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Recent Economic Developments in Germany  
January-March 1964

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Recent Economic Developments in Germany, January-March 1964

Summary

A continued balanced expansion in domestic business activity, further growth in the foreign-trade surplus and heavy capital inflows from abroad were the dominant developments in the German economic scene during the first quarter of 1964. <sup>1/</sup> The balance-of-payments surplus on private trade and capital transactions continued to grow, and official reserve accruals were held down only as a result of special governmental measures. During the first two months of 1964, the balance of payments surplus was about \$280 million--an annual rate of about \$1.6 billion compared with the \$0.8 billion surplus recorded for calendar year 1963.

Evidence of renewed investment spending in manufacturing set off by the increased foreign demand for German products was a major feature of domestic economic developments in the first quarter. Rising investment spending indicates that the domestic business advance is now becoming more broadly based than it was last year. Despite this, however, labor availabilities--partly because of imported labor--have been sufficiently elastic and plant capacity adequate to permit an uninterrupted expansion in activity without serious signs of strains on resources. Price rises have been moderate, especially when compared with developments in neighboring countries, and wage rises are also expected to continue to be moderate, at least until late this year. Thus far, credit developments do not seem to reflect the liquidity impact of the balance-of-payments surpluses.

Because of the comfortable domestic situation, the only significant policy actions taken by the German authorities during the first quarter were aimed to cut back the embarrassingly large net capital inflow. Two steps taken to reduce foreign purchases of German bonds appear to have had more effect on the bond market

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<sup>1/</sup> For earlier developments, See "Recent Economic Developments in Germany, September-December 1963," dated January 21, 1964.



However, the stability of German economic growth and the bright business prospects are likely to continue to attract investment--as opposed to tax evasion--capital. The measures taken so far may discourage the flow of new foreign funds into fixed interest securities, but investors, both foreign and domestic, are apparently finding the German stock market, which has been moving up steadily this year, to be attractive. In addition, the official measures have certainly tended to focus world attention on the present strength of the German position. In fact, articles in the European press are speculating on what further measures the German authorities may take and a recent article in the Financial Times expressed the view that "the German balance of payments surplus is reverting to the chronic proportions it assumed in the years before the D-mark revaluation of 1961." 3/  
Foreign-trade and balance-of-payments surpluses grow during early 1964

The German balance of payments surplus which once again became really substantial in the fourth quarter of 1963, grew further during the first two months of 1964. (See Table 1.) The over-all payments surplus for January-February ran at an annual rate of DM 6,822 million (\$1.7 billion), or more than two times the DM 3,170 million (\$0.8 billion) surplus recorded in the calendar year 1963.

Germany's current-account surplus grew rapidly in recent months and for 1964 is expected to exceed considerably the \$1.1 billion in 1963, on present trends it could well reach \$2 billion. The improved trade balance is the major factor in the larger surplus: for January-February the trade surplus was running at an annual rate of DM 9,396 million (\$2.3 billion) compared with the 1963 results of DM 5,886 million (\$1.5 billion). In addition, the balance on service transactions

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3/ See "Action to Contain German Surplus Too Little and Too Late?" Financial Times, (London), March 25, 1964, page 11.

Table 1. Germany: Balance of Payments 1963-February 1964  
(in millions of DM)

	1963				Jan.-Feb. <sup>a/</sup>	
	I	II	III	IV	1963	1964
1. GOODS & SERVICES						
Trade balance	688	1,138	1,200	2,860	375	1,566
Services	62	- 435	- 841	- 74	-35	- 315
Total	<u>750</u>	<u>703</u>	<u>359</u>	<u>2,786</u>	<u>340</u>	<u>1,251</u>
2. OFFICIAL PAYMENTS						
Donations	-1,016	- 976	- 915	- 693	-519	- 556
Long-term capital	-96	- 251	- 86	- 434	- 53	- 690
Short-term capital	116	270	592	-1,296	- 19	- 435
Total	<u>- 996</u>	<u>- 957</u>	<u>- 409</u>	<u>-2,423</u>	<u>-591</u>	<u>-1,125</u>
3. PRIVATE CAPITAL						
Securities transactions						
Foreign purchases <sup>1/</sup>	700	731	773	655	547	329
German purchases (increase-) <sup>2/</sup>	-160	- 44	- 100	- 167		
Other long-term	203	285	150	154		
Short-term <sup>3/</sup>	78	278	205	454	-433	- 790
Errors and omissions	247	246	178	-1,509	624	1,472
Total	<u>1,068</u>	<u>1,496</u>	<u>1,206</u>	<u>- 413</u>	<u>738</u>	<u>1,011</u>
SURPLUS OR DEFICIT (-)	<u>822</u>	<u>1,242</u>	<u>1,156</u>	<u>- 50</u>	<u>487</u>	<u>1,137</u>
Financed by:						
1. COMMERCIAL BANKS						
Foreign Exchange Assets (increase-)	-891	- 224	- 248	1,073	-934	- 676
2. RESERVE MOVEMENTS						
Drawing rights on IMF (increase-)	- 9	--	- 100	- 31	- 9	- 76
Bundesbank liabilities	77	- 9	- 121	- 64	- 73	39
Gold and foreign ex- change (increase-)	1	-1,009	- 687	- 928	529	- 424
Total	<u>69</u>	<u>-1,018</u>	<u>- 908</u>	<u>-1,023</u>	<u>447</u>	<u>- 461</u>
TOTAL FINANCING	<u>-822</u>	<u>-1,242</u>	<u>-1,156</u>	<u>50</u>	<u>-487</u>	<u>-1,137</u>

a/ Preliminary.

1/ Foreign purchases of German securities.

2/ German purchases of foreign securities.

3/ Includes commercial bank capital other than foreign exchange assets.

Source: Basic data from Bundesbank and International Financial Statistics  
rearranged by author.

may show a slightly reduced deficit for 1964: 4/ German net travel spending abroad is decreasing and remittances abroad by foreign workers should not rise as fast as they have in recent years.

The growing current-account surplus, coupled with continuing large private capital inflows, has brought the German payments surplus to a level which is causing the authorities to become increasingly concerned about "imported inflation."

Government action to stem capital inflows

Earlier in 1964, the German authorities decided to adopt a "wait and see" attitude. Both the Bundesbank and the Economics Ministry went on record with the view that the situation did not warrant a change either in monetary or foreign-exchange policy. It was hoped that foreign purchases of new Federal securities, the major component of the capital inflow attracting attention, would be discouraged by two factors: the pushing down of the long-term rate of interest through market forces and the granting of preferential treatment to residents in subscribing to new bond issues.

By early March it was becoming apparent that these hopes were not to be realized. Uncertainties about what the German authorities would do about the inflationary effects of the external surplus, in fact, gave rise to revaluation rumors and encouraged still further inflows of funds. In addition, Swiss restrictive measures announced in early March contributed to additional inflows by shifting funds from Switzerland to Germany.

Consequently, the German Federal authorities took several steps during March to reduce or to offset the inflowing capital. They acted:

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4/ The service deficit for January-February 1964 was inflated by heavy travel expenditures in connection with the Winter Olympics. For the remainder of 1964, the net travel deficit is expected to resume the downward trend in evidence in 1963.

- a. To reinstate special D-mark/dollar swap arrangements. Beginning on March 10, the Bundesbank made U.S. dollars available with a favorable forward DM rate to commercial banks but only for funds to be placed in U.S. Treasury bills. Although the forward rate may be fixed daily, it has remained at 0.5 per cent per annum compared with the market's rate of around 0.9 per cent. The Bundesbank sells amounts of Treasury bills in New York equal to the amounts the German banks purchase under this arrangement.
- b. To prohibit interest payments on foreign-owned time deposits. Beginning on March 20, commercial banks were prohibited from making interest payments on new time deposits from non-residents. However, savings accounts were exempted from the ruling.
- c. To increase the minimum reserves banks must keep against foreign deposits. Effective on April 1, the minimum reserves to be kept by commercial banks against foreign deposits were increased to the legal maximum: from a range of 7 to 13 per cent to 30 per cent for sight deposits; from 6 to 9 per cent to 20 per cent for time deposits; and from 5 to 6 per cent to 10 per cent for saving deposits.

In addition, the authorities announced the intention to ask Parliament to approve as quickly as possible new legislation:

- a. To impose on non-residents a 25 per cent withholding tax on income from fixed interest-bearing securities; and
- b. To abolish the 2.5 per cent tax levied on the initial sales of new issues. Currently, domestic industrial and all foreign issues are subject to the tax. (Revenue from this tax accrues to the Laender governments.)

Effectiveness of the new measures

The 25 per cent withholding tax proposal for income from bonds held by non-residents is probably the most significant of the new measures. So long as non-German holders of bonds are willing to disclose their holdings to their own tax authorities, the tax will have no effect on foreigners living in countries with which Germany has double-taxation agreements. Much, if not most, of inflowing capital has come from such countries. However, if the foreign owner has held German bonds for tax evasion purposes, the new measures will reduce his income from about 6 to about 4.5 per cent. Since bearer bonds are available in London at a yield close to 6 per cent, presumably some part of such funds might be shifted to the United Kingdom.

Opposition of the Laender to the proposed abolition of the 2-1/2 per cent securities tax may mean that it will meet with Parliamentary difficulties. However, removal of this levy will make borrowing on the German market considerably more attractive to foreigners than it currently is.

In the attempt to encourage an outflow of funds from Germany, the increase in minimum reserve requirements against foreign-owned deposits may well be the most effective action taken. Banks can offset foreign money-market assets against foreign-owned deposits; the higher reserve requirements provide a further incentive for their holding funds abroad as long as their foreign assets are below their deposit liabilities. The Bundesbank's swap arrangements for placing funds in U.S. Treasury bills, at the current rate, does not bring the yields up to those available for deposits in the Euro-dollar market; thus this measure seems to have been of only limited effectiveness, so far. The press reported commercial bank exports of short-term funds in some volume after Easter, but it is difficult to assess to what extent these flows were in response to the special

Table 2. Germany: Changes in Reserve Position 1963-March 1964  
(in millions of U.S. dollars)

	Jan.- Dec. 1963	1963				Dec.	1964		
		I	II	III	IV		Jan.	Feb.	March 1-23
A. Bundesbank gold and foreign exchange									
Gold	164	69	5	8	82	20	1	5	4
Foreign exchange	491	-70	248	163	150	36	-87	189	32
Total	655	-1	253	171	232	56	-86	194	36
B. Drawing rights on IMF	35	2	--	25	8	3	--	19	a/
C. Commercial banks foreign exchange	73	223	56	62	-268	-301	219	-50	a/
Total A through C	763	224	309	258	-28	-242	133	163	a/

a/ Not available.

Source: IMF, International Financial Statistics; Bundesbank, Monthly Report.

Table 3. Germany: Exchange Rate and Forward Rate  
in U.S. Cents per DM and Per Cent per Annum 1963-March 1964

		Par Value		25,000			
		Upper Limit		25.188			
		Lower Limit		25.875			
		Spot Rate <sup>1/</sup>	Forward Rate <sup>2/</sup>				
				Spot Rate	Forward Rate		
1963	Jan.-March	24.991	+0.3%	1964	January	25.149	+0.8%
	April-June	25.085	-0.1%		February	25.169	+0.9%
	July-Sept.	25.110	+0.2%		March 6	25.167	+0.8%
	Oct.-Dec.	25.152	-0.2%		13	25.168	+0.9%
					20	25.161	+0.9%
	October	25.137	-0.2%		24	25.156	+0.9%
	November	25.154	-0.2%		27	25.160	n.a.
	December	25.165	-0.1%		31	25.159	+0.9%

<sup>1/</sup> Noon buying rates

<sup>2/</sup> Quarterly and monthly data averages of Friday quotations.

Source: Federal Reserve Board.

financial incentives rather than to the seasonal easing of money-market conditions, which had remained tight after the mid-March tax date because of Easter and end-of-month requirements.

Reserve accruals slacken in March

Official reserve accruals, which had been considerable in February, slackened in March. (See Table 2.) The Italian drawing of D-marks from the IMF and German military payments to the United States contributed to the reduced March reserve accruals.

As a result, the DM was traded slightly below the very high rate reached in February but was still above the spot rates prevailing during most of 1963. (See Table 3.) However, the rate for the forward DM, which had been at a discount during the fourth quarter because of seasonal window-dressing, jumped to a premium of 0.8 per cent per annum in January and moved close to 0.9 per cent during February and most of March. The strength of the forward DM reflected in these figures can be seen by comparing the recent premium with the 0.2 to 0.3 per cent per annum peak premium recorded during 1963. This strength is associated with a large inflow on errors and omissions (see Table 1) which suggests a shift in leads and lags and in speculative capital flows in favor of Germany.

Trade surplus continues to grow

The strength of the DM in foreign exchange markets reflects to a large extent the continually improving German trade position. The January-February trade balance, on a seasonally adjusted basis, averaged DM 1 billion (\$250 million) or about 35 per cent above the fourth quarter 1963 average. (See Table 4.) In February, exports rose 2 per cent above the preceding month while imports were below the high January figure. The import figures tend to move erratically because of heavy military imports in certain months. Private sector imports of

Table 4. Germany: Merchandise Trade, 1962-February 1964  
(seasonally adjusted, monthly averages, in billions of DM)

	<u>Exports</u>	<u>Imports</u>	<u>Industrial goods Imports</u>	<u>Trade Balance</u>
<u>1962</u>				
I	4.31	<u>a/</u> 4.11	<u>a/</u> 2.89	<u>a/</u> .20
II	4.40	<u>a/</u> 4.09	<u>a/</u> 2.80	<u>a/</u> .31
III	4.43	4.19	3.02	.24
IV	4.37	4.20	3.09	.17
<u>1963</u>				
I	4.40	4.15	3.07	.25
II	4.84	4.43	3.34	.41
III	4.99	4.66	3.44	.33
IV	5.01	4.27	3.17	.74
October	5.14	4.58	3.41	.56
November	5.08	4.33	3.22	.75
December	4.80	3.90	2.87	.90
<u>1964</u>				
January	5.40	4.61	<u>b/</u>	.79
February <u>1/</u>	5.51	4.28	<u>b/</u>	1.23

a/ Change in import accounting procedure raised imports for the first quarter, 1962 by DM 0.124 billion (monthly rate) and those for April by a negligible amount.

b/ Not available.

1/ Preliminary.

Source: Bundesbank, Monthly Report.

materials apparently are rising both because output is expanding (inventories appear to have been rather low) and because raw material prices have moved higher.

Because of the continuing large inflow of export orders, the growth in the trade balance is likely to continue in the immediate future. To be sure, German exports should be affected by the Italian and French stabilization efforts and the German surplus with these two partners (which improved by DM 2.1 billion in 1963) is not likely to improve further. In general, however, German export order backlogs continue to grow: the inflow of orders exceeded deliveries by 6 per cent during 1963 and by 7 per cent during the last quarter of the year. The unwinding of existing order backlogs could sustain export deliveries for some time even if new orders from France and Italy were to decline.

Furthermore, exports are now also expanding to many areas. (See Table 5.) Within the EEC, Dutch imports are rising and the effects on German exports are already noticeable. The same is true for Great Britain, which currently is also at an import-expansion phase of the cycle. Outside Europe, exports are growing to the primary producers; with the recent rises in world prices for raw materials, these countries again have foreign currency to spend. For example, on a year-to-year basis exports to countries outside Europe and North-America rose 21.7 per cent in the fourth quarter of 1963 but only 4.1 per cent for 1963 as a whole.

Because of the continually strengthening trade position, Economics Ministry officials have warned that no public action should be taken to promote exports or to impede imports. They presumably are referring to action such as the raising of import equalization put in effect last July and increases in export rebates put in effect on a range of products early this year. There

Table 5. Germany: Changes in Foreign Trade by Region

	<u>Percentage Change 1962 to 1963</u>				<u>Jan.-Dec. 1963 (DM mns.)</u>
	<u>Jan.-Dec.</u>	<u>Jan.-June</u>	<u>July-Sept.</u>	<u>Oct.-Dec.</u>	
<u>Exports to:</u>					
EEC	+20.7%	+10.8%	+23.7%	+36.0%	22,707
France	+18.2	+14.6	+16.6	+26.4	6,432
Italy	+33.0	+27.3	+42.3	+44.8	5,462
EFTA	+ 6.1	+ 4.6	+ 5.0	+ 6.2	16,961
U.K.	+13.2	+10.8	+ 2.1	+30.0	2,212
North America	+ 7.4	+ 4.7	+10.5	+ 9.3	4,736
U.S.	+ 8.9	+ 8.4	+10.0	+ 8.7	4,206
Eastern bloc	-14.0	-13.4	- 2.6	-28.0	1,813
Other countries	<u>+ 4.1</u>	<u>- 2.2</u>	<u>+ 4.5</u>	<u>+15.5</u>	<u>12,099</u>
Total exports	+10.1	+ 4.6	+11.6	+18.7	58,316
<u>Imports from:</u>					
EEC	+ 8.7	+ 6.2	+10.1	+11.8	18,1
France	+ 4.3	+ 3.3	+15.1	- 3.1	5,495
Italy	- 1.0	- 1.8	- 3.0	+ 2.5	3,700
EFTA	+ 3.5	+ 3.4	+ 5.4	+ 1.9	10,598
U.K.	+ 5.2	+10.0	+11.2	- 8.1	2,472
North America	+ 9.9	+15.9	+ 9.3	- 0.8	8,685
U.S.	+12.9	+20.9	+10.6	- 0.1	7,941
Eastern bloc	- 0.2	- 4.2	+ 6.2	+ 1.2	2,154
Other countries	<u>+ 1.4</u>	<u>- 4.6</u>	<u>+ 7.0</u>	<u>+ 8.5</u>	<u>12,338</u>
Total imports	+ 5.6	+ 3.9	+ 8.1	+ 6.5	52,279

Source: Bundesbank, Monthly Report.

are reports that temporary suspension of these border taxes is being advocated but this would be politically very unpopular and it is unlikely that Parliament would reverse itself so soon after broadening these taxes, particularly just before an election year.

Internal expansion more-broadly based

The business expansion is becoming increasingly more broadly based as the continuing growth in export demand is sparking new domestic investment spending in manufacturing. This has led to better capacity utilization, especially in the investment goods sector, and to an improved profit situation. The latter, in turn, is encouraging increases in capital investment, particularly since demand continues to expand. The flow of new orders to industry is still rising. January orders, although below the very high level last October, were 5 per cent above the November-December average (after seasonal adjustment). (See Table 6.) Both domestic and foreign orders rose and the foreign order backlog probably increased further.<sup>5/</sup> The flow of orders continued strong to both the capital goods and the basic industries (steel companies are reported to be surprised by the pick-up in demand and to be withdrawing delivery offers to the U.S. market); by contrast, demand for consumer goods, which was stable throughout 1963, declined. However, the January-February pick-up in retail turnover may indicate that a rise in orders to the consumer goods industries may soon appear.

Supply situation not strained

Continuing increases in industrial output apparently have accommodated the rising demand without being checked by visible supply limitations though perhaps raising marginal costs. Deliveries have been keeping pace with order inflows, except in the export sector, where a lengthening of delivery periods

<sup>5/</sup> During the last half of 1963 export deliveries are estimated to have run at an annual rate of \$15.4 billion, while orders have been flowing in at a \$16.1 billion rate.

Table 6. Germany: New Orders Received by Industry  
January 1962-January 1964  
 (1954 turnover=100; seasonally adjusted)

	<u>All Industries</u> <u>1/</u>	<u>Domestic Orders</u>	<u>Foreign Orders</u>	<u>Basic Industries</u>	<u>Capital Goods</u>	<u>Consumer Goods</u>
<u>1962</u>						
January	208	201	244	190	256	169
April	209	200	243	185	263	159
July	205	200	228	182	251	174
October	215	207	252	197	256	180
<u>1963</u>						
January	207	197	254	184	253	177
April	220	205	297	194	271	179
July	224	210	301	196	290	174
October	240	225	317	214	298	192
November	225	210	311	206	279	174
December	215	201	276	188	261	173
<u>1964</u>						
January <u>2/</u>	231	215	302	211	280	159

1/ Excludes mining.

2/ Preliminary.

Source: Bundesbank, Monthly Report.

may eventually produce a dampening effect. For industry as a whole, the inflow of orders as a percentage of deliveries was 99 per cent during the second half of 1963. The building industry actually managed to reduce its large order backlogs somewhat. Building output early this year ran at about twice the rate of January-February 1963, when weather conditions curtailed building activity severely. (See Table 7.)

Labor availabilities main limiting factor

Pressures on the labor market intensified somewhat early this year (after making allowance for seasonal factors) and the tight labor situation remains the major limiting factor on further expansion in output. At the same time, the continuing trend to a shorter work week (a 1-1/4 hour reduction in the work week became effective for the large metal workers union early this year) has caused Economics Minister Schmuecker to voice his opposition to reductions in working hours "except within the limits of economic possibilities". Labor shortages are moderated by continuing increases in productivity from greater capacity utilization, by further labor mobility which permits more effective use of labor, and by greater use of labor saving equipment.

Wage pressures are continuing to moderate, primarily because the lengthening of contract periods in 1963 has reduced the number of contracts coming up for renegotiation in 1964. It is estimated that contracts for about 8 million workers (one half the 1963 total) are to be renewed this year. But labor demand may well intensify during the course of the year, particularly because of labor discontent over administrative price increases which have affected food prices and rents. On the other hand, despite labor's improved bargaining position, the important Metalworkers Union dropped the demand for longer vacations because of the labor shortage. Whether the moderation in the upward movement of wages which started in 1963 will continue through 1964 is one of the big unanswered questions.

**Table 7. Germany: Industrial Production, 1962-February 1964**  
(Index Numbers, 1950=100, seasonally adjusted)

	<u>All Industries</u>	<u>Basic &amp; Producer Goods</u>	<u>Capital Goods</u>	<u>Consumer Goods</u>	<u>Food, Beverages &amp; Tobacco</u>	<u>Building</u>
<u>1962</u>						
February	269	279	372	228	228	228
May	272	291	372	231	227	260
August	280	300	380	234	238	275
November	285	300	387	239	241	272
<u>1963</u>						
February	264	271	359	221	238	124
May	283	308	369	235	249	307
August	291	319	383	241	247	314
November	302	334	408	249	243	316
December	292	324	380	235	257	296
<u>1964</u>						
January <u>1/</u>	296	322	396	245	252	266
February <u>1/</u>	297	323	405	237	250	245

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1/ Preliminary.

Source: Bundesbank, Monthly Report.

Prices rise slightly faster.

Although unit labor costs developed favorably, the slight upward tendency of price movements which became noticeable in the fall of 1963 has accelerated a little in recent months. (See Table 8.) Producer prices for industrial products, which had been very stable until the fall of 1963, rose by 0.4 per cent between October 1963 and January 1964. Investment goods prices were up only fractionally; most of the rise was concentrated in the consumer goods sector. Increased import prices for raw materials and semi-finished goods contributed to this rise. The upward movement of export prices, on the other hand, probably reflected the favorable demand situation abroad; export prices rose 1.2 per cent between October, 1963 and January, 1964.

In general, especially on a year-to-year basis, price movements still have been very moderate, particularly by contrast with price trends in neighboring countries: between January 1963 and January 1964, industrial producer prices were up 0.8 per cent and export prices 1.6 per cent. The 2.6 per cent rise in consumer prices resulted in part from the decontrol of rents and price increases for food, but prices for other consumption goods also have started moving up slightly in recent months. Thus far, it would appear, the expansion in demand has actually had very little impact on price movements probably because of the elasticity of supply availabilities.

So far, the balance of payments surplus also appears to have had comparatively little effect on domestic credit expansion. While the liquidity position of the banks eased during 1963 (in contrast with the relative stringency which prevailed during 1962) credit extensions to the private non-bank sector have increased no more in 1963 than in 1962 (DM 19.5 billion as compared with DM 19.7 billion). Credit extension by the private sector to

Table 8. Germany: Prices and Wages, January 1962-January 1964  
(Index numbers, 1958=100)

	1962		1963					1964
	<u>Jan.</u>	<u>July</u>	<u>Jan.</u>	<u>July</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u> <sup>a/</sup>	<u>Jan.</u> <sup>a/</sup>
<u>Producer Prices</u>								
Total industrial products								
Investment goods <sup>b/</sup>	102.5	103.1	103.5	103.4	103.9	104.0	104.1	104.3
Consumer goods <sup>b/</sup>	105.0	107.3	107.3	107.3	107.4	107.4	107.4	107.5
	104.9	104.7	106.0	107.1	107.5	107.9	108.0	108.4
<u>Consumer Prices</u>								
General index								
Food	107.2	110.3	111.1	111.6	112.1	112.5	113.2	114.0
	106.1	112.3	111.0	110.3	110.1	110.9	112.2	113.6
<u>Export Prices</u>								
General index								
Investment goods <sup>b/</sup>	100.2	100.7	100.4	100.6	100.8	101.1	101.3	102.0
Consumer goods <sup>b/</sup>	105.6	107.4	107.0	107.8	108.0	108.4	108.7	110.1
	100.6	100.8	101.2	101.1	101.5	101.5	101.5	102.0
<u>Import Prices</u>								
General index								
Investment goods <sup>b/</sup>	93.2	92.8	95.6	94.7	96.2	96.1	96.9	96.8
Consumer goods <sup>b/</sup>	97.4	97.8	97.4	97.9	98.3	98.5	98.5	100.9
	93.8	94.6	94.5	94.6	94.5	94.5	94.7	94.8
<u>Earnings</u>								
Average hourly earnings in industry <sup>d/</sup>								
	137.0	143.3	147.3	154.1	<u>c/</u>	<u>c/</u>	<u>c/</u>	

- a/ Preliminary.  
b/ Grouped according to end-use of goods.  
c/ Not available.  
d/ Published February, May, August, and November only.

Source: Statistisches Bundesamt, Wirtschaft und Statistik.

public authorities grew much more rapidly last year than in 1962 (DM 4.6 billion as compared with DM 2.4 billion), but fiscal operations of the Federal Government remained restrictive because of large public payments abroad, which continue to rise.