lage in der Bundesrepublik Deutschland.

Consumption

12. The strong expansion of private consumption has continued, supported by large wage increases. In the first half of 1961 consumer spending was almost 10 per cent higher than a year earlier, rising by about 8 per cent in real terms (about the same rate as in 1960). The movement of retail sales suggests that this trend was maintained in the summer months. Private disposable incomes have increased rather faster than consumption, so that the savings ratio rose somewhat to 9.5 per cent in the first half of 1961. There was a particularly sharp increase in private households' purchases of securities, and it is likely that the rise in the savings ratio was influenced by the sale of Volkswagen shares to the public.

13. The rise in public consumption slowed down to less than 10 per cent in the first half of 1961 from more than 12 per cent in 1960. This was due to a much smaller increase in defence expenditure; civilian outlays rose rather faster than previously.

Net exports

14. Net exports of goods and services amounted to DM 4.3 billion in the first half of 1961, compared with DM 3.4 billion in the corresponding period of 1960. The merchandise surplus remained high in the third quarter.

TABLE 6. PRIVATE DISPOSABLE INCOME

DM billion.

	1958	1959	1960	1961 1st HALF ¹
Net wages and salaries	82.3	88.4	98.1	53.9
Transfer income net	31.0	32.0	33.3	17.8
Self-employed persons' withdrawals for private purposes ²	34.4	37.8	41.2	18.9
Disposable income	147.7	158.2	172.5	90.6
Private consumption	134.9	144.1	157.6	82.2
Private savings	12.8	14.1	14.9	8.4
Savings ratio in per cent	8.7	8.9	8.7	9.3
<i>Percentage change over previous year</i>				
Net wages and salaries	6.8	7.5	11.0	12.7
Transfer income net	12.0	3.2	3.8	5.8
Self-employed persons' withdrawals for private purposes ²	7.5	9.9	9.0	12.1
Disposable income	8.0	7.1	9.1	11.1
Private consumption	7.4	6.8	9.4	9.5
Private savings	15.1	10.7	5.6	30.6

1. Including the Saar.

2. Including other net income of private households.

Source: Monthly Report of the Deutsche Bundesbank.

III. PRICES AND WAGES

15. The strong upward trend in wages has continued. In 1960, average wages and salaries per employed person had risen by 8.9 per cent; by May 1961, average hourly earnings in industry were nearly 11 per cent higher than a year earlier. In the first half of the year, settlements affecting 10.5 million employed — about half the dependent labour force — provided for wage increases averaging about 10 per cent. Contracts covering 6 million wage and salary earners are likely to be re-negotiated in the second half of the year¹. Table 7 shows that, since the beginning of 1960, the rise in industrial hourly earnings has outstripped the advance in output per man-hour, with a strong increase in unit labour costs.

16. But despite the sharp increase in wages and the strong demand pressure that prevailed over the last couple of years, the general price level has risen far less. The G.N.P. price index in the first half of 1961 was about 3 per cent higher than a year earlier. The most pronounced pressure on prices has been experienced in the building sector, with an increase in building costs of about 8 per cent a year since the middle of 1959. Industrial prices have risen moderately; the index of producers'

1. According to a recent statement by the German Trade Union Association.

TABLE 7. WAGES AND PRODUCTIVITY IN MANUFACTURING
AND MINING¹ (excluding construction and energy)

1950 = 100.

	1958	1959	1960	1960				1951	
				1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.
Wage rates	162	169	181	174	177	183	190	191	193
Hourly earnings	182	192	210	200	206	213	221	224	229
Wage drift (2:1)	112	114	116	115	116	116	116	117	119
Output per man-hour	158	171	184	178	181	185	193	188	191
Labour costs per unit of out- put (2:4)	115	112	114	112	114	115	115	119	120

1. Excluding the Saar.

Source: Wirtschaft und Statistik with Secretariat's adjustments.

prices rose by 2 per cent during 1960, but has been virtually stable in 1961 to date, helped by the revaluation and the downward tendency of world prices of primary products. Retail prices have shown an increase of 2 to 3 per cent over the past twelve months, partly because of higher food prices.

IV. MONETARY AND FISCAL POLICY

Monetary policy

17. For some months prior to the revaluation in March 1961, the monetary authorities had slowly been taking steps to counteract the inflow of foreign funds; in November, 1960, the restrictive credit policy pursued since the autumn of 1959 began to be reversed. The discount rate was reduced in three steps from 5 per cent in November to 3 per cent in May 1961. Selling rates for 60 to 90 days Treasury bills were reduced from $4\frac{7}{8}$ per cent in early November 1960 to 2 per cent in October 1961. Between December, 1960 and October 1961, the banks' minimum reserve ratios in respect of domestic liabilities were lowered by 50 per cent of their October 1959 level; this was the principal factor responsible for a decrease, amounting to DM 3 billion overall, in the banks' reserve requirements. The minimum reserve requirements in respect of foreign deposits have been maintained at their legal maximum level, but to stimulate money investment abroad, the Bundesbank decided in April 1961 that the reserve requirements should be based on non-residents' deposits less the banks' own deposits and other short-term investments abroad. The rediscount quotas of the credit institutions with the Bundesbank have been increased, and in August the banks were released from the obligation to retain DM 1 billion of Treasury bills which they had been required to take up a year ago.

18. The immediate effects of these measures was to ease the liquidity position of the banks and to lower the general level of interest rates. The banks reduced deposit rates, together with their lending charges, in line with the reduction of the discount rate. Longer-term rates¹ fell from about 7 per cent in the middle of 1960 to 5.4 per cent in July 1961, but in recent months they have tended to rise again; heavy selling of securities has led to a decline in both bond and stock prices, and by September the yield on long-term bonds had risen to about 6 per cent.

19. There is little indication that easier money and lower interest rates have led to a faster expansion of bank credit; between October 1960 and September 1961 (latest available figures) bank credit to domestic borrowers (including the banks' purchases of securities) increased by 14.6 per cent, or at about the same as over the corresponding period a year earlier. But with the interest rate differentials between Germany and other countries narrowing and, in the case of money market rates, disappearing altogether, the credit institutions have considerably increased their net foreign assets — by DM 2.2 billion over the October-September period.

Public finance

20. The budgets of the Federal Government, the Länder and the Equalisation of Burdens Fund are, in total, exerting a dampening influence on economic activity. With the rapid expansion of production and incomes, tax receipts have been rising faster than expenditure, and the combined budget deficit of these authorities fell from DM 5.17 billion in 1959 (calendar year) to DM 0.38 billion in 1960; if the external payments of the Federal and Länder authorities are excluded, the public authorities' transactions resulted in an estimated surplus of DM 4.4 billion in 1960 compared with one of DM 0.5 billion in 1959. The cash reserves of these authorities with the Bundesbank rose by DM 1.3 billion during 1960 to DM 2.7 billion at the end of the year, and showed a further increase in the first eight months of 1961 to DM 4.0 billion.

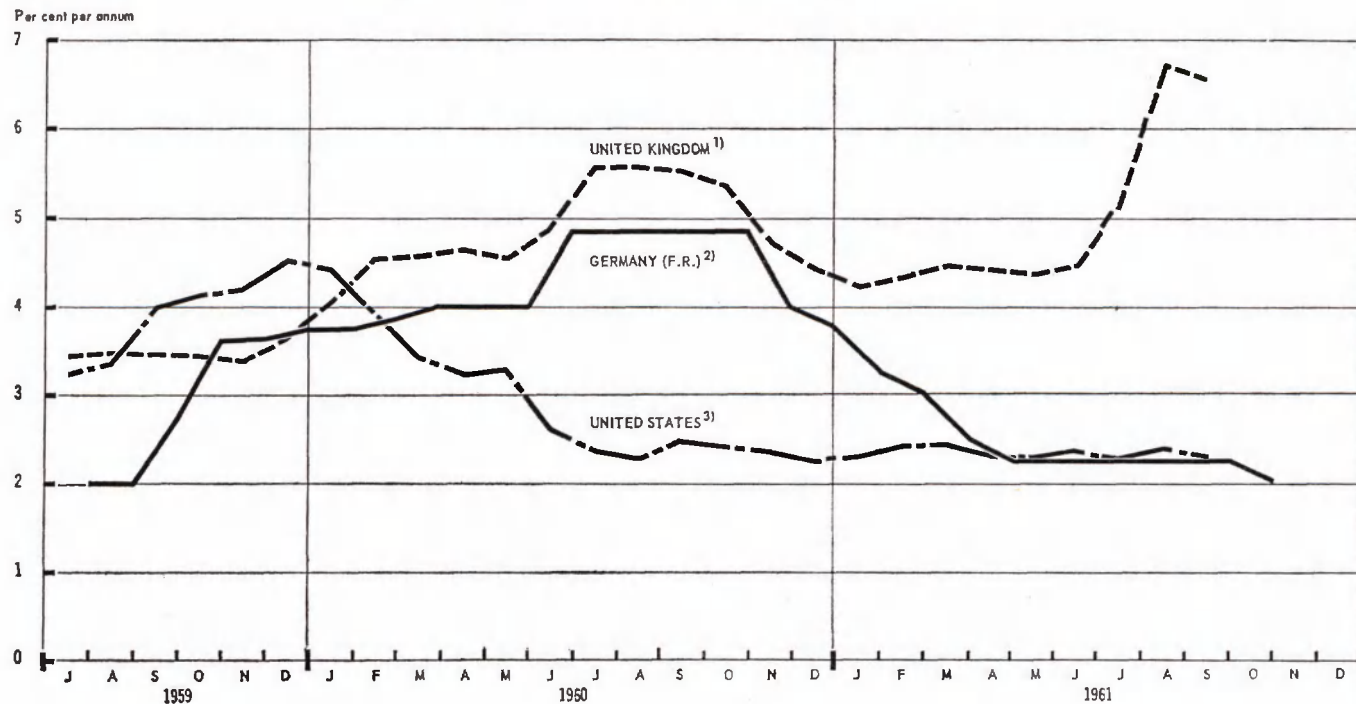
21. *The 1961 Federal budget*² voted by the Bundestag in March envisaged an overall deficit of DM 1.3 billion, reflecting net foreign payments of DM 5.0 billion³ and an internal surplus of DM 3.7 billion. The first half of the year showed an overall cash surplus of DM 1.3 billion, after short-term debts had been reduced by DM 265 million. The emergence of an overall surplus was the result partly of seasonal factors, partly of a sharper increase in tax receipts than previously expected, and partly of the sale of Volkswagen shares. The second half of the year is likely to show a deficit. Expenditure will show a

1. The effective rate on new bonds issued.

2. The fiscal year now coincides with the calendar year.

3. Excluding receipts and corresponding expenditure of DM 1.5 billion resulting from the development aid loan from industry.

Diagram 3. THREE-MONTHS TREASURY BILL RATES



1. Monthly average.

2. End of month.

3. Monthly average on new issues.

Source: O.E.E.C. General Statistics.

TABLE 8. THE FEDERAL BUDGET

DM billion.

	1959/60		1960 ¹		1961 ESTI- MATES
	ESTI- MATES	ACTUAL	ESTI- MATES	ACTUAL	
Budget expenditure	38.0	38.8	30.1 ²	31.2 ³	44.4
<i>of which :</i>					
Defence.....	9.8	9.4	8.0	8.2	11.7
Social expenditure.....	11.7	12.0	10.1	9.7	14.2
Current budget revenues.....	32.3	35.1	28.8	30.6	43.1
<i>of which :</i>					
Taxes and customs duties	30.4	32.6	27.0	28.3	41.1
Surplus (+) or deficit (—).....	—5.7	—3.7	—1.3	—0.6	—1.3
<i>Financed by :</i>					
Loans	4.2	2.2	1.1	0.4	—1.5
Reserves	1.5	1.2	0.3	0.4	—
Net foreign payments	5.3	5.6	2.9	2.7	5.0 ⁴
Internal surplus (+) or deficit (—)	—0.4 ²	+1.8 ²	+1.6	+2.3	+3.7

1. Covering only the 9 months from April to December 1960.

2. Includes repayments of United States postwar aid (about DM 0.6 billion).

3. Excluding redemption and repurchase of instruments of indebtedness.

4. Excluding development loans from industry which is an offsetting budget item.

Source: Bundesanzeiger; Bulletin des Presse- und Informationsamtes der Bundesregierung.

seasonal increase and the extension of the children's allowances recently adopted by the Bundestag will lead to higher expenditure. Tax receipts will be affected by the slowing down of the expansion and by some changes in taxation, with various exemptions in respect of income, property and turnover taxes and the taxation of small and medium-sized enterprises and the liberal professions. But throughout the year there is likely to be a large internal surplus and the overall deficit is expected to be much smaller than originally envisaged.

22. *The budgets of the Länder* showed a surplus of DM 1.27 billion in 1960. Those for 1961 envisaged a deficit, with expenditure rising by almost 10 per cent and revenues by less than 4 per cent. But since it is likely that revenue will rise faster than originally expected, these budgets will probably show a sizeable surplus in 1961; in the first eight months of the year budget revenue increased by 24 per cent, and the deposits of the Länder with the Bundesbank rose by about DM 0.5 billion.

V. FOREIGN TRADE AND PAYMENTS

23. The rise in the Bundesbank's gold and foreign exchange reserves — \$1.9 billion in 1960 and \$0.3 billion in the first quarter of 1961 — was reversed in the spring; the reserves fell by \$0.5 billion in the second quarter and by about the same amount in the third. This decline was

TABLE 9. BALANCE OF PAYMENTS

\$ billion.

	1959 ¹	1960	1960				1961		
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR. ²	2nd QTR.	3rd QTR.
Trade balance ³	1.28	1.24	0.33	0.21	0.27	0.43	0.46	0.43	0.43
Net services.....	0.49	0.65	0.23	0.16	0.10	0.16	0.19	0.05	-0.08
of which:									
Military receipts	0.98	1.03	0.26	0.24	0.25	0.27	0.25	0.27	0.22
Net balance of goods and services	1.76	1.90	0.56	0.37	0.38	0.59	0.64	0.48	0.35
Net donations.....	-0.69	-0.73	-0.15	-0.20	-0.16	-0.22	-0.16	-0.22	-0.25
Net capital	-1.49	0.40	-0.36	0.41	0.16	0.19	-0.28	-0.95	-0.38
of which:									
Long-term private	-0.27	0.23	-0.11	0.02	0.08	0.24	0.18	0.04	-0.01
Long-term public	-0.66	-0.34	-0.06	-0.10	-0.09	-0.09	-0.10	-0.96	-0.38
Short-term private	-0.28	0.69	0.04	0.42	0.14	0.10	-0.35	-0.04	-0.01
Short-term public	-0.27	-0.18	-0.23	0.08	0.03	-0.06	-0.01	0.01	0.02
Errors and omissions	-0.11	0.33	0.03	0.23	0.25	-0.19	0.08	0.21	-0.22
Net change in Bundesbank's gold and foreign exchange reserves	-0.52	1.91	0.08	0.82	0.63	0.37	0.29	-0.47	-0.50

1. Starting July 1959 the Saar has been included.

2. Valued at the old exchange rate.

3. Imports c.i.f., exports f.o.b.

Source: Monthly Report of the Deutsche Bundesbank.

largely due to extraordinary official transactions and to an outflow of short-term and speculative capital which reflected the decline in interest rates and the Berlin situation. The surplus on current account has remained high, although the third quarter showed a decline; net invisible receipts have fallen, but the trade surplus has increased.

Current transactions

24. The DM revaluation in March has not yet led to any marked new trend in the trade surplus — see table 10; in 1961 to date, it has been running at a higher rate than in 1960. Seasonally adjusted figures indicate some fall in the trade surplus between the first and second quarters, but this was probably due to short-term irregularities rather than to any systematic tendency; the third quarter saw some increase.

25. The value of foreign orders received by German industry, seasonally adjusted, had already fallen somewhat in the first quarter of 1961, probably because of lengthening delivery dates. The decline has continued since the revaluation. But until recently the inflow of orders had remained higher than current shipments, and exports have continued to rise. Exports in terms of dollars were 15 per cent higher in the third quarter of 1961 than a year earlier; in real terms the increase was only 8 per cent so that prices have risen sharply, largely because of the revaluation; apparently German exporters have generally maintained their prices reckoned in DM. Over the past year there has been a particularly sharp increase in exports to both E.E.C. and E.F.T.A. countries; shipments to third countries have also risen, while exports to North America have shown an irregular movement.

26. Imports have risen less than exports; in the third quarter, imports in terms of dollars were 10 per cent higher than a year earlier (+ 5 per cent in terms of DM). Import prices (in DM) have fallen, so that the terms of trade have improved and in the third quarter were about 6 per cent better than a year earlier. Imports of manufactured goods have risen sharply over the past year, but the increase in purchases of raw materials and semi-manufactures has become more moderate, influenced by inventory movements and the slowing down of the expansion at home. Imports of food have been relatively low over the last year because of the good 1960 harvest, but have shown a rising tendency in recent months.

27. The decline in net invisibles receipts can largely be ascribed to an increase in tourist expenditure and interest and dividend payments — see table 11. Net interest and dividend payments which had fallen in 1960, have shown a sharp increase in 1961, reflecting the large inflow of foreign capital in 1960. With a net outflow of capital in 1961, and with lower interest rates, net interest and dividend payments have probably declined in more recent months.

TABLE 10. FOREIGN TRADE¹

Monthly average.

	1959	1960	1960				1961		
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR. ³
A. Imports cif. (seasonally adjusted) (\$ million).....	698	847	814	863	828	870	852	934	910
Exports f.o.b. (seasonally adjusted) (\$ million).....	818	952	952	927	919	994	1,047	1,078	1,060
Trade balance (seasonally adjusted) (\$ million)	120	105	138	64	91	124	195	144	150
B. Percentage change over previous year									
Imports c.i.f. (seasonally adjusted)	12.9	21.3	26.2	25.1	16.3	17.7	4.7	8.2	9.9
Exports f.o.b. (seasonally adjusted)	11.4	16.4	22.8	16.2	11.8	14.0	10.0	16.3	15.3
Trade surplus (seasonally adjusted)	3.4	-12.5	6.2	-40.7	-17.3	-6.8	41.3	125.0	64.8
C. Import volume (1953 = 100)	247	294	277	290	285	324	289	316	313
Export volume (1953 = 100)	222	255	246	245	246	285	258	272	265
Import price index ³ (1953 = 100)	91	91	91	92	91	90	89	88	87
Export price index ³ (1953 = 100)	100	101	100	101	101	102	103	102	102
Terms of Trade (1953 = 100)	111	112	111	111	111	114	115	116	118

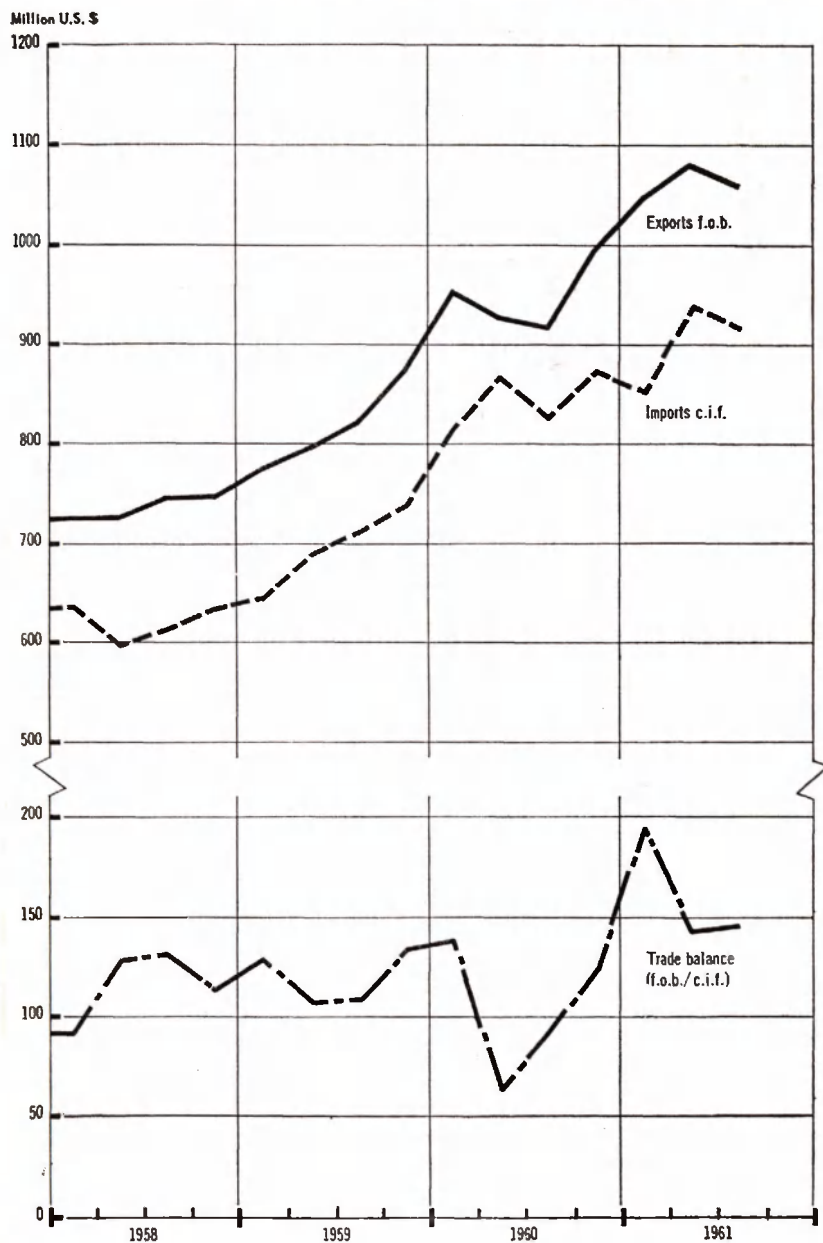
1. From July 1959 onwards including the Saar.

2. Provisional.

3. With moving current weights (Paasche index).

Source: O.E.E.C., General Statistics.

Diagram 4. MERCHANDISE TRADE
QUATERLY AVERAGES OF SEASONALLY ADJUSTED MONTHLY DATA



Source: O.E.E.C. General Statistics.

TABLE 11. NET SERVICES¹

\$ billion.

	1959	1960	1960				1961				
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR. ¹	2nd QTR.	JULY	AUG.	SEPT.
Net services, total ¹	0.49	0.65	0.23	0.16	0.10	0.16	0.19	0.05	-0.06	-0.04	-0.01
<i>of which:</i>											
Travel (net)	-0.12	-0.20	-0.02	-0.05	-0.11	-0.02	-0.04	-0.07	-0.06	-0.09	-0.06
Investment income (net)	-0.24	-0.20	-0.01	-0.05	-0.05	-0.08	-0.02	-0.09	-0.06	-0.01	-0.01
Military receipts (net)	0.91	0.95	0.25	0.23	0.24	0.24	0.24	0.25	0.07	0.07	0.07
Other (net)	-0.06	0.10	0.01	0.03	0.02	0.02	0.01	-0.03	-0.01	-0.01	-0.01

1. Including balance of merchanting trade and other supplementary items; since July 1959 including the Saar.

2. Valued at the old exchange rate.

Source: Monthly Report of the Deutsche Bundesbank.

Capital transactions

28. The capital account of the balance of payments, in large surplus in 1960, has shown a substantial deficit in 1961. This development was to a great extent due to large extraordinary official transactions — the prepayment of debts (\$800 million) to the United States, the United Kingdom and France in the spring, and the sale of DM to the I.M.F. in August (\$270 million). There has also been an increase in other types of official capital exports, reflecting, *inter alia*, a rise in foreign aid payments. An official aid programme totalling DM 5 billion for 1961 and 1962 was announced earlier this year. Actual disbursements from public funds, however, although rising, have so far been rather lower than envisaged; in 1961 they will probably amount to DM 1.8 billion (\$450 million).

29. There has also been an outflow of private capital, notably short-term funds. In the first half of 1961, private short-term capital exports totalled \$630 million. The outflow largely reflected changes in the foreign accounts of the commercial banks. The easier monetary policy adopted a year ago, together with the decline in interest rates and the improvement in the commercial banks' liquidity position, has led the banks to increase their foreign assets, which had been considerably reduced in 1960. Moreover, in the third quarter of 1961, the item "errors and omissions", which mainly reflects leads and lags in foreign payments, changed to show a deficit.

30. Private long-term capital account, covering both direct and portfolio investment, remained in surplus in the first half of 1961. In the first half of the year, as in 1960, German net purchases of foreign securities were lower than foreign net purchases of German securities. But this trend was probably reversed in the third quarter when, influenced by the Berlin situation, foreigners sold German securities.

31. According to such information as is available, German direct investment abroad remains relatively modest. Its effect on the balance of payments has, to a great extent, been offset by direct investment by foreigners in Germany.

32. The net gold and foreign exchange reserves of the Bundesbank at the end of September 1961 stood at \$6.9 billion, of which \$3.6 billion were in gold and \$2.8 billion in other liquid assets. The remainder, \$0.5 billion, consisted largely of bilateral claims resulting from the liquidation of the E.P.U. and loans to the World Bank. The outstanding official postwar debts to other countries now amount to \$268 million.

Liberalisation of foreign trade

33. Germany has further reduced import restrictions in conformity with the G.A.T.T. decision of 30th June 1959; this decision provided a

TABLE 12. CHANGE IN COMMERCIAL BANKS' FOREIGN SHORT-TERM ASSETS AND DEBTS

\$ million.

	1960	1960				1961		
		1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
Total claims (+ = increase)	- 262.6	- 3.3	- 280.5	- 46.2	+ 67.4	+ 491.2	+ 387.7	- 55.5
<i>of which:</i>								
Deposits with foreign banks	- 86.0	+ 62.4	- 168.8	- 35.7	+ 56.2	+ 269.3	+ 408.7	- 117.0
Money market securities	- 206.4	- 100.5	- 114.8	- 6.7	+ 15.5	+ 171.4	- 4.0	+ 43.0
Credits	+ 29.8	+ 34.8	+ 3.1	- 3.8	- 4.3	+ 50.5	- 17.0	+ 18.5
Total debts (+ = increase)	+ 274.0	+ 25.2	+ 102.9	+ 28.8	+ 117.1	+ 39.3	+ 236.3	- 42.8
<i>of which:</i>								
Non-residents' deposits with German banks.	+ 55.0	- 7.1	- 23.6	- 36.9	+ 75.5	- 33.3	+ 83.8	- 84.8
Credits	+ 219.0	+ 32.4	+ 79.3	+ 65.7	+ 41.7	+ 72.6	+ 152.5	+ 42.0
Total net claims (+ = increase) ¹	- 536.7	- 28.6	- 383.3	- 75.0	- 49.8	+ 451.9	+ 151.5	- 12.8

1. Equals change in banks' net foreign exchange position.

Source: Monthly Report of the Deutsche Bundesbank.

NOTE: From July onwards, the Saar has been included.

TABLE 13. PRIVATE GERMAN DIRECT INVESTMENT ABROAD
NET OF REPATRIATION

DM million.

1951-1955.....	418	1959	562
1956	411	1960	717
1957	520	1961 ¹	415
1958	506		

1. First nine months only.

Source: Wirtschaftsministerium and Deutsche Bundesbank.

programme for the removal of restrictions maintained by the Federal Republic. The present position is that vis-à-vis European Member countries and their overseas territories all industrial products are liberalised. But in the agricultural sector 250 import items out of 923 are still on the non-liberalized list.¹ Vis-à-vis all other countries (excluding the Eastern bloc), the position is that in the industrial sector 145 items out of a total of 5,765 are not liberalized, and in the agricultural sector 259¹ are still subject to control.

VI. PROSPECTS

34. Although the outlook is less certain than in the last two years, it would seem reasonable to expect a further increase in output in 1962. But the expansion is likely to be much more moderate than that experienced in recent years.

35. There is less physical scope for expansion than previously; capacity and manpower are generally fully employed and the labour supply is henceforth likely to grow more slowly. The natural growth of the labour force will be small, the influx of workers from outside the Federal Republic is declining, and working hours are being reduced.

36. Moreover, there are signs that demand is also entering a new phase of slower growth, with a greater variation as between individual sectors. Consumer spending should continue to rise fast stimulated by the strong upward trend in wages, and public expenditure may show a further significant increase. Construction demand should also remain strong. But the outlook for business investment is less certain. The pressure on profit margins, narrowing the scope for self-financing, points to some weakening of investment demand although, with easy monetary conditions, much will depend on the willingness of firms to expand on the basis of a higher rate of borrowing. Investment is likely to become increasingly concentrated on rationalisation, encouraged by the shortage of labour, the revaluation and rising wage costs. The expansion of capacity may become less pronounced because of the

1. Including 161 items which are subject to market regulations.

more moderate growth of demand. The rate of inventory accumulation, previously very high in many sectors, is also likely to fall during the coming months in the new conditions of easier demand. Net exports may cease to rise; but any substantial decline in this sector is hardly to be expected.

37. Price rises have been damped down by the revaluation, and stability should be facilitated by the easing of demand pressures. Pressure from the cost side will probably persist in the months ahead; although the increase in wages may become less steep than that experienced over the past two years, it is still likely to outstrip the advance in productivity. But with the economy expanding at a much lower rate than previously and with pressure on profit margins, the resistance of employers to wage increases will no doubt become stronger.

38. There is little reason to expect any significant change in the underlying balance of payments position in 1962. The surplus on current account will be affected by conflicting tendencies. It will tend to be reduced by the revaluation and by the rise in wage costs. But import costs have been reduced by the currency appreciation and the significant advance in productivity over past years has left German industry with fairly comfortable profit margins which, to a great extent, have absorbed the recent rise in wage costs. Moreover, the current surplus may be strengthened by the slowing-down of economic growth accompanied by a more moderate rise in certain imports, and by the effects on exports of rising economic activity abroad; growth rates in Europe may slow down somewhat, but faster North American expansion, and its repercussions on the payments position of third countries, may well strengthen demand for German exports.

39. In brief, the surplus on current account is likely to remain high, and well in excess of the long-term capital outflow. There is little indication of any steady and appreciable net outflow of private capital; German direct and portfolio investment abroad has tended to be more than offset by foreign investment in Germany, influenced *inter alia* by relatively high domestic long-term interest rates, although since the middle of 1961 there has been some net outflow. Foreign aid disbursements are rising, but are quite unlikely, in themselves, to offset the current surplus, and a large proportion is, in fact, being spent in Germany. The basic balance of payments position thus is likely to remain in substantial surplus.

40. In 1961, the German authorities succeeded in preventing the surplus on current and long-term capital account from exerting any serious adverse effect on the international monetary situation. Indeed they succeeded, mainly through large pre-payments of debts and by encouraging the commercial banks to make short-term investments abroad, in producing an appreciable decrease in Germany's gross official reserves. But despite the steps taken by the authorities, the

flow of short-term private funds still contains important volatile elements. And the scope for further special official transactions of the type prevailing in 1961 is limited because the external debt, and the possibility of making advance repayments thereon, is now considerably reduced.

VII. CONCLUSIONS

41. A main objective of policy must be to promote better balance between the current surplus and the more continuous types of long-term capital exports. Both sides of the problem need to be tackled simultaneously. It is of course desirable that a highly industrialized country such as Germany should be an increasingly substantial exporter of capital. But the surplus on current goods and services account amounts to nearly 3 per cent of the gross national product, a much higher ratio than in other major capital exporting countries, and it is unlikely that, in the near future, long-term capital exports can rise sufficiently to cover a surplus of this size.

42. It is therefore essential that steps be taken to reduce the surplus on current account. The German authorities have not exhausted all the possibilities open to them in this connection. Although German trade policy is already very liberal there are still a number of import restrictions which could be relaxed. A wide range of agricultural products is subject to import controls in one form or another. Further, some potentially important groups of industrial imports from non-European producers are still restricted; these include a wide range of textiles and textile products and certain other manufactures, and relaxation here might have appreciable effects on the foreign balance. Moreover, a reduction of high internal taxes which restrict consumption of a number of imports, such as for example coffee and tea, is desirable.

43. To encourage the outflow of capital, policies to reduce long-term interest rates should be reinforced. The authorities should also consider whether other steps could be taken to broaden the German capital market and facilitate foreign borrowing in Germany; in the last few years the capital raised by foreigners on the German security market has been very small. Moreover, efforts to accelerate foreign aid and to encourage private direct investment abroad should be continued.

44. Both from the point of view of facilitating international payments equilibrium, and to ensure that Germany plays a full rôle in achieving the growth target that O.E.C.D. countries have set themselves for the 1960's, an important policy objective must be to maintain continued expansion of economic activity in conditions of financial stability. Since capacity and labour are very fully employed, the growth of output will necessarily become more moderate than in the last couple of years. This trend could be counteracted at least in part, by further

efforts to encourage immigration of labour. But the authorities must also ensure that this slowing-down of the expansion is not reinforced by a deficiency of demand. It seems that Germany is now moving out of the phase of extreme demand pressures that marked previous years, and anti-cyclical policies may need increasingly to be concentrated on ensuring appropriate growth rates and less, than heretofore, on avoiding an over-heating of the economy. If lack of demand should threaten an adequate rate of growth, an early adjustment of anti-cyclical policy would be required, with some further easing not only of monetary conditions but of budgetary policies as well. This would require a more flexible fiscal policy, which would be facilitated by some modification of the present arrangements for the division of tax proceeds as between the Federal Government and the Länder.

STATISTICAL ANNEX

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TABLE I. GROSS NATIONAL PRODUCT AND EXPENDITURE AT CURRENT PRICES IN BILLION DM¹

	1958	1959 ^a	1960 ^a	1961 ^a 1st HALF ANNUAL RATE	PERCENTAGE SHARE IN G.N.P.			
					1958	1959	1960	196 ^a 1st HALF
Private consumption	134.9	144.1	157.6	164.4	59.0	58.1	57.0	56.4
Public consumption	30.6	33.7	37.9	40.6	13.4	13.6	13.7	13.9
Gross fixed asset formation	50.3	57.1	66.5	70.8	22.0	23.0	24.0	24.3
Changes in stocks	3.8	4.6	6.2	7.2	1.7	1.8	2.2	2.5
Net transaction in goods and services	8.8	8.5	8.4	8.6	3.9	3.4	3.0	2.9
Gross national product	228.5	247.9	276.6	291.6	100.0	100.0	100.0	100.0

1. Excluding the Saar.

2. Provisional.

3. Estimates; including the Saar.

Source: Monthly Report of the Deutsche Bundesbank.

TABLE II. ORIGIN OF GROSS NATIONAL PRODUCT DM BILLION¹

	AT CURRENT PRICES			PERCENTAGE CHANGE OVER PREVIOUS YEAR			AT 1954 PRICES			PERCENTAGE CHANGE OVER PREVIOUS YEAR		
	1958	1959 ^a	1960 ^a	1958	1959 ^a	1960 ^a	1958	1959 ^a	1960 ^a	1958	1959 ^a	1960 ^a
Agriculture, forestry, fisheries	16.5	17.1	17.4	5.8	3.9	1.8	14.5	14.9	15.8	5.3	2.8	5.8
Producing industries ^b	120.2	131.3	148.2	6.1	9.2	12.9	110.0	118.2	129.5	3.1	7.5	9.6
Transport and commerce	46.6	50.9	56.5	6.8	9.1	11.0	41.2	44.6	48.4	2.3	8.0	8.6
Services ^c	45.5	49.1	54.7	9.1	8.0	11.4	37.5	39.3	41.0	3.4	4.9	4.6
Net income from abroad	-0.3	-0.5	-0.3	50.0	-66.7	60.0	-0.3	-0.5	-0.3	50.0	-66.7	60.0
Gross National Product	228.5	247.9	276.6	7.0	8.5	11.6	202.9	216.5	234.5	3.3	6.7	8.3

1. Excluding the Saar.

2. Provisional.

3. Manufacturing, mining, public utilities, construction.

4. Banks and insurance companies, lease of dwellings, Government, other services.

Source: Wirtschaft und Statistik.

TABLE III. NATIONAL PRODUCT, EMPLOYMENT AND PRODUCTIVITY¹

	UNIT OR BASE	1958	1959 ^a	1960 ^a
Gross National Product at current prices	DM billion	228.5	247.9	276.6
Change on previous year	per cent	7.0	8.5	11.6
Gross National Product at 1954 prices	DM billion	202.9	216.5	234.5
Change on previous year	per cent	3.3	6.7	8.3
of which due to:				
a) increase in number of persons occupied ^b	per cent	0.9	1.2	1.9
b) increase in output per person occupied	per cent	2.2	5.5	6.2
National Product "Price index"	1954 = 100	112.6	114.5	118.0
Total number of persons occupied ^b	million	24.2	24.5	24.9

1. Excluding the Saar.

2. Provisional.

3. Wage and salary earners, self-employed and assisting family members.

Source: Monthly Report of the Deutsche Bundesbank; Wirtschaft und Statistik.

TABLE IV. INDUSTRIAL PRODUCTION, EMPLOYMENT AND OTHER BUSINESS INDICATORS

Monthly average.

	UNIT OR BASE	1959	1960	1960				1961		
				1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
INDUSTRIAL PRODUCTION:										
Total (excluding building)	1953 = 100	162	180	169	182	174	194	186	194	174
Total (excluding building, seasonally adjusted)	—	—	—	176	179	179	185	194	191	185
Building	—	154	160	119	186	175	161	139	191	178
Mining and quarrying	—	115	118	120	119	113	121	122	123	116
Capital goods	—	191	220	206	225	209	239	237	248	217
Other producer goods	—	172	197	184	203	199	202	202	215	204
Consumers' goods (excluding food, drink and tobacco)	—	146	157	152	158	150	171	163	165	155
Food, drink and tobacco	—	145	150	131	150	145	175	140	155	151
Textiles	—	125	133	135	132	125	140	138	136	118
MANPOWER:										
Total employees ¹	millions	19.7	20.2	20.0	20.3	20.4	20.3	20.4	20.8	20.9
Unemployment (seasonally adjusted) ¹	thousands	476	237	261	222	204	187	157	160	170
Unemployment ratio ¹	per cent	2.4	1.0	2.3	0.8	0.6	0.9	1.4	0.5	0.4
Unfilled vacancies (seasonally adjusted) ²	thousands	284	454	413	442	450	563	568	516	492
Hours worked in industry per week ¹	hours	41.3	42.0	43.5	42.6	40.0	42.2	43.5	38.7	39.5
Output per man-hour in industry ³	1953 = 100	144	155	150	152	155	162	158	161	162
VALUE OF NEW ORDERS IN INDUSTRY ⁴ :										
Total (seasonally adjusted)	1957 = 100	122	140	135	138	144	143	145	138	137
Total (unadjusted)	1954 sales = 100	175	201	190	198	205	211	203	201	194
Domestic orders	—	167	191	179	188	197	201	193	193	187
Foreign orders	—	215	248	243	247	245	258	253	241	226
Basic materials	—	168	185	178	187	193	184	181	183	179
Capital goods ⁵	—	203	255	241	241	268	271	268	246	244
Consumers' goods ⁶	—	147	148	136	154	136	167	146	164	146
RETAIL SALES	1953 = 100	158	172	147	166	161	212	164	176	177

1. Starting July 1959, the Saar has been included.

2. Quarterly figures for March, June, September and December.

3. Quarterly figures for February, May, August and November.

4. Excluding energy and building.

5. Excluding mining, building, food, drink and tobacco industries and energy.

6. In German statistics "capital goods" include some durable consumers' goods, e.g. motor cars, wireless sets, television sets.

Sources: O.E.E.C., General Statistics; Wirtschaft und Statistik; Monthly Report of the Deutsche Bundesbank; Die Wirtschaftliche Lage in der Bundesrepublik Deutschland, B.W.M. Bonn.

TABLE V. WAGES AND PRICES

	UNIT OR BASE	1958	1959	1960	1960				1961		
					1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
Wage rates in manufacturing and mining ¹	1950 = 100	162	169	181	174	177	183	190	191	193	200 ²
Hourly earnings in industry ^{1,2}	99	182	192	209	199	205	213	219	221	225	235
Industrial producer prices	99	125	124	126	125	125	126	127	128	128	128
Agricultural producer prices	1950/51 = 100	130	137	125	138	136	129	124	125	130	133
Import prices	1958 = 100	100	97	98	99	99	97	97	96	93	93
Cost of living	1958 = 100	100	101.0	102.4	102.0	102.5	102.4	102.8	103.8	104.8	105.5

1. Quarterly figures for February, May, August and November.

2. Manufacturing, mining, construction.

3. Estimate.

Source: Wirtschaft und Statistik; Monthly Report of the Deutsche Bundesbank.

TABLE VI. EMPLOYMENT
ESTIMATED AVERAGE PER YEAR

	THOUSAND			PERCENTAGE CHANGE OVER PREVIOUS YEAR		
	1958	1959	1960	1958	1959	1960
<i>Agriculture, forestry, fisheries:</i>						
Self-employed	1,220	1,205	1,175	— 0.4	— 1.2	— 2.5
Assisting family members	2,130	2,020	1,895	— 2.7	— 5.2	— 6.2
Wage and salary earners	630	595	545	— 8.0	— 5.6	— 8.4
Total	3,980	3,820	3,615	— 2.9	— 4.0	— 5.4
<i>Manufacturing, mining, construction, public utilities:</i>						
Self-employed	845	830	830	1.8	— 1.8	— 0.0
Assisting family members	220	235	240	— 2.2	6.8	2.1
Wage and salary earners	10,665	10,825	11,165	1.4	1.5	3.1
Total	11,730	11,890	12,235	1.3	1.4	2.9
<i>Commerce and transport:</i>						
Self-employed	810	830	820	3.8	2.5	— 1.2
Assisting family members	245	255	265	4.3	4.1	— 3.9
Wage and salary earners	3,715	3,785	3,965	1.0	1.9	4.8
Total	4,770	4,870	5,050	1.6	2.1	3.7
<i>Services¹:</i>						
Self-employed	410	415	415	3.8	1.2	0.0
Assisting family members	135	145	160	0.0	7.4	10.3
Wage and salary earners	3,560	3,725	3,855	2.9	4.6	4.3
Total	4,105	4,285	4,430	2.9	4.4	3.4
<i>All sectors:</i>						
Self-employed	3,285	3,280	3,240	1.7	— 0.2	— 1.2
Assisting family members	2,730	2,655	2,560	— 2.0	— 2.7	— 3.6
Wage and salary earners	18,570	18,930	19,530	1.2	1.9	3.2
Total	24,585	24,865	25,330	0.9	1.1	1.9
Registered unemployed	685	480	240	3.0	— 29.9	— 50.0
Total labour force	25,270	25,345	25,570	1.0	0.3	0.9
Population	52,141	52,778	53,383	1.3	1.2	1.1
Unemployment ratio	2.7	1.9	0.9			

1. Banks and insurance companies, Government, other services.

Source: Wirtschaft und Statistik.

TABLE VII. MONETARY SURVEY

DM million.

	1959	1960	1960				1961		
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR. ⁴
MONEY AND BANKING (end of period):									
Discount rate.....	4 %	4 %	4 %	5 %	5 %	4 %	3.5 %	3 %	3 %
Day-to-day money ¹	3.56 %	4.31 %	4.06 %	4.75 %	5.25 %	4.31 %	3.38 %	2.56 %	2.94 %
Yield on bonds ²	6.0 %	6.2 %	6.4 %	6.7 %	6.9 %	6.2 %	6.0 %	5.5 %	6.0 %
Note and coin circulation, total	20,324	21,840	20,547	21,164	21,958	21,840	22,656	23,242	24,073
Sight deposits of German non-banks ⁴	30,102	33,684	29,488	31,125	31,516	33,684	33,998	37,192	37,014
Time deposits of German non-banks ⁴	18,423	19,463	19,051	18,863	19,215	19,463	20,457	21,150	21,018
Savings deposits ⁴	44,940	52,863	47,058	48,419	49,879	52,863	55,281	56,423	57,581
COMMERCIAL BANKS (end of period):									
Short-term credits to non-banks	35,237	41,410	37,227	38,634	39,708	41,410	43,491	45,898	46,709
Medium-term credits to non-banks	10,810	12,451	11,118	11,601	12,005	12,451	12,790	13,687	14,178
Long-term credits to non-banks	71,948	84,098	75,460	78,152	81,041	84,098	87,220	90,194	94,444
CHANGE IN LIQUIDITY OF COMMERCIAL BANKS DUE TO ⁵ :									
Notes and coins in circulation	— 937	— 1,684	+ 572	— 758	— 566	— 932	+ 474	— 641	— 1,046
Change in non-bank's net position in relation to the Bundesbank. of which:	— 2,877	— 4,823	— 2,137	— 973	— 762	— 951	— 2,814	— 2,670	+ 193
Transfer from public sector	— 3,185	— 5,550	— 2,297	— 1,126	— 963	— 1,164	— 3,082	— 2,911	— 160
Foreign exchange transfers	+ 3,388	+ 10,748	+ 1,530	+ 3,572	+ 2,892	+ 2,754	+ 2,164	+ 2,210	+ 49
Other factors	+ 40	+ 298	+ 33	+ 79	+ 71	+ 115	+ 144	+ 139	+ 106
Open market operation of Bundesbank	+ 1,437	— 1,335	+ 824	— 447	— 1,276	— 436	— 720	+ 529	— 506
Change in the balance of credit institutions with the Bundesbank.	+ 1,344	+ 4,001	+ 2,026	+ 1,175	+ 562	+ 238	— 957	— 1,118	— 1,056
Compare : change in required minimum reserves	+ 1,089	+ 4,364	+ 2,501	+ 1,317	+ 605	— 59	— 784	— 1,053	— 1,044
Change in rediscount obligations (recourse to Central Bank Credit)	+ 293	+ 797	+ 1,204	— 298	+ 203	— 312	— 205	— 685	+ 360

1. Average of extreme rates in last month of period.

2. Average yield of all fixed interest securities issued in the last month of period.

3. Provisional.

4. As from 1959 including the Saar.

5. Increase (+) decrease (—).

Source: Monthly Report of the Deutsche Bundesbank.

TABLE VIII. FEDERAL GOVERNMENT CASH REVENUES AND EXPENDITURES¹*In millions of DM.*

	FISCAL YEAR 1959/60	1960 APR.-DEC.	1960				1961		
			1st QTR.	2nd QTR.	3rd QTR.	4th QTR.	1st QTR.	2nd QTR.	3rd QTR.
Cash income	34,981	30,361	8,931	9,558	10,021	10,782	10,426	10,440	10,915
Cash outgo	37,578	30,791	9,859	9,029	9,717	12,045	8,611	10,410	11,249
Cash surplus (+) or deficit (—)	—2,597	—430	—928	+529	+304	—1,263	+1,815	+30	—334
Increase (+) or decrease (—) in cash resources	—143	—222	+18	+449	+323	—994	+1,598	+60	—684
Credit market indebtedness	+2,428	+125	+915	—90	+9	+206	—218 ²	+4 ²	—188

1. From 6th July onwards including the Saar.

2. Except Development aid loan.

Source: Monthly Report of the Deutsche Bundesbank.

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